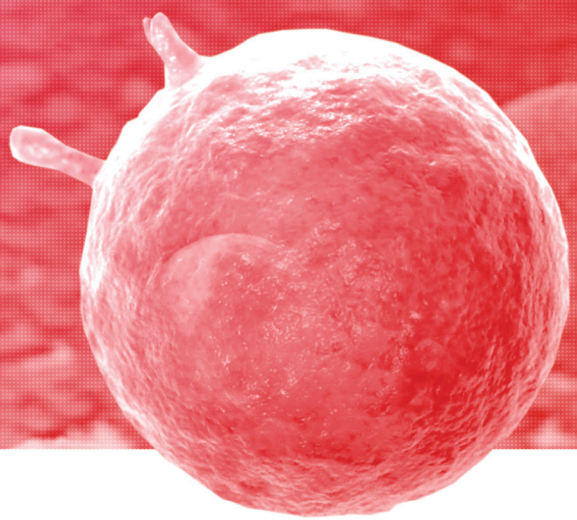
BeiGene

BeiGene, Ltd.
百濟神州有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : NASDAQ : BGNE HKEX : 06160 SSE : 688235

CANCER HAS NO BORDERS
NEITHER DO WE



2021 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. John V. Oyler
(Chairman and Chief Executive Officer)

Non-Executive Directors

Mr. Anthony C. Hooper
Dr. Xiaodong Wang

Independent Non-Executive Directors

Mr. Timothy Chen
Dr. Margaret Han Dugan *(Note 1)*
Mr. Donald W. Glazer
Mr. Michael Goller
Mr. Ranjeev Krishana
Mr. Thomas Malley
Dr. Alessandro Riva *(Note 1)*
Dr. Corazon (Corsee) D. Sanders
Mr. Qingqing Yi

AUDIT COMMITTEE

Mr. Thomas Malley *(Chairman)*
Mr. Anthony C. Hooper
Dr. Corazon (Corsee) D. Sanders

COMPENSATION COMMITTEE

Mr. Qingqing Yi *(Chairman)*
Mr. Timothy Chen
Mr. Ranjeev Krishana

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Mr. Donald W. Glazer *(Chairman)*
Mr. Michael Goller
Mr. Anthony C. Hooper *(Note 2)*
Dr. Alessandro Riva *(Note 1)*

SCIENTIFIC ADVISORY COMMITTEE

Dr. Xiaodong Wang *(Co-Chair)*
Dr. Corazon *(Corsee)* D. Sanders *(Co-Chair)* *(Note 2)*
Dr. Margaret Han Dugan *(Note 1)*
Mr. Michael Goller
Mr. Thomas Malley
Dr. Alessandro Riva *(Note 1)*
Mr. Qingqing Yi

COMMERCIAL AND MEDICAL AFFAIRS ADVISORY COMMITTEE *(Note 3)*

Mr. Anthony C. Hooper *(Chairman)*
Mr. Timothy Chen
Dr. Margaret Han Dugan *(Note 4)*
Mr. Ranjeev Krishana
Dr. Corazon (Corsee) D. Sanders *(Note 2)*

Notes:

* On January 31, 2022, Mr. Jing-Shyh (Sam) Su resigned from the Board due to personal reasons to devote more time to other commitments. The decision by Mr. Su to resign was not the result of any disagreement with respect to the operations, policies, or practices of the Company. There is no other material matter in respect of Mr. Su's resignation that needs to be brought to the attention of shareholders of the Company. In connection with his resignation from the Board, Mr. Su also resigned from the Nominating and Corporate Governance Committee and the Commercial and Medical Affairs Advisory Committee of the Board.

1. The relevant appointment with effect from February 1, 2022;

2. The relevant appointment with effect from February 24, 2021;

COMPANY SECRETARY

Ms. Chau Hing Ling (FCG, FCS) of
Vistra Corporate Services (HK) Limited

AUTHORIZED REPRESENTATIVES

Mr. Scott A. Samuels
Ms. Julia Wang [(Note 5)]

AUDITORS

As to Hong Kong financial reporting audit
Ernst & Young

As to United States financial reporting audit
Ernst & Young Hua Ming LLP

As to PRC financial reporting audit
Ernst & Young Hua Ming LLP

REGISTERED OFFICE

The offices of Mourant Governance Services
(Cayman) Limited
94 Solaris Avenue
Camana Bay
Grand Cayman KY1-1108
Cayman Islands

LEGAL ADVISORS

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom

As to PRC law
Fangda Partners

As to Cayman Islands law
Mourant Ozannes

HONG KONG SHARE REGISTRAR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Mourant Governance Services (Cayman) Limited
94 Solaris Avenue, Camana Bay
Grand Cayman KY1-1108
Cayman Islands

STOCK CODE

06160

COMPANY WEBSITE

www.beigene.com

3. The Commercial Advisory Committee of the Board has been renamed the Commercial and Medical Affairs Advisory Committee with the effect from February 24, 2021;

4. The relevant appointment with effect from February 25, 2022;

5. The relevant appointment with effect from June 30, 2021.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this annual report, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected growth, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Forward looking statements are often identified by the use of words such as, but not limited to, “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “ongoing,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would” or the negative of these terms or similar expressions or variations intended to identify forward-looking statements, although not all forward-looking statements contain those identifying words. These forward-looking statements include, among other things, statements about:

- our ability to successfully commercialize our approved medicines and to obtain approvals in additional indications and territories for our medicines;
- our ability to successfully develop and commercialize our in-licensed medicines and drug candidates and any other medicines and drug candidates we may in-license;
- our ability to further develop sales and marketing capabilities and launch and commercialize new medicines, if approved;
- our ability to maintain and expand regulatory approvals for our medicines and drug candidates, if approved;
- the pricing and reimbursement of our medicines and drug candidates, if approved;
- the initiation, timing, progress and results of our preclinical studies and clinical trials and our research and development programs;
- our ability to advance our drug candidates into, and successfully complete, clinical trials and obtain regulatory approvals;
- our reliance on the success of our clinical stage drug candidates;
- our plans, expected milestones and the timing or likelihood of regulatory filings and approvals;

- the implementation of our business model, strategic plans for our business, medicines, drug candidates and technology;
- the scope of protection we (or our licensors) are able to establish and maintain for intellectual property rights covering our medicines, drug candidates and technology;
- our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights and proprietary technology of third parties;
- costs associated with enforcing or defending against intellectual property infringement, misappropriation or violation, product liability and other claims;
- the regulatory environment and regulatory developments in the United States, China, the United Kingdom, Switzerland, the European Union and other jurisdictions in which we operate;
- the accuracy of our estimates regarding expenses, revenues, capital requirements and our need for additional financing;
- the potential benefits of strategic collaboration and licensing agreements and our ability to enter into strategic arrangements;
- our ability to maintain and establish collaborations or licensing agreements;
- our plans and expectations to build significant technical operations and independent production capabilities for small molecule medicines and large molecule biologics to support the global demand for both commercial and clinical supply;
- our reliance on third parties to conduct drug development, manufacturing and other services;
- our ability to manufacture and supply, or have manufactured and supplied, drug candidates for clinical development and medicines for commercial sale;
- the rate and degree of market access and acceptance and the pricing and reimbursement of our medicines and drug candidates, if approved;
- developments relating to our competitors and our industry, including competing therapies;

FORWARD-LOOKING STATEMENTS

- the size of the potential markets for our medicines and drug candidates and our ability to serve those markets;
- our ability to effectively manage our growth;
- our ability to attract and retain qualified employees and key personnel;
- statements regarding future revenue, hiring plans, key milestones, expenses, capital expenditures, capital requirements and share performance;
- the future trading price of our American Depositary Shares ("ADS") listed on NASDAQ, our ordinary shares listed on HKEX, and our ordinary shares issued to permitted investors in China and listed and traded on the STAR in Renminbi ("RMB Shares"), as well as the impact of securities analysts' reports on these prices;
- the impact of the COVID-19 pandemic on our clinical development, regulatory, commercial, manufacturing, and other operations; and
- other risks and uncertainties, including those listed under the section headed "Risk Factors" in this annual report.

These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. We have included important factors in the cautionary statements included in this annual report, particularly in "Risk Factors," that could cause actual future results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules"), we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this annual report. Any such intentions may change in light of future developments.

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

BUSINESS

Unless the context requires otherwise, in this annual report, the terms "BeiGene," the "Company," "we," "us" and "our" refer to BeiGene, Ltd. and its subsidiaries, on a consolidated basis.

OVERVIEW

We are a global, commercial-stage biotechnology company focused on discovering, developing, manufacturing, and commercializing innovative medicines to improve treatment outcomes and expand access for patients worldwide.

We currently have three approved medicines that were discovered and developed in our own labs, including BRUKINSA®, a small molecule inhibitor of Bruton's Tyrosine Kinase (BTK) for the treatment of various blood cancers; tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers; and pamiparib, a selective small molecule inhibitor of PARP1 and PARP2. We have obtained approvals to market BRUKINSA® in the United States, the People's Republic of China ("China or the PRC"), the European Union ("EU"), the United Kingdom ("UK"), Canada, Australia and additional international markets, and tislelizumab and pamiparib in China. By leveraging our China commercial capabilities, we have in-licensed the rights to distribute 13 approved medicines for the China market. Supported by our global clinical development and commercial capabilities, we have entered into collaborations with world-leading biopharmaceutical companies such as Amgen and Novartis Pharma AG ("Novartis") to develop and commercialize innovative medicines.

We are committed to advancing best and first-in-class clinical candidates internally or with like-minded partners to develop impactful and affordable medicines for patients across the globe. Our internal clinical development capabilities are deep, including a more than 2,200-person global clinical development team that is running more than 90 ongoing or planned clinical trials in over 30 medicines and drug candidates. This includes more than 30 pivotal or potentially registration-enabling trials across our portfolio, including our three internally discovered, approved medicines. We have enrolled in our clinical trials more than 14,500 subjects, of which approximately one-half have been outside of China.

We have built, and are expanding, our internal manufacturing capabilities through our state-of-the-art biologic and small molecule manufacturing facilities in China to support current and potential future demand of our medicines, and plan to build a commercial-stage biologics manufacturing and clinical R&D center in New Jersey. We also work with high quality contract manufacturing organizations ("CMOs") to manufacture our internally developed clinical and commercial products.

Since our inception in 2010, we have become a fully integrated global organization of over 8,000 employees in 23 countries and regions, including the United States, China, Europe, and Australia.

OUR STRATEGY

We were founded to fight cancer with a belief that millions of people around the world still have limited or no access to high-quality, innovative, and affordable medicines. We also believe that the industry is in a time of fundamental change driven by regulatory policy updates, scientific progress, and globalization. To seize this opportunity, we have built key competitive advantages in research, clinical development, commercialization, and manufacturing that are designed to drive our business into the future. We intend to continue to expand our competitive advantages and become a global leader by focusing on the following key strategic imperatives:

1. **Research and innovation focus.** We have built significant oncology research capabilities with a team of more than 700 scientists with a proven track record of discovering innovative medicines. Our approach is to leverage our deep internal capabilities and technology platforms to develop medicines that are expected to be highly impactful and have a clear differentiation hypothesis. The strength of our research has been validated by our global clinical trial results, regulatory approvals, and collaborations. From our internal discovery engine, we have successfully developed three approved medicines: BRUKINSA®, tislelizumab, and pamiparib. We are also developing ociperlimab (TIGIT antibody), which is in pivotal stage trials and was recently entered into an option, collaboration and license agreement with Novartis for North America, Europe and Japan; BGB-11417 (BCL2 inhibitor), which is expected to start pivotal trials in 2022; multiple early-stage clinical assets, including OX40, TIM3, and PI3K delta, HPK-1, that are expected to have initial clinical data readouts in 2022 and 2023; and have over 50 additional pre-clinical programs, approximately one-half of which may potentially be first-in-class or best-in-class. Going forward, we plan to continue to invest in research and innovation with the aim of discovering additional first-in-class or best-in-class innovative medicines for patients.

2. **World-class clinical development.** We believe that global clinical development capabilities are essential to succeed in the current and future environment. We have built an internal clinical development and medical affairs team of over 2,200 people worldwide that develops our product candidates largely without the assistance of third-party contract research organizations ("CROs"). We believe this approach has several benefits: first, we can be more inclusive in the location and number of clinical sites to help improve enrollment speed and the diversity of patients in our trials; second, we have control over our own technology systems and can focus on improved operational excellence; and third, we believe there are cost advantages through large scale and China-inclusive multi-regional clinical trials that have a broad patient population. We aim to improve the speed and cost-efficiency of clinical development while maintaining the highest global quality standards. We believe that our demonstrated ability to successfully complete large-scale, multi-regional clinical trials is one of our most important strategic competitive advantages and addresses a large challenge in the pharmaceutical industry – clinical development, which accounts for the majority of time and cost required to bring most oncology medicines to patients.

3. **China commercial leadership.** We have built a strong, science-based commercial team in China, with over 3,100 colleagues spread across the country for broad and deep coverage and organized under experienced executive leadership. We have built a commercial portfolio of oncology medicines through our internal discovery and in-licensing efforts, striving to be a partner of choice and creating mutual benefits with our partners wherever possible. We believe that our commercial capabilities in China, coupled with our China-inclusive clinical development capabilities conducted at global-quality standards, enable us to attract favorable in-licensing opportunities. We plan to further leverage our China commercial organization and create advantages in scale, speed, and quality to continue to establish ourselves as a commercial leader in China.

4. **Global leadership, access, and reputation.** In the United States, we market BRUKINSA® and have a targeted commercial team focused on medical thought leaders in blood cancer treatments. This competitive foothold is based on the differentiated clinical profile of BRUKINSA®. BRUKINSA® sales have continued to grow in the U.S. as we expand our label in multiple new indications. Our strategy is to commercialize our medicines broadly throughout the world. In Europe, we recently received approval for BRUKINSA® in Waldenström's macroglobulinemia (WM), and we are launching the product across European countries. Our commercial capabilities have also expanded into Canada through our own affiliate and into Latin America through a distribution partner. In the Asia Pacific region, we have launched, or are planning to launch our products, including in China, Australia and other key countries. All together, BRUKINSA® has been approved in 45 countries, with additional filings pending or planned. We aspire to establish our reputation globally as a leading biotechnology company by continuing to deliver highly effective and differentiated medicines in the United States, China, Europe, and other international markets.

5. **Broad accessibility.** We believe that our commercial scale in China, potentially lower costs and faster speed in clinical development, sizeable portfolio of innovative product candidates, and overall commercial expertise in serving large, underserved populations give us a unique competitive advantage and create an opportunity for us to be an early mover in providing innovative medicines at more affordable prices to many geographies that are not traditionally the focus for international pharmaceutical or biotechnology companies. We plan to focus our long-term strategy on seeking approvals of our portfolio compounds globally and building clinical development and commercial capabilities in these markets, either alone or through our collaborators.

OUR COMMERCIAL AND REGISTRATION STAGE PRODUCTS

The following table summarizes the status of our commercial products and new products that are pending approval as of February 28, 2022:

PRODUCT	LEAD INDICATIONS	MECHANISM OF ACTION	REGULATORY STATUS	BEIGENE COMMERCIAL RIGHTS	PARTNER
Brukinsa™ zanubrutinib 80mg capsules	U.S.: R/R MCL[1], WM & R/R MZL[1]; China: R/R MCL[2], R/R CLL/SLL[2] & R/R WM[2]; EU[3]: WM	BTK inhibitor	Approved in the U.S., China, EU and other markets	Global	N/A
tislelizumab	1L Squamous and Non-Squamous NSCLC/2/3 L NSCLC/R/R classical Hodgkin's lymphoma[2]/2/3 L HCC[2]/ R/R PD-L1+ UC[2]	Anti-PD-1 antibody	Approved in China; BLA accepted in U.S.[4]	Outside North America, Japan, EU and six other European countries	NOVARTIS
pamiparib	3L BRCA-mutated ovarian cancer[2]	PARP inhibitor	Approved in China	Global	N/A
XGEVA® (denosumab) injection	Giant cell tumor of bone[2]/Skeletal Related Events (SREs)[2]	Anti-RANK ligand antibody	Approved in China	Mainland China	AMGEN
BLINCYTO® (blinatumomab) for injection 35 mcg single-dose vial	R/R Acute lymphocytic leukemia[2]	Anti-CD19 x anti-CD3 bispecific T-cell engager (BiTE)	Approved in China	Mainland China	AMGEN
Kyprolis® (carfilzomib) for injection	R/R Multiple myeloma[2]	Proteasome inhibitor	Approved in China	Mainland China	AMGEN
Revlimid® (lenalidomide) capsules	R/R adult multiple myeloma, newly diagnosed multiple myeloma, previously treated follicular lymphoma	Anti-angiogenesis, immuno-modulation	Approved in China	Mainland China	Bristol Myers Squibb™

PRODUCT	LEAD INDICATIONS	MECHANISM OF ACTION	REGULATORY STATUS	BEIGENE COMMERCIAL RIGHTS	PARTNER
Vidaza® azacitidine for injection	Myelodysplastic syndromes, acute myeloid leukemia, chronic myelomonocytic leukemia	DNA hypomethylation	Approved in China	Mainland China	Bristol Myers Squibb™
sylvant® siltuximab	Idiopathic multicentric Castleman disease	IL-6 antagonist	Approved in China	Greater China	EUSAPharma
Qarziba®▼ Dinutuximab beta	High-risk neuroblastoma[2]	Anti-GD2 antibody	Approved in China	Mainland China	EUSAPharma
POBEVCY® (Avastin biosimilar)	Colorectal and lung cancers	Anti-VEGF antibody	Approved in China	Greater China	百奥泰 BIO-THERA
TAFINLAR® (dabrafenib)	Melanoma[5]	BRAF inhibitor	Approved in China	China Broad Markets[7]	NOVARTIS
MEKINIST® (trametinib)	Melanoma[5]	MEK inhibitor	Approved in China	China Broad Markets[7]	NOVARTIS
VOTRIENT® (pazopanib)	Advance renal cell carcinoma	VEGFR inhibitor	Approved in China	China Broad Markets[7]	NOVARTIS
AFINITOR® (everolimus)	Advanced renal cell carcinoma[6]	mTOR inhibitor	Approved in China	China Broad Markets[7]	NOVARTIS
ZYKADIA® (ceritinib)	ALK + NSCLC	ALK inhibitor	Approved in China	China Broad Markets[7]	NOVARTIS

1. Approved under accelerated approval. Continued approval for this indication may be contingent upon verification and description of clinical benefit in a confirmatory trial. 2. Conditionally approved. Full approval for these indications is contingent upon results from ongoing randomized, controlled confirmatory clinical trials. 3. The approval is applicable to all 27 EU member states, plus Iceland, Lichtenstein and Norway. 4. For patients with unresectable recurrent locally advanced or metastatic esophageal squamous cell carcinoma (ESCC) after prior systemic therapy. 5. TAFINLAR and MEKINIST are being investigated in combination by Novartis for NSCLC indications. 6. Following progression on or after vascular endothelial growth factor (VEGF)-targeted therapy. 7. Rights to promote and market in China's broad markets pursuant to a Market Development Agreement with an affiliate of Novartis Pharma AG dated December 19, 2021, subject to transfer of responsibilities pursuant to the terms of the agreement.

   Abbreviations: ALK = anaplastic lymphoma kinase; BLA = Biologics License Application; BRAF = B-rapidly accelerated fibrosarcoma; CLL = chronic lymphocytic leukemia; HCC = hepatocellular carcinoma; MCL = mantle cell lymphoma; MEK = mitogen-activated protein kinase (MAPK)/Extracellular-signal regulated kinase (ERK); mTOR = Mammalian target of rapamycin; MZL = marginal zone lymphoma; NSCLC = non-small cell lung cancer; R/R = relapsed/refractory; SLL = small lymphocytic lymphoma; UC = urothelial carcinoma; VEGFR = vascular endothelial growth factor receptor; WM = Waldenström's macroglobulinemia.

We commercialize the following internally developed cancer medicines:

BRUKINSA

BRUKINSA® is a second-generation small molecule inhibitor of Bruton's Tyrosine Kinase (BTK) designed to maximize BTK occupancy and minimize off-target binding effects. BTK is a key component of the B-cell receptor (BCR) signaling pathway and is an important regulator of cell proliferation and cell survival in various lymphomas. BTK inhibitors block BCR-induced BTK activation and its downstream signaling, leading to growth inhibition and cell death in certain malignant white blood cells called B-cells. Zanubrutinib is an orally active inhibitor that covalently binds to BTK, resulting in irreversible inactivation of the enzyme.

We are marketing BRUKINSA® in the United States, China, Europe, the United Kingdom, Canada, Australia and other markets.

BUSINESS

In the United States, BRUKINSA® received accelerated approval as a treatment for mantle cell lymphoma (MCL) in adult patients who have received at least one prior therapy (November 2019), and has since also been approved for patients with Waldenström's macroglobulinemia (WM) and relapsed or refractory (R/R) marginal zone lymphoma (MZL) who have received at least one anti-CD20-based regimen. The MCL and MZL indications were approved under accelerated approval based on overall response rate. Continued approval for these indications may be contingent upon verification and description of clinical benefit in a confirmatory trial. In addition, a supplemental new drug application ("sNDA") has been accepted for review by the U.S. Food and Drug Administration (the "FDA") for the treatment of adult patients with chronic lymphocytic leukemia (CLL) or small lymphocytic lymphoma (SLL), with a PDUFA date of October 22, 2022.

In Europe, BRUKINSA® received approval from the European Commission for the treatment of adult patients with WM who have received at least one prior therapy or for the first-line treatment of patients unsuitable for chemo-immunotherapy. The approval is applicable to all 27 EU member states, plus Iceland, Liechtenstein and Norway. BRUKINSA® has also been approved in the U.K. and Switzerland. In addition, two marketing authorization applications have been accepted for review by the European Medicines Agency ("EMA") for the treatment of patients with MZL and for the treatment of patients with CLL.

In China, BRUKINSA has received conditional approval for adult patients with MCL who have received at least one prior therapy and adult patients with CLL or SLL who have received at least one prior therapy and for the treatment of patients with R/R WM. In addition, an sNDA has been accepted for review by the China National Medical Products Administration ("NMPA") for the treatment of adult patients with treatment-naïve CLL or SLL. In December 2021, we announced the inclusion of BRUKINSA® for WM in the updated National Reimbursement Drug List ("NRDL") by the China National Healthcare Security Administration ("NHSA"). Currently, all three approved indications for BRUKINSA® are included in the NRDL.

BRUKINSA® is also approved in Australia for WM and MCL, in Canada for WM, MCL and R/R MZL, and in South Korea for R/R MCL and R/R WM and numerous other markets (a total of 45 countries and regions as of February 28, 2022).

Market Opportunity

Lymphomas are blood-borne cancers involving lymphatic cells of the immune system. They can be broadly categorized into non-Hodgkin's lymphoma (NHL) and Hodgkin's lymphoma (HL). Depending on the origin of the cancer cells, lymphomas can also be characterized as B-cell or T-cell lymphomas. B-cell lymphomas make up approximately 85% of NHLs and comprise a variety of specific diseases involving B-cells at differing stages of maturation or differentiation. In 2021, global revenues for BTK inhibitors were approximately US$8 billion according to published reports, including approximately US$5.5 billion in the United States. Global revenues are projected to be more than US$15 billion in 2026 according to published reports.

Tislelizumab

Tislelizumab is a humanized IgG4 monoclonal antibody against the immune checkpoint receptor programmed cell death protein 1 (PD-1) that we specifically designed to minimize binding to Fc receptor gamma (FcγR), which is believed to play an essential role in activating phagocytosis in macrophages, to minimize its negative impact on T effector cells.

As of February 2022, Tislelizumab is approved in China in six indications, including full approval for first-line treatment of patients with advanced squamous non-small cell lung cancer (NSCLC) in combination with chemotherapy, for first-line treatment of patients with advanced non-squamous NSCLC in combination with chemotherapy, and for second- or third-line treatment of patients with locally advanced or metastatic NSCLC who progressed on prior platinum-based chemotherapy. The NMPA also granted conditional approval for the treatment of patients with classical Hodgkin's lymphoma (cHL) who received at least two prior therapies, for the treatment of patients with locally advanced or metastatic urothelial carcinoma (UC) with PD-L1 high expression whose disease progressed during or following platinum-containing chemotherapy or within 12 months of neoadjuvant or adjuvant treatment with platinum-containing chemotherapy, and for the treatment of patients with hepatocellular carcinoma (HCC) who have received at least one systemic therapy. Full approval for these indications is contingent upon results from ongoing randomized, controlled, confirmatory clinical trials. Tislelizumab was included in the NRDL in 2020 for cHL and UC and in 2021 for non-squamous NSCLC, squamous NSCLC and HCC, covering all of its five eligible approved indications.

In addition, we have submitted three supplemental Biologics License Applications ("BLAs") for tislelizumab that are under review by the Center for Drug Evaluation ("CDE") of the NMPA, including for patients with previously treated, locally advanced unresectable or metastatic microsatellite instability-high (MSI-H) or mismatch repair-deficient (dMMR) solid tumors, for the treatment of patients with locally advanced or metastatic esophageal squamous cell carcinoma (ESCC) who have disease progression following or are intolerant to first-line standard chemotherapy, and for first-line treatment of patients with recurrent or metastatic nasopharyngeal cancer (NPC).

We are evaluating tislelizumab in a broad pivotal clinical program for both solid tumor and hematological indications, both globally and in China. We have initiated or completed 17 potentially registration-enabling clinical trials in China and globally, including 13 Phase 3 trials and four pivotal Phase 2 trials.

In January 2021, we announced a collaboration and license agreement with Novartis to develop, manufacture and commercialize tislelizumab in the United States, Canada, Mexico, the EU, UK, Norway, Switzerland, Iceland, Liechtenstein, Russia and Japan (the "Novartis Territory"). We retained worldwide rights to commercialize outside of the Novartis Territory and with our proprietary products in combination with tislelizumab.

In the United States, we have filed a BLA with the FDA for tislelizumab as a treatment for patients with unresectable recurrent locally advanced or metastatic ESCC after prior systemic therapy. This BLA has a PDUFA target action date of July 12, 2022. In addition, Novartis has disclosed plans to submit additional marketing applications in its territory.

Market Opportunity

Globally, the top four PD-1/PD-L1 antibody medicines had revenues of approximately US$30.5 billion in 2021 based on public reports. We estimate 2022 China PD1/L1 market (net revenue) will amount to approximately US$2.4 billion.

Global revenues are projected to be more than US$50 billion by 2025 according to published reports, driven by multiple factors including indication expansion, approvals and adoptions in earlier lines of therapies, further market penetration, and extension of duration of therapy.

Pamiparib

Pamiparib is a, selective small molecule inhibitor of poly ADP-ribose polymerase 1 (PARP1) and PARP2 enzymes. Pamiparib has demonstrated pharmacological properties such as brain penetration and PARP-DNA complex trapping in preclinical models. Pamiparib is currently in global clinical development as a monotherapy or in combination with other agents for a variety of solid tumor malignancies. To date, more than 1,300 patients have been enrolled in clinical trials of pamiparib.

In China, pamiparib received conditional approval for treatment of patients with germline BRCA (gBRCA) mutation-associated recurrent advanced ovarian, fallopian tube, or primary peritoneal cancer who have been treated with two or more lines of chemotherapy in May 2021. Full approval for this indication is contingent upon results from ongoing corroborative trials confirming the clinical benefit of pamiparib in this population. Pamiparib was included in the 2021 NRDL in its approved indication.

Market Opportunity

Many tumor types have been shown to be responsive to PARP inhibitors, including ovarian cancer (OC), breast cancer, prostate cancer, and gastric cancer (GC). PARP inhibitors have demonstrated encouraging activity both in R/R patients as well as in the maintenance setting.

We are currently commercializing, or plan to commercialize, the following cancer medicines in China under an exclusive license from Amgen:

XGEVA

XGEVA® (denosumab) is an antibody-based RANK ligand (RANKL) inhibitor that was approved globally for the prevention of skeletal-related events (SREs) in patients with bone metastases from solid tumors and in patients with multiple myeloma, and for the treatment of adults and skeletally mature adolescents with giant cell tumor of bone (GCTB). XGEVA® is approved in over 70 countries worldwide. In China, XGEVA® received conditional approval in the GCTB indication in May 2019 and received conditional approval for the SRE indications in November 2020. We began marketing XGEVA® in China in July 2020. In December 2020, we announced the inclusion of XGEVA® in the NRDL for the treatment of GCTB.

GCTB is a relatively rare, benign, but locally aggressive osteolytic skeletal neoplasm of young adults. The patients experience pain, swelling, and limitation of joint movement at the primary site. In China, there were 2,086 new cases of GCTB in 2019, according to the China NCCR, IARC, and Frost & Sullivan research. To date, XGEVA® is the only approved therapy for the treatment of GCTB. For patients with aggressive forms of GCTB, who are not candidates for locoregional therapy, e.g., therapy or radiotherapy, XGEVA® is the preferred treatment option over bisphosphonate, chemotherapy, or interferon.

Metastases to bone are a common site of cancer recurrence for many solid tumors. Bone metastases cause pain, compromised quality of life, and SREs, which include pathologic fracture, the need for radiation or surgery to bone, hypercalcemia of malignancy, and spinal cord compression. XGEVA® and bisphosphonates, two different classes of anti-resorptive, can reduce the morbidity of metastatic bone disease, mainly by decreasing SREs through different mechanisms of actions. Similar to bone metastases in patients with solid tumors, multiple myeloma has a major feature of osteolytic bone disease that can lead to severe disability and morbidity, including SREs. XGEVA® is also indicated for the prevention of SREs in patients with multiple myeloma.

BLINCYTO

BLINCYTO® (blinatumomab), a bispecific CD-19 directed CD3 T-cell engager, is the first and only approved bi-specific T-cell engager (BiTE) immunotherapy. It has been approved in 60 countries for use in patients with acute lymphoblastic leukemia (ALL). In China, BLINCYTO® received conditional approval as a treatment for adult patients with R/R ALL in December 2020. We began commercializing BLINCYTO® in the August 2021.

ALL is the most common childhood malignancy and accounts for approximately one-quarter of all childhood malignancies. It is estimated that there are 0.69 cases of ALL in 100,000 people in China, according to the China NCCR, IARC, and F&S research. Approximately 15 percent of children fail initial treatment and advance to R/R stage, and BLINCYTO is indicated for the treatment of patients with R/R B-cell precursor ALL. There are CAR-T therapies being developed for this indication, and tisagenlecleucel from Novartis has been approved by the FDA for treatment of patients including and under 25 years of age with B-cell precursor ALL that is refractory or in second or later relapse. Clofarabine from Sanofi is also approved in this indication by the FDA. Neither of these two agents have been approved in China.

KYPROLIS

KYPROLIS® (carfilzomib), a proteasome inhibitor, has been approved in over 60 countries for use in patients with R/R multiple myeloma (MM). It was approved in China as a treatment for patients with R/R MM in July 2021 and we began commercializing KYPROLIS® in January 2022. In the class of proteasome inhibitors, VELCADE® has been marketed by Johnson & Johnson in China since 2006 and NINLARO® (ixazomib) has been marketed by Takeda in China since 2018. There are a number of generic forms of carfilzomib being developed in China by local manufacturers, including Jiangsu Hansoh Pharmaceutical Group Co., Ltd., Chia Tai Tianqing Pharmaceutical Group Co., Ltd., and Yangtze River Pharmaceutical Group Co., Ltd.

We commercialize the following cancer medicines in China under an exclusive license from BMS:

REVLIMID

REVLIMID® (lenalidomide) is an oral immunomodulatory medicine that was approved in China in 2013 for the treatment of multiple myeloma (MM) in combination with dexamethasone in adult patients who have received at least one prior therapy. In February 2018, REVLIMID® received NMPA approval of a new indication for the treatment of MM in combination with dexamethasone in adult patients with previously untreated MM who are not eligible for transplant.

In 2019, there were approximately 20,700 new cases of MM in China in 2019, according to the China NCCR, IARC, and Frost & Sullivan research. With a growing aging population and improving diagnosis, China has seen a steady increase in MM incidence. The main treatments for MM in China include VELCADE®, which is a proteasome inhibitor marketed by Johnson & Johnson in China since 2006, REVLIMID®, NINLARO® (ixazomib), an oral proteasome inhibitor developed by Takeda, DARZALEX® (daratumumab), an infusion CD38 monoclonal antibody marketed by Johnson & Johnson since 2019, and a number of generic forms of VELCADE® and REVLIMID®, including generic lenalidomide from Shuanglu Pharmaceutical Co., Ltd., Chia Tai Tianqing Pharmaceutical Group Co., Ltd., Qilu Pharmaceutical Co., Ltd., and Yangtze River Pharmaceutical Group Co., Ltd. Chinese Society of Clinical Oncology (CSCO) guidelines recommend lenalidomide as a standard of care for the treatment of R/R and newly diagnosed MM as well as in the maintenance setting.

REVLIMID® was listed on the NRDL in June 2017. In November 2019, we announced that REVLIMID® received formal inclusion on the NRDL in China for R/R multiple myeloma. In November 2020 our sNDA for the use of REVLIMID® in combination with rituximab in adult patients with previously treated follicular lymphoma was approved by the NMPA.

BUSINESS

VIDAZA

VIDAZA® (azacitidine for injection) is a pyrimidine nucleoside analog that has been shown to reverse the effects of DNA hypermethylation and promote subsequent gene re-expression. VIDAZA® was approved in China in April 2017 for the treatment of intermediate-2 and high-risk myelodysplastic syndromes (MDS), chronic myelomonocyte leukemia (CMML) and acute myeloid leukemia (AML) with 20% to 30% blasts and multi-lineage dysplasia. In January 2018, VIDAZA® became commercially available in China.

MDSs are among the most common hematological malignant diseases. In 2019, there were approximately 22,100 new cases of MDS in China in 2019, according to the China NCCR, IARC, and Frost & Sullivan research. The typical age of onset is 70 years. The higher-risk MDS (intermediate-2 and high-risk MDS) is considered fatal because the median overall survival is only 0.4-1.1 years, and nearly 30% of these patients progress to AML. In China, the main treatments for intermediate-2 and high-risk MDS are conventional care regimen (CCR) (best supportive care, low-dose cytarabine and intensive chemotherapy), and hypomethylating agents (HMAs). DACOGEN® (decitabine), marketed by Johnson & Johnson, was the first HMA agent approved in China in 2009. In the past several years, at least nine decitabine generics have become available. There are also two approved generic forms of azacitidine from manufacturers Chia Tai Tianqing Pharmaceutical Group Co., Ltd. and Sichuan Huiyu Pharmaceutical Co., Ltd. Nevertheless, there are still over 50% of higher-risk MDS patients treated with CCR, and the unmet need remains large. VIDAZA® is a first-line recommended treatment in the Chinese MDS treatment guidelines. VIDAZA® was listed in the NRDL in October 2018.

In addition to REVLIMID® and VIDAZA®, we previously commercialized ABRAXANE® (paclitaxel albumin-bound particles for injectable suspension), a solvent-free chemotherapy approved for use in certain patients with metastatic breast cancer, in China until March 2020. On March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

We are commercializing or planning to commercialize the following medicines in China under an exclusive license from EUSA Pharma:

SYLVANT

SYLVANT® (siltuximab), an interleukin-6 (IL-6) antagonist, was approved as a treatment for patients with idiopathic multicentric Castleman disease (iMCD) who are human immunodeficiency virus (HIV) negative and human herpesvirus-8 (HHV-8) negative. SYLVANT® was approved in China in December 2021 for the treatment of adult patients with multicentric Castleman disease (MCD) who are human immunodeficiency virus (HIV) negative and human herpes virus-8 (HHV-8) negative, also known as idiopathic MCD (iMCD). It is estimated that approximately 6,500 to 7,700 new cases of Castleman disease (CD) are diagnosed each year in the United States, of which approximately 75% are estimated to be unicentric and the remaining 25% are estimated to be HHV-8-associated multicentric Castleman disease (MCD) or HHV-8-negative/idiopathic MCD. In Japan, the incidence appears to be similar to that seen in the United States; however, in contrast, MCD appears to be more common than unicentric CD, and HHV-8-associated MCD is rare. There are few published data regarding the epidemiology in China, but there are no clear associations between epidemiology and particular ethnicities.

QARZIBA

QARZIBA®▼ (dinutuximab beta), a mouse-human chimeric monoclonal GD2 antibody, was granted conditional approval by the NMPA for the treatment of high-risk neuroblastoma in patients aged 12 months and above who have previously received induction chemotherapy and achieved at least a partial response, followed by myeloablative therapy and stem cell transplantation, as well as patients with a history of relapsed or refractory (R/R) neuroblastoma with or without residual disease. Neuroblastoma is almost exclusively a disease of children. It is the third most common childhood cancer, after leukemia and brain tumors, and is the most common solid extracranial tumor in children. There are limited publications on the epidemiology of the disease, and it is estimated there are 5-9 cases of neuroblastoma in one million children under the age of 19. High-risk neuroblastoma patients are managed with induction chemotherapy, surgical resection, tandem autologous hematopoietic stem cell transplantation, radiotherapy, and maintenance with biologic/immunologic therapy, e.g., dinutuximab beta. We began commercializing QARZIBA®▼ in December 2021.

We commercialize the following product in China under an exclusive license from Bio-Thera:

POBEVCY (BAT1706)

POBEVCY® is a biosimilar to Avastin® (bevacizumab) developed by Bio-Thera Solutions, Ltd., a commercial-stage biopharmaceutical company located in Guangzhou, China. In China, Avastin® is approved for the treatment of patients with metastatic colorectal cancer, liver cancer and NSCLC.

POBEVCY® was approved by the NMPA in China in November 2021 and launched in late 2021 for the treatment of patients with advanced, metastatic or recurrent NSCLC and metastatic colorectal cancer.

We have acquired the right to develop, manufacture and commercialize POBEVCY® in China, including Hong Kong, Macau, and Taiwan. Bio-Thera submitted a marketing application to the EMA and a BLA to the FDA in November 2020. In China, three bevacizumab biosimilars have been approved, marked by Qilu Pharmaceutical Co., Ltd. and Innovent Biologics, Inc., and Shanghai Henlius Biotech Inc., and there are also a number of bevacizumab biosimilars in development, including by Sunshine Guojian Pharmaceutical Co., Ltd.

Reimbursement and Market Access

Our sales are largely dependent on the availability and extent of coverage and reimbursement by third party payors. In many markets these third parties are government health systems and in some markets such as the United States there are also private payors such as private health insurers and health systems. In 2021 we commercialized our products in 43 markets.

In China there is one main payor, the government's national health care coverage system, which provides Basic Medical Insurance (BMI) to the majority (greater than 95%) of China's approximately 1.4 billion people. There are three types of coverage plans in China at the national level that depend on if a resident lives in an urban or rural setting and if they are employed. The different plans have different characteristics in terms of how the plan is paid for and what it covers. Coverage and reimbursement of pharmaceuticals in China comes under the purview of the NHSA, the National Healthcare Security Administration, which oversees the NRDL. The NRDL is composed of three lists. The 'A' and 'B' list are commonly referred to as the 'regular' lists. The A list generally includes older, off-patent medicines, while the B list generally includes newer medicines, some with remaining patent protection, which are reimbursed at a lower rate compared to the A list. In 2017, a third list was added to the system, often referred to as the 'C' list or the 'negotiation' list. This list generally includes newer innovative medicines which are accepted on the list after successful negotiation between the NHSA and the company. Typically, inclusion on the C list is accompanied by a discount to the prevailing list price in China for the medicine at the time of inclusion. The NRDL price for a medicine is its prevailing price in China, but the actual reimbursement rate that is used can be modified at the provincial level. In addition to the NRDL, there are provincial reimbursement drug lists, or PRDLs. Provinces have been allowed to omit reimbursement for 10-15% of the products and indications on the NRDL in order to direct resources to other products to better serve their specific populations. This ability is being phased out by 2022 in principle according to a July 2019 NHSA policy memo. The PRDLs are thus, at this time, the official list of what is available to China's citizens. In addition to insurance reimbursement, patients can elect to self-pay for needed medicines.

Several of our medicines are listed on the NRDL. In the most recent NRDL list announced in December 2021, the following medicines were included in the NRDL, effective January 1, 2022:

- Tislelizumab in all five of its eligible approved indications – three new indications in 2021 and two indications included last year:

  – For use in combination with pemetrexed and platinum chemotherapy as a first-line treatment in patients with unresectable, locally advanced or metastatic non-squamous non-small cell lung cancer (NSCLC), with EGFR genomic tumor aberrations negative and ALK genomic tumor negative (approved in June 2021 and included in the NRDL in 2021);

  - For the treatment of patients with hepatocellular carcinoma (HCC) who have been previously treated with at least one systemic therapy (conditionally approved in June 2021 and included in the NRDL in 2021);

  - For use in combination with paclitaxel and carboplatin as a first-line treatment in patients with unresectable, locally advanced or metastatic squamous NSCLC (approved in January 2021 and included in the NRDL in 2021);

  - For the treatment of patients with locally advanced or metastatic urothelial carcinoma (UC) with PD-L1 high expression whose disease progressed during or following platinum-containing chemotherapy or within 12 months of neoadjuvant or adjuvant treatment with platinum-containing chemotherapy (conditionally approved in April 2020 and included in NRDL in 2020); and

  - For the treatment of patients with classical Hodgkin's lymphoma (cHL) who have received at least two prior therapies (conditionally approved in December 2019 and included in the NRDL in 2020).

- BRUKINSA in all three of its approved indications – one new indication in November 2021 and two indications included last year:

  - For the treatment of adult patients with Waldenström's macroglobulinemia (WM) who have received at least one prior therapy (conditionally approved in June 2021 and included in the NRDL in 2021);

  - For the treatment of adult patients with MCL who have received at least one prior therapy (conditionally approved in June 2020 and included in the NRDL in 2020); and

  - For the treatment of adult patients with chronic lymphocytic leukemia (CLL)/small lymphocytic lymphoma (SLL) who have received at least one prior therapy (conditionally approved in June 2020 and included in the NRDL in 2020).

- Pamiparib was initially included in the NRDL in its approved indication:

  - For the treatment of patients with germline BRCA (gBRCA) mutation-associated recurrent advanced ovarian, fallopian tube, or primary peritoneal cancer who have been treated with two or more lines of chemotherapy (conditionally approved in May and included in the NRDL in 2021).

Additionally, two of our medicines were listed in past NRDLs: REVLIMID® was included in the 2017 NRDL negotiation list and later received formal inclusion in the 2019 B list, while VIDAZA® was listed in the 2018 NRDL negotiation list and later received formal inclusion to the 2020 B list.

In 2018, China started a new program to centrally purchase generic medicines for the nation's health care system called "volume-based procurement" (VBP), or GPO (group purchasing organization) or "4+7" (4 municipalities and 7 provincial cities) when the program was first piloted in 11 major cities. After the 2018 pilot program, it was implemented nationally in 2019. It is a tender-based system that provides guaranteed volume for lowered pricing. Participation in the program requires a product to have passed a quality consistency evaluation (QCE), which in turn requires passing a bioequivalence (BE) comparison often to the originator product. The system offers a major portion of a market's volume to winning bidders. More than one company can win a given tender, and more guaranteed volume is awarded as more bidders win. The system is still evolving and, as such, the exact terms of how many bidders win and what amount of volume are won and at what price is also evolving.

It is common in China for pharmaceutical companies to employ patient assistance programs to help patients afford their innovative medicines. Usually these programs have been offered to patients who are self-paying. A typical program provides a certain number of free doses to patients after a certain number of doses have been paid for. Usually these programs end when a medicine is included in the NRDL. We offer these types of patient assistance programs to our patients.

In the United States most health insurance coverage is provided by private insurers, often accessed via employer-sponsored plans, and the two main public insurance programs, Medicare and Medicaid. All three types of programs usually have some type of coverage for pharmaceutical products. Often this is through a PBM, or pharmacy benefit manager. The structure of the pharmacy benefit can be quite different for different beneficiaries depending on the negotiations between plan sponsors and plan purchasers. There is no central list of covered pharmaceuticals in the United States, as there is no single payer system. As such, the prices paid for pharmaceuticals in the United States can vary.

We offer patient assistance programs in the United States under our myBeiGene program. This program seeks to enhance access to BRUKINSA® by assisting with obtaining reimbursement, co-pay assistance when allowed, temporary supply of free product for insurance delays, and free product assistance for some uninsured and underinsured patients. The programs also seek to support patients and caregivers by providing education and information about BRUKINSA® and its approved indications, nurse advocates, and connecting patients to sources of support such as support groups and transportation/lodging assistance.

BUSINESS

OUR PIPELINE PRODUCTS

The following table summarizes the status of our internally-discovered drug candidates as of February 28, 2022:

DRUG CANDIDATES	PROGRAMS	DOSE ESC.	DOSE EXPANSION		PIVOTAL		FILED	MARKETED
		Phase 1a	Phase 1b	Phase 2*	Phase 2**	Phase 3		
zanubrutinib *(BTK)*	monotherapy	*R/R MCL (approved in multiple geographies)*						
		WM (approved by FDA in the U.S. 9/1/2021)						
		R/R MZL (accelerated approval by FDA in the U.S. 9/15/2021, approved by Health Canada 2/18/2022)						
		WM†1						
		R/R MCL, R/R CLL/SLL (conditionally approved by NMPA in China 6/3/2020)						
		R/R WM (conditionally approved by NMPA in China 6/18/2021)						
		CLL/SLL (filing accepted by the FDA in the U.S. 2/22/2022, PDUFA date 10/22/2022)						
		CLL, MZL (filing accepted by the EMA in the EU on 2/22/2022)						
		WM (filing accepted 1/20/2022), CLL/SLL (filing accepted 1/28/222)						
		Lupus nephritis						
		Previously treated CLL/SLL (ibrutinib acalabrutinib intolerant)						
	combination	*+rituximab 1L MCL*						
		+obinutuzumab R/R FL						
		+ lenalidomide +/- rituximab R/R DLBCL						
tislelizumab *(PD-1)*	monotherapy	*R/R cHL (approved 12/26/2019), 2L + UC (approved 4/10/2020), 2L/3L HCC (approved 6/23/2021), 2L/3L NSCLC (approved 1/6/2022)*						
		2L/3L MSI-H or dMMR solid tumors (filing accepted 6/7/2021), 2L ESCC (filing accepted 7/7/2021						
		2L ESCC (filing accepted by the FDA in the U.S. 9/13/2021; PDUFA date 7/12/2022)						
		1L HCC						
		R/R NK/T-cell lymphoma						
	+ chemo	*1L Sq. NSCLC (approved 1/13/2021), 1L non-Sq. NSCLC (approved 6/23/2021)*						
		1L NPC (filings accepted in China 8/22/2021)						
		1L SCLC, Stage II/IIIA NSCLC, Localized ESCC, 1L UC						
		1L GC, 1L ESCC						
	+ pamiparib (PARP)	*Solid tumors*						
	+ zanubrutinib (BTK)	*B-cell malignancies*						
pamiparib *(PARP)*	monotherapy	*3L gBRCA+ OC (approved 5/7/2021)*						
		2L platinum-sensitive OC maintenance						
		1L platinum-sensitive GC maintenance						
		HER2-BRCA mutated breast cancer						
		Solid tumors						
	+ TMZ (chemo)	*Solid tumors*						
	+RT/TMZ (RT/chemo)	*Glioblastoma*						

DRUG CANDIDATES	PROGRAMS	DOSE ESC.	DOSE EXPANSION		PIVOTAL		FILED	MARKETED
		Phase 1a	Phase 1b	Phase 2*	Phase 2**	Phase 3		
ociperlimab *(TIGIT)*	+ tislelizumab	*1L NSCLC*						
		R/M Cervical Cancer, R/M ESCC ^						
		Solid tumors						
	+ tislelizumab +cCRT	*1L SCLC*						
		Stage III unresectable NSCLC						
	+ tislelizumab +chemo	*1L NSCLC*						
	+ tislelizumab +BAT1706	*1L HCC*						
lifirafenib (BRAF Dimer)	+ mirdametinib	*B-Raf- or K-RAS/ N-RAS mutated solid tumors*						
BGB-A425 (TIM-3)	monotherapy & + tislelizumab	*Solid tumors*						
BGB-A333 (PD-L1)	monotherapy & + tislelizumab	*Solid tumors*						
BGB-A445 (OX40)	+ tislelizumab	*Solid tumors*						
BGB-11417 (Bcl-2)	monotherapy & + zanubrutinib	*B-cell malignancies*						
	+ dexamethasone & + carfilzomib	*R/R Multiple Myeloma*						
	+ azacytidine	*AML, MDS*						
BGB-10188 (PI3K Delta)	mono; + tislelizumab; + zanubrutinib	*B-cell malignancies; Solid tumors*						
BGB-15025 (HPK1)	monotherapy & + zanubrutinib	*Advanced solid tumors*						
BGB-23339 (TYK2)	+ azacytidine	*Inflammation and Immunity*						

Global

China

* Some indications will not require a non-pivotal Phase 2 clinical trial prior to beginning pivotal Phase 2 or Phase 3 clinical trials. **Confirmatory clinical trials post approval are required for accelerated or conditional approvals. †R/R or not suitable for chemo-immunotherapy. ^R/M: recurrent/metastatic

[1] Approved in Canada (3/1/2021); Australia (10/7/2021); EU (27 member states) plus Iceland, Lichtenstein, and Norway (11/23/2021); UK (12/14/2021); Switzerland (2/17/2022); South Korea (2/24/2022)

The following table summarizes the status of our in-licensed drug candidates as of February 28, 2022:

COMPOUND	(TARGET) / PROGRAM	DOSE ESC.	DOSE EXPANSION		PIVOTAL		COMM. RIGHTS	PARTNER
		Phase 1a	Phase 1b	Phase 2*	Phase 2**	Phase 3		
sotorasib	(KRAS G12C)	Solid tumors, NSCLC, CRC					China	AMGEN
tarlatamab^^	(DLL3)	SCLC						
pavurutamab^^	(BCMA)	MM						
AMG 176	(Mcl-1, SM)	Hematologic malignancies						
AMG 330^	(CD33)	Myeloid malignancies						
AMG 427^^	(FLT3)	AML						
acapatamab^^	(PSMA)	Prostate cancer						
AMG 509^	(STEAP1 XmAb)	Prostate cancer						
AMG 199^^	(MUC17)	GC/GEJC						
AMG 650	(oral small molecule)	Solid tumors						
AMG 650	(FAP x 4-1BB, DARPin®)	Solid tumors						
AMG 994	Bispecific antibody	Solid tumors						
AMG 256	(Anti-PD-1 x IL21 mutein)	Solid tumors						
Sitravatinib†	(multi-kinase inhibitor) + tislelizumab	NSCLC, RCC, OC, MEL					Asia ex-Japan, AU, NZ	MIRATI THERAPEUTICS
	Mono + tislelizumab	HCC, GC/GEJC						
zanidatamab††	(HER2, bispecific antibody) + chemo + tislelizumab	GEA					Asia ex-Japan, AU, NZ	zymeworks
	Monotherapy	Biliary tract cancers						
	+ chemo, +/- tislelizumab	Breast cancer, GC, GEA					Asia ex-Japan, AU, NZ	zymeworks
ZW49	(HER2, bispecific ADC)	HER2-expressing cancers						
BGB-3245[1]	(B-RAF)	Solid tumors					Asia ex-Japan	SpringWorks THERAPEUTICS
SEA-CD70	(anti-CD70)	MDS, AML					Asia ex-Japan, AU, NZ	Seagen
DKN-01	(DKK1) + tislelizumab +/- chemo	GC/GEJC						
LBL-007	(LAG-3) + tislelizumab	Biliary tract cancers					Asia ex-Japan, AU, NZ	leaptherapeutics
vebicorvir††† (ABI-H0731)®	(HBV core inhibitor)	Chronic Hepatitis B Virus					ex-China	Leads Biolabs
ABI-H3733	(HBV core inhibitor)	Chronic Hepatitis B virus					China	assemblybio

Global

China

* Some indications will not require a non-pivotal Phase 2 clinical trial prior to beginning pivotal Phase 2 or Phase 3 clinical trials. **Confirmatory clinical trials post approval are required for accelerated or conditional approvals. ^BiTE, ^^HLE BiTE (Global trials are being conducted outside of China.), †Mirati is also conducting its own clinical studies with sitravatinib, including the Phase 3 SAPPHIRE trial in non-sq NSCLC. ††ZW25, ††† Assembly is conducting Phase 2 triple combination studies with VBR and a Ph1 study of ABI-H3733.

Abbreviations: AML: acute myeloid leukemia, HLE BiTE: Half-life extended Bi-specific T-cell engagers, GC/GEJ: gastric cancer/gastroesophageal junction, HCC: hepatocellular carcinoma, IND: Investigational New Drug, MEL: melanoma, MM: multiple myeloma, NHL: non-Hodgkin's lymphoma, N/SCLC: non-small cell lung cancer, OC: ovarian cancer, RCC: renal cell carcinoma, SM: small molecule; (1) By MapKure, a joint venture with SpringWorks Therapeutics.

OUR COMMERCIAL – AND CLINICAL-STAGE DRUG CANDIDATES

A description of our commercial- and clinical-stage drug candidates and clinical data from selected clinical trials is set forth below. Historically, we have made available, and we intend to continue to make available, clinical data and/or topline results from clinical trials of our drug candidates in our press releases and/or filings with the U.S. Securities and Exchange Commission (the "SEC"), the Stock Exchange of Hong Kong Limited (the "HKEX"), and the Shanghai Stock Exchange (the "SSE"), copies of which are available on the Investors section of our website.

BRUKINSA (zanubrutinib), a BTK Inhibitor

We are currently evaluating zanubrutinib in a broad pivotal clinical program globally and in China as a monotherapy and in combination with other therapies to treat various lymphomas. Zanubrutinib has demonstrated higher selectivity against BTK than IMBRUVICA® (ibrutinib), an approved BTK inhibitor, based on our biochemical assays; higher exposure than ibrutinib based on their respective Phase 1 experience in separate studies; and sustained 24-hour BTK occupancy in both the peripheral blood and lymph node compartments in patients.

Overview of Clinical Development Program and Regulatory Status

We have announced BRUKINSA® approvals around the world, including in the United States, China, the EU, the U.K., Canada, and Australia. As of February 2022, 43 additional marketing authorization applications for BRUKINSA® have been submitted, including by BeiGene and with support from our five distribution partners: Adium Pharma in Latin America and the Caribbean, NewBridge Pharmaceuticals in the Middle East and North Africa, Erkim in Turkey, Nanolek in Russia, and Medison in Israel.

Based on the clinical data to date, we believe that BRUKINSA® has a potentially best-in-class profile, and we are running a broad global pivotal program in multiple indications, including nine registration or registration-enabling clinical trials. Four of the nine studies are Phase 3 and five are designed to be registration-enabling Phase 2 trials.

We have reported results from the monotherapy head-to-head Phase 3 trial versus ibrutinib in WM (ASPEN, NCT03053440), which are being included in several filings globally. We are also conducting an ongoing Phase 3 trial comparing BRUKINSA® to bendamustine and rituximab in patients with treatment-naïve (TN) CLL/SLL (SEQUOIA, NCT03336333) and a head-to-head Phase 3 trial in R/R CLL/SLL versus ibrutinib (ALPINE, NCT03734016). We have completed patient enrollment in SEQUOIA and ALPINE. Our fourth Phase 3 trial is an ongoing Phase 3 confirmatory trial in patients with treatment-naive (TN) MCL (NCT04002297). Additionally, we have five filed or ongoing Phase 2 trials that are designed to be registration-enabling, including four monotherapy studies in R/R MCL, R/R WM, R/R CLL/SLL (NCT03206970, NCT03332173, NCT03206918), and R/R MZL (MAGNOLIA, NCT03846427) and an ongoing pivotal Phase 2 trial in combination with GAZYVA® (obinutuzumab) in patients with R/R FL (ROSEWOOD, NCT03332017). Finally, we are also investigating zanubrutinib in several combination studies in DLBCL and CLL/SLL, including two studies in CLL/SLL investigating venetoclax combinations.

We continue to pursue regulatory approvals for BRUKINSA® globally. In February 2022, we announced that the FDA accepted for review a sNDA for CLL/SLL, with a Prescription Drug User Fee Act ("PDUFA") target action date of October 22, 2022, and that the EMA accepted for review two marketing authorization applications for MZL and CLL. We expect continued regulatory decisions for some of our global filings this year, including potential additional approvals in more than 10 markets We expect topline results to be available from the ALPINE trial comparing BRUKINSA® versus ibrutinib in second line CLL/SLL in the first half 2022. Finally, we expect to announce clinical data on the fully enrolled pivotal Phase 2 ROSEWOOD trial comparing BRUKINSA® plus obinutuzumab to obinutuzumab alone in R/R follicular lymphoma patients in 2022.

Tislelizumab, an anti-PD-1 Antibody

Tislelizumab is a humanized monoclonal antibody against the immune checkpoint receptor PD-1 that is currently being evaluated in pivotal clinical trials globally and in China and for which we plan to commence additional pivotal trials as a monotherapy and in combination with standard of care to treat various solid and hematological cancers.

Overview of Clinical Development Program and Regulatory Status

BeiGene has initiated or completed 17 potentially registration-enabling clinical trials in China and globally, including 13 Phase 3 trials and four pivotal Phase 2 trials intended to support regulatory submissions globally and in China.

Our trials in lung cancer include:

- A global Phase 3 trial evaluating tislelizumab as a second- or third-line treatment compared to docetaxel in patients with locally advanced or metastatic NSCLC (NCT03358875);
- Two Phase 3 trials in China evaluating tislelizumab plus chemotherapy versus chemotherapy in squamous and non-squamous NSCLC (NCT03594747 and NCT03663205, respectively);
- A Phase 3 trial in China in 1L SCLC evaluating tislelizumab plus chemotherapy versus chemotherapy (NCT04005716); and
- A Phase 3 trial in China of tislelizumab in combination with platinum-based doublet chemotherapy as neoadjuvant treatment for patients with NSCLC (NCT04379635).

Our trials in liver cancer include:

- A global Phase 3 trial comparing tislelizumab with sorafenib as first-line treatment for patients with HCC (NCT03412773); and
- A global single-arm pivotal Phase 2 trial in second or third line unresectable HCC (NCT03419897).

Our trials in gastric cancer include:

- A global Phase 3 trial of tislelizumab combined with chemotherapy versus placebo combined with chemotherapy as first-line treatment for patients with gastric cancer (NCT03777657).

Our trials in lymphoma include:

- A Phase 3 trial in China comparing tislelizumab to salvage chemotherapy in patients with relapsed or refractory classical Hodgkin Lymphoma (cHL; NCT04486391); and
- A Phase 2 trial in China in patients with relapsed or refractory cHL (NCT03209973).

Our trials in urothelial carcinoma include:

- A Phase 3 trial in China in patients with locally advanced or metastatic urothelial carcinoma (NCT03967977); and

- Phase 2 trial in China in patients with locally advanced or metastatic urothelial bladder cancer (NCT04004221).

Our trials in ESCC include:

- A global Phase 3 trial comparing tislelizumab with chemotherapy as second-line treatment for patients with advanced ESCC (NCT03430843);

- A global Phase 3 trial of tislelizumab in combination with chemotherapy as first-line treatment for patients with ESCC (NCT03783442); and

- A Phase 3 trial in China of tislelizumab versus placebo in combination with chemoradiotherapy in patients with localized ESCC (NCT03957590).

Finally, our trials in solid tumors and nasopharyngeal cancer include:

- A Phase 2 trial in China in patients with MSI-H/dMMR solid tumors (NCT03736889); and

- A Phase 3 trial in China and Thailand of tislelizumab combined with chemotherapy versus placebo combined with chemotherapy as first-line treatment in patients with nasopharyngeal cancer (NCT03924986).

As of January 2022, we had enrolled over 9,000 subjects in clinical trials of tislelizumab in 35 countries, including close to 3,000 subjects outside of China. These studies include 11 multi-regional registrational trials that are designed for global regulatory approvals. Data from our trials thus far suggested that tislelizumab was generally well-tolerated and exhibited anti-tumor activity in a variety of tumor types.

Pamiparib, a PARP1 and PARP2 Inhibitor

Pamiparib is a selective small molecule inhibitor of poly ADP-ribose polymerase 1 (PARP1) and PARP2 enzymes that is being evaluated as a potential monotherapy and in combinations for the treatment of various solid tumors. We believe that pamiparib has the potential to be differentiated from other PARP inhibitors because of its brain penetration, greater selectivity, strong DNA-trapping activity, and good oral bioavailability demonstrated in preclinical models.

Overview of Clinical Development Program and Regulatory Status

In China, pamiparib received conditional approval in May 2021 for treatment of patients with germline BRCA (gBRCA) mutation-associated recurrent advanced ovarian, fallopian tube, or primary peritoneal cancer who have been treated with two or more lines of chemotherapy. Full approval for this indication is contingent upon results from ongoing corroborative trials confirming the clinical benefit of pamiparib in this population.

In addition, our clinical development program includes a Phase 3 trial as a maintenance therapy in patients with platinum-sensitive recurrent OC (NCT03519230), a Phase 2 trial in BRCA-mutated HER2-negative breast cancer (NCT03575065), a Phase 2 trial in first-line platinum-sensitive GC maintenance (NCT03427814), and a Phase 1b/2 trial in combination with temozolomide in glioblastoma multiforme (NCT03150862).

We expect to announce top-line results from the Phase 3 maintenance study in patients with platinum-sensitive recurrent OC in the first half of 2022.

Ociperlimab (BGB-A1217), a TIGIT Inhibitor

Ociperlimab (BGB-A1217) is an investigational humanized IgG1-variant monoclonal antibody directed against TIGIT. An immune checkpoint molecule, ociperlimab is currently being investigated in two global Phase 3 clinical trials, the AdvanTIG-301 (NCT04866017) and AdvanTIG-302 (NCT04746924) trials, in combination with tislelizumab in NSCLC. To date, approximately 800 subjects have been enrolled across the ociperlimab development program, which includes six global trials in patients with lung cancers, esophageal squamous cell carcinoma, and cervical cancer.

In December 2021 we announced an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize ociperlimab in North America, Europe, and Japan, as discussed further below under "Novartis Collaboration — Option Collaboration and License Agreement for Ociperlimab".

We have completed patient enrollment in the AdvanTIG-202 trial (NCT04693234) in patients with previously treated recurrent or metastatic cervical cancer. We expect to initiate additional pivotal clinical trials and announce data from Phase 2 trial expansion cohorts in 2022.

Lifirafenib (BGB-283) and BGB-3245, Inhibitors of RAF

Lifirafenib is an investigational novel small molecule inhibitor with RAF monomer and dimer inhibition activities. Lifirafenib has shown antitumor activities in preclinical models and in cancer patients with tumors harboring BRAF V600E mutations, non-V600E BRAF mutations or KRAS/NRAS mutations. We have been developing lifirafenib for the treatment of cancers with aberrations in the mitogen-activated protein kinase (MAPK), pathway, including BRAF gene mutations and KRAS/NRAS gene mutations where first generation BRAF inhibitors are not effective. We believe that lifirafenib as monotherapy or in combination with other agents may have potential for treating various malignancies such as melanoma, NSCLC, and endometrial cancer.

BeiGene is working together with SpringWorks Therapeutics, Inc. (SpringWorks) in a global clinical collaboration and has initiated a Phase 1b clinical trial (NCT03905148) to evaluate the safety, tolerability, and preliminary efficacy of lifirafenib in combination with SpringWorks' investigational MEK inhibitor, mirdametinib (PD-0325901), in patients with advanced solid tumors.

In addition to the collaboration, BeiGene and SpringWorks formed a separate company, MapKure, LLC, to develop BGB-3245, an investigational, selective next-generation RAF kinase inhibitor discovered by BeiGene scientists. MapKure has an ongoing Phase 1 clinical trial of BGB-3245 (NCT04249843) in patients with advanced or refractory tumors harboring specific v-RAF murine sarcoma viral oncogene homolog B (B-RAF) genetic mutations.

Sitravatinib, a Multi-Kinase Inhibitor

In January 2018, we entered into an exclusive license agreement with Mirati Therapeutics, Inc. (Mirati) for the development, manufacturing and commercialization of Mirati's sitravatinib in Asia (excluding Japan and certain other countries), Australia and New Zealand. Sitravatinib is an investigational spectrum-selective kinase inhibitor, which potently inhibits receptor tyrosine kinases, including RET, TAM family receptors (TYRO3, Axl, MER), and split family receptors (VEGFR2, KIT). Sitravatinib is being evaluated by Mirati in multiple clinical trials to treat patients who are refractory to prior immune checkpoint inhibitor therapy, including a Phase 3 SAPPHIRE trial of sitravatinib in NSCLC initiated in 2019. In data readouts at the American Association for Cancer Research (AACR) Annual Meeting 2021, two cohorts from BeiGene's Phase 1b trial (NCT03666143) of sitravatinib in combination with tislelizumab in unresectable or metastatic melanoma who were R/R to PD-1/LI inhibitors and in patients with advanced platinum-resistant ovarian cancer (PROC) were presented. Sitravatinib is being evaluated by BeiGene in multiple clinical trials including a Phase 3 trial combining sitravatinib with tislelizumab in NSCLC.

BGB-11417, a Small Molecule Bcl-2 Inhibitor

BGB-11417 is an investigational small molecule Bcl-2 inhibitor. We have completed preclinical and investigational new drug (IND) -enabling studies of BGB-11417, which demonstrated potent activity and high selectivity against the pro-apoptotic protein Bcl-2. The molecule appears to be more potent than venetoclax and shows the potential to overcome resistance to venetoclax. Further, it is more selective than venetoclax for Bcl-2 relative to Bcl-xL. Finally, we believe that it is well-positioned to be combined with BRUKINSA®. We have an ongoing Phase 1 trial (NCT04277637) in Australia and the United States to investigate the safety, tolerability, pharmacokinetics, and preliminary antitumor activity of BGB-11417 and its combination with zanubrutinib in patients with mature B-cell malignancies. We expect to start pivotal trials for BGB-11417 in 2022.

BGB-A445, an OX40 Agonist Antibody

BGB-A445 is an investigational agonistic antibody directed to the OX40 antigen. BGB-A445 is a non-ligand competing antibody that does not disrupt OX40 to OX40 ligand engagement. Preclinical experiments showed that BGB-A445 has increasing effectiveness at higher doses versus an antibody that was ligand-competing, which showed falling effectiveness at higher doses. BGB-A445 has also showed in preclinical tests the potential to be combined with several agents, such as tislelizumab, as well as a TLR9 agonist, a PI3Kδ inhibitor, sitravatinib, and chemotherapy. We have an ongoing Phase 1 trial (NCT04215978) of BGB-A445 in combination with tislelizumab in patients with advanced solid tumors and expect to initiate dose expansion for BGB-A445 (OX-40) in the first half of 2022.

ZW25 (Zanidatamab), a bispecific HER2-targeted antibody

Zanidatamab, a novel investigational Azymetric™ bispecific antibody targeting HER2, is currently in late-stage clinical development with Zymeworks Inc. BeiGene has development and commercial rights to zanidatamab in Asia (excluding Japan), Australia, and New Zealand. We are participating in three ongoing clinical studies with zanidatamab. The first is a Phase 1/2 study (NCT04215978) in HER2-positive breast and gastric cancer. The breast cancer arm combines zanidatamab with docetaxel, and the gastric cancer arm combines zanidatamab with our PD-1 inhibitor tislelizumab and chemotherapy. The second study (NCT04466891) is a Phase 2b study in patients with advanced or metastatic HER2-amplified biliary tract cancers (BTC) in which zanidatamab is being used as monotherapy. We initiated a global Phase 3 clinical trial (NCT05152147) examining zanidatamab in combination with chemotherapy with and without tislelizumab in HER2-positive gastroesophageal cancer in late 2021. We expect to complete enrollment in 2L biliary tract cancer in 2022.

BGB-A425, a TIM-3 Inhibitor

BGB-A425 is an investigational humanized IgG1-variant monoclonal antibody against T-cell immunoglobulin and mucin-domain containing-3 (TIM-3). We have an ongoing Phase 1/2 trial (NCT03744468) of BGB-A425 in combination with tislelizumab in various solid tumors.

BGB-15025, a Small Molecule HPK1 Inhibitor

BGB-15025 is an investigational small molecule inhibitor of HPK1, which is a key negative feedback regulator of TCR signaling. Inhibition of HPK1 leads to enhanced T-cell activation pre-clinically. In addition, preclinical studies showed that BGB-15025 exhibits combination activity with tislelizumab and has a wide therapeutic window. We initiated a Phase 1 trial (NCT04649385) of BGB-15025 alone and in combination with tislelizumab in patients with advanced solid tumors in 2021. This trial is being conducted in multiple countries globally. We expect to initiate dose-expansion for BGB-15025 in the second half of 2022.

OUR PRECLINICAL PROGRAMS

We have a proprietary biology research platform that has allowed us to research and develop both small molecules and biologic molecules. In the last decade, this platform has generated more than 10 clinical stage assets, including three internally-developed molecules that have been approved by regulatory bodies in the United States, China, EU and other markets, with other filings pending globally and planned to be submitted. The platform is a full-process technology system spanning from early discovery to commercialization of oncology medicines based on multiple drug technology platforms that can be applied to oncology and other fields. We have core technology platforms for the development of small molecule and antibody medicines and the manufacturing of our own and potentially other medicines. Currently, we have over 50 pre-clinical programs and we believe that half of them have best-in-class or first-in-class potential.

We anticipate advancing multiple our preclinical drug candidates into the clinic in the next 12 months. We believe that we have the opportunity to combine tislelizumab with our preclinical candidates to target multiple points in the cancer immunity cycle. We also may seek to develop companion diagnostics that will help identify patients who are most likely to benefit from the use of our medicines and drug candidates.

MANUFACTURING AND SUPPLY

We manufacture our medicines and drug candidates internally and in some cases with the help of third-party contract manufacturing organizations (CMOs). The manufacturing of our medicines and drug candidates is subject to extensive regulations that impose various procedural and documentation requirements governing recordkeeping, manufacturing processes and controls, personnel, quality control, and quality assurance, among others. Our manufacturing facilities and the facilities of the CMOs we use to manufacture our medicines and drug candidates operate under current good manufacturing practice regulations (GMP) conditions. GMP regulations are requirements for the production of pharmaceuticals that will be used in humans.

BUSINESS

Our Manufacturing Facilities

We have manufacturing facilities for small molecule drugs and large molecule biologics in Suzhou and Guangzhou, China, respectively, to support the commercialization and potential future demand of our internally developed or in-licensed products.

Our manufacturing facility in Suzhou is over 13,000 square meters and consists of a manufacturing base for small molecule drug products with an annual production capacity of about 100 million tablets and capsules and a biologics clinical development production facility with 2 x 500 liters capacity to produce biologics candidates for clinical supply. The facility meets or exceeds design criteria of the United States, EU, and China regulatory requirements. The facility has received a manufacturing license to produce commercial volumes of BRUKINSA and pamiparib for the China market. As a result of our growing commercial and clinical demands, we have broken ground on a new small molecule manufacturing facility nearby in Suzhou that will have the capability to produce up to 600 million solid oral dosages annually. This approximately 50,000 square meter facility is expected to replace our current Suzhou site and support our growing pipeline of small molecule medicines and drug candidates.

We continue to invest in our state-of-the-art commercial-scale manufacturing facility in Guangzhou of approximately 100,000 square meters for the manufacturing of large molecule biologics. Phases 1 and 2 of the facility were completed in September 2019 and December 2020, respectively, with 24,000 liters of single use disposable capacity, while Phase 3 completed construction in December 2021 that will add an additional 40,000 liters of capacity. Phase 1 is currently approved for the end to end commercial production of tislelizumab for the China market. Upon completion, the facility will have a total capacity of 64,000 liters. We have purchased an adjacent tract of land to the south of the current site and are currently evaluating a fourth phase of expansion to support our growing pipeline of large molecule medicines and drug candidates.

We are also planning to expand our biologics manufacturing capabilities to include a future manufacturing facility in the United States and have closed on a 42-acre site at the Princeton West Innovation Park in Hopewell, New Jersey to be developed as a new commercial-stage manufacturing and clinical R&D campus. Construction of the initial phase is expected to commence in 2022. The property, located strategically in the Interstate 95 corridor of New Jersey, with a deep and rich talent pool, has more than one million square feet of developable real estate for potential future expansion to cover our existing medicines and pipeline.

Contract Manufacturing Organizations

We currently rely on, and expect to continue to rely on, a limited number of third-party CMOs and CROs for the production of some drug products and drug substances and the supply of raw materials to meet the commercial, clinical, and preclinical needs of our medicines and drug candidates. We have adopted procedures to ensure that the production qualifications, facilities, and processes of the third-party suppliers engaged by us comply with relevant regulatory requirements and our internal quality and operational guidelines. We select our third-party suppliers carefully by considering a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability in meeting delivery schedules, and business terms.

We have commercial supply and related agreements with most of our manufacturing service providers. For example, we entered into a commercial supply agreement with Catalent Pharma Solutions, LLC ("Catalent") to produce BRUKINSA® at Catalent's Kansas City, Missouri site for clinical and commercial use in the United States and other countries outside of China. We currently source the active pharmaceutical ingredient (API) for BRUKINSA® from a supplier in China and are in the process of bringing online an additional source of supply outside of China. In addition, we entered into a commercial supply agreement with Boehringer Ingelheim Biopharmaceuticals (China) Ltd. ("Boehringer Ingelheim") for tislelizumab, which is being manufactured at Boehringer Ingelheim's facility in Shanghai, China. Additionally, our collaboration agreements with Novartis include the right for Novartis to manufacture tislelizumab and ociperlimab for its territory, to be managed by Novartis following tech transfer, and our right to conduct a specified percentage of production at our planned U.S. manufacturing site, subject to the terms of the agreements. For our commercial and clinical stage products in-licensed from Amgen, BMS and others, we rely on the licensors and their manufacturing facilities or their CMOs for the supply of those medicines and drug candidates.

Our agreements with the outsourced suppliers engaged by us generally set out terms, including product quality or service details, technical standards or methods, delivery terms, agreed price and payment, and product inspection and acceptance criteria. We are generally allowed to return any products that fail to meet specified quality standards. Our outsourced suppliers procure raw materials themselves. Typically, outsourced suppliers request settlement of payment within 30 days from the date of invoice. Either party may terminate the agreements by serving notice to the other party under certain circumstances.

We generally obtain raw materials for our manufacturing activities from various suppliers who we believe have sufficient capacity to meet our demands. Raw materials and starting materials used at our facilities in Beijing and Suzhou include active pharmaceutical ingredients custom-made by our third-party CROs and excipients, which are commercially available from well-known vendors that meet the requirements of the relevant regulatory agencies. The core raw materials used in manufacturing at our Guangzhou facility are genetically modified cell lines that we have co-developed and licensed from Boehringer Ingelheim and other third parties.

We typically order raw materials on a purchase order basis and do not enter into long-term, dedicated capacity or minimum supply arrangements. We pay for our purchases of raw materials on credit. Credit periods granted to us by our suppliers generally range from 30 to 60 days. Our suppliers are generally not responsible for any defects in our finished products.

AMGEN COLLABORATION

Collaboration Agreement

On October 31, 2019, our wholly-owned subsidiary, BeiGene Switzerland GmbH ("BeiGene Switzerland"), entered into a Collaboration Agreement with Amgen, which became effective on January 2, 2020 (the "Amgen Collaboration Agreement"). Pursuant to the terms of the Amgen Collaboration Agreement, we are responsible for commercializing Amgen's oncology products XGEVA®, BLINCYTO® and KYPROLIS® in China (excluding Hong Kong, Macao and Taiwan) for a period of five or seven years following each product's regulatory approval in China, as specified in the Amgen Collaboration Agreement, with the commercialization period for XGEVA® commencing following the transition of operational responsibilities for the product. In addition, as specified in the agreement, we have the option to retain one of the three products to commercialize for as long as the product is sold in China. The parties have agreed to equally share profits and losses for the products in China during each product's commercialization period. After expiration of the commercialization period for each product, the products not retained will be transitioned back to Amgen and we will be eligible to receive tiered mid-single to low-double digit royalties on net sales in China of each product for an additional five years.

Additionally, pursuant to the terms of the Amgen Collaboration Agreement, we and Amgen have agreed to collaborate on the global clinical development and commercialization of a portfolio of Amgen clinical- and late-preclinical-stage oncology pipeline products. Starting from the commencement of the Amgen Collaboration Agreement, we and Amgen will co-fund global development costs, with BeiGene contributing up to US$1.25 billion worth of development services and cash over the term of the collaboration. We will be eligible to receive tiered mid-single digit royalties on net sales of each product globally outside of China, other than sotorasib (AMG 510), on a product-by-product and country-by-country basis, until the latest of the expiration of the last valid patent claim, the expiration of regulatory exclusivity, or the earlier of eight years after the first commercial sale of such product in the country of sale and 20 years from the date of first commercial sale of such product anywhere in the world.

For each pipeline product that is approved in China, we will have the right to commercialize the product for seven years, with the parties sharing profits and losses for the product in China equally. In addition, we will have the right to retain approximately one of every three approved products, up to a total of six, other than sotorasib (AMG 510), to commercialize for as long as each such product is sold in China. After the expiration of the seven-year commercialization period, each product will be transitioned back to Amgen and we will be eligible to received tiered mid-single to low-double digit royalties on net sales in China for an additional five years. The parties are subject to specified exclusivity requirements in China and the rest of the world.

BeiGene, Ltd. has guaranteed certain obligations of BeiGene Switzerland under the Amgen Collaboration Agreement pursuant to the terms of a separate Guarantee Agreement.

The Amgen Collaboration Agreement contains customary representations, warranties and covenants by the parties. The agreement will continue in effect on a product-by-product basis unless terminated by either party pursuant to its terms. The agreement may be terminated by mutual written consent of the parties, or by either party upon the other party's uncured material breach, insolvency, failure to comply with specified compliance provisions, or subject to a specified negotiation mechanism, certain adverse economic impacts or the failure to meet commercial objectives. In addition, Amgen may terminate the agreement with respect to a pipeline product in the event it suspends development of such pipeline product on specified terms, subject to the parties determining whether to continue development of the pipeline product in China.

Share Purchase Agreement

In connection with the Amgen Collaboration Agreement, pursuant to a share purchase agreement dated October 31, 2019, as amended, by and between BeiGene, Ltd. and Amgen (the "Amgen SPA"), we issued to Amgen 206,635,013 ordinary shares in the form of 15,895,001 ADSs of BeiGene, Ltd. on January 2, 2020, representing approximately 20.5% of our then outstanding shares, for an aggregate purchase price of US$2.78 billion, or US$13.45 per ordinary share, or US$174.85 per ADS.

Pursuant to the Amgen SPA, Amgen has agreed to (i) a lock-up on sales of its shares until the earliest of (a) the fourth anniversary of the closing, (b) the expiration or termination of the Collaboration Agreement and (c) a change of control of BeiGene, Ltd., (ii) a standstill until the later of (a) the first anniversary of the date as of which it ceases to have the right to appoint a director and (b) the date on which it holds less than 5% of our then outstanding shares, and (iii) a voting agreement to vote its shares on certain matters presented for shareholder approval until the later of (a) the fifth anniversary of the closing and (b) the expiration of the standstill period, all under specified circumstances and as set forth in the agreement. Following the later of (i) the expiration of the lock-up period and (ii) the expiration of the standstill period, Amgen has agreed not to sell shares representing more than 5% of our then outstanding shares in any rolling 12-month period, subject to specified exceptions. In addition, Amgen will have the right to designate an independent director to serve on our board of directors until the earlier of (a) the date on which Amgen holds less than 10% of our then outstanding shares as a result of Amgen's sale of ordinary shares or Amgen's failure to participate in future offerings and (b) the third anniversary of the date of the expiration or termination of the Amgen Collaboration Agreement. Under the terms of the Amgen SPA, Amgen will also have specified registration rights upon expiration of the lock-up. Additionally, we have agreed to use reasonable best efforts to provide Amgen with an opportunity to participate in subsequent new securities offerings upon the same terms and conditions as other purchasers in the offering in an amount needed to allow Amgen to hold up to 20.6% of our shares, subject to applicable law and HKEX rules and other specified conditions.

On March 17, 2020, BeiGene, Ltd. and Amgen entered into an Amendment No. 2 (the "Second Amendment") to the Amgen SPA in order to account for periodic dilution from the issuance of shares by us, which agreement was restated in its entirety on September 24, 2020 (the "Restated Second Amendment"). Pursuant to the Restated Second Amendment, Amgen has an option (the "Direct Purchase Option") to subscribe for additional ADSs in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of our outstanding shares. The Direct Purchase Option is exercisable on a monthly basis, but only if Amgen's interest in our outstanding shares at the monthly reference date is less than 20.4%. The Direct Purchase Option (i) is exercisable by Amgen solely as a result of dilution arising from issuance of new shares by us under our equity incentive plans from time to time, and (ii) is subject to annual approval by our independent shareholders each year during the term of the Restated Second Amendment. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen and its affiliates collectively own less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) December 1, 2023. The Direct Purchase Option has no vesting period.

NOVARTIS COLLABORATION

Collaboration and License Agreement for Tislelizumab

On January 11, 2021, our wholly-owned subsidiary, BeiGene Switzerland GmbH, entered into a Collaboration and License Agreement, which became effective on February 26, 2021 (the "Novartis Collaboration and License Agreement") with Novartis, pursuant to which Novartis will have the right to develop, manufacture and commercialize tislelizumab in the United States, Canada, Mexico, member countries of the European Union, United Kingdom, Norway, Switzerland, Iceland, Liechtenstein, Russia, and Japan (the "Licensed Territory").

Under the Novartis Collaboration and License Agreement, we received an upfront cash payment of US$650 million from Novartis. Additionally, we are eligible to receive up to US$1.3 billion upon the achievement of regulatory milestones, US$250 million upon the achievement of sales milestones, and tiered royalties based on percentages of annual net sales of tislelizumab in the Licensed Territory ranging from the high-teens to high-twenties, with customary reductions in specified circumstances. Royalties are payable on a country-by-country basis from the time of the first commercial sale until the latest of the expiration of the last valid patent claim, the expiration of regulatory exclusivity, or 10 years after the first commercial sale of tislelizumab in the country of sale.

Under the Novartis Collaboration and License Agreement, we and Novartis have agreed to jointly develop tislelizumab in the Licensed Territory, with Novartis responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals. In addition, both companies may conduct clinical trials to explore potential combinations of tislelizumab with other cancer treatments. We will be responsible for funding the ongoing clinical trials of tislelizumab, and Novartis has agreed to fund any new registrational, bridging, or post-marketing studies in the Licensed Territory. Subject to specified conditions, both parties have agreed to jointly fund other new clinical trials in the Licensed Territory agreed by the parties, provided that each party will be responsible for funding clinical trials evaluating tislelizumab in combination with its own- or third-party cancer treatments. We will initially be responsible for supplying tislelizumab to Novartis, with Novartis having the right to conduct manufacturing for its use in the Licensed Territory after successful transfer of the manufacturing process. In addition, we have an option to co-detail the product in the United States, Canada and Mexico, on an indication-by-indication basis, funded in part by Novartis. Each party retains the worldwide right to commercialize its propriety products in combination with tislelizumab. We retain the rights to manufacture and supply a specified percentage of commercial supply of tislelizumab from our planned U.S. manufacturing facility to be built in Hopewell, New Jersey, subject to the terms of the agreement.

The Novartis Collaboration and License Agreement contains customary representations, warranties and covenants by the parties. Unless earlier terminated, the agreement will expire on a country-by-country basis upon expiration of the royalty term in such country and in its entirety upon the expiration of all applicable royalty terms in all countries in the Licensed Territory. We may terminate the agreement in its entirety upon written notice (i) if Novartis challenges the licensed BeiGene patents, or (ii) if Novartis files a biologics license application for its anti-PD-1 antibody, spartalizumab, in the Licensed Territory, and we do not elect to include spartalizumab as a licensed product under the agreement or Novartis does not divest the product candidate, in which case Novartis would pay us a specified termination fee. The agreement may be terminated by Novartis upon 120 days' prior written notice if delivered before first commercial sale or 180 days' prior written notice if delivered following first commercial sale of tislelizumab in the Licensed Territory, or by either party upon the other party's bankruptcy or uncured material breach.

Option, Collaboration and License Agreement for Ociperlimab

On December 19, 2021, BeiGene Switzerland GmbH entered into an Option, Collaboration and License Agreement (the "Novartis Option, Collaboration and License Agreement") with Novartis, pursuant to which we have granted Novartis an exclusive time-based option to receive an exclusive license to develop, manufacture and commercialize our investigational TIGIT inhibitor ociperlimab in the Licensed Territory.

Under the Novartis Option, Collaboration and License Agreement, we received an upfront cash payment of US$300 million from Novartis and are eligible to receive an additional payment of US$600 million or US$700 million upon exercise by Novartis of an exclusive time-based option prior to mid-2023 or late-2023, respectively, subject to receipt of required antitrust approval. Additionally, following option exercise, we are eligible to receive up to US$745 million upon the achievement of regulatory approval milestones, US$1.15 billion upon the achievement of sales milestones, and tiered royalties based on percentages of annual net sales of ociperlimab in the Licensed Territory ranging from the high-teens to mid-twenties, with customary reductions in specified circumstances. Royalties are payable on a country-by-country basis from the time of the first commercial sale until the latest of the expiration of the last valid patent claim, the expiration of regulatory exclusivity, or 10 years after the first commercial sale of ociperlimab in the country of sale.

Under the Novartis Option, Collaboration and License Agreement, during the option period, Novartis has agreed to initiate, conduct and fund additional global clinical trials of ociperlimab in combination with tislelizumab in selected tumor types and we have agreed to expand enrollment in two ongoing trials. Additionally, following the option exercise, the companies have agreed to jointly develop ociperlimab in the Licensed Territory, with Novartis sharing development costs of global trials and responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals in the Licensed Territory. In addition, both companies may conduct clinical trials globally to explore potential combinations of ociperlimab with other cancer treatments. We will initially be responsible for supplying ociperlimab to Novartis, with Novartis having the right to conduct manufacturing for its use in the Licensed Territory after successful transfer of the manufacturing process. Following approval, we have agreed to provide 50% of the co-detailing and co-field medical efforts in the United States and have an option to co-detail up to 25% in Canada and Mexico, in each case funded in part by Novartis. Each party retains the worldwide right to commercialize its proprietary products in combination with ociperlimab, as is the case with tislelizumab under the parties' existing collaboration agreement. We retain the rights to manufacture and supply a specified percentage of commercial supply of ociperlimab from our planned U.S. manufacturing facility to be built in Hopewell, New Jersey, subject to the terms of the agreement.

The Novartis Option, Collaboration and License Agreement contains customary representations, warranties and covenants by BeiGene and Novartis. Unless earlier terminated, the agreement will expire on a country-by-country basis upon the expiration of the royalty term in such country. The Novartis Option, Collaboration and License Agreement will expire in its entirety upon the expiration of all applicable royalty terms under the agreement in all countries in the Licensed Territory. The agreement may be terminated by Novartis upon 120 days' prior written notice if delivered before first commercial sale or 180 days' prior written notice if delivered following first commercial sale of ociperlimab in the Licensed Territory, or by either party upon the other party's bankruptcy or uncured material breach. BeiGene may terminate the agreement in its entirety upon written notice if Novartis challenges the licensed BeiGene patents. Either party may terminate the agreement in its entirety effective immediately upon written notice to the other party (i) if the option terminates or expires, or (ii) in the event that the license effective date has not occurred within six months after the date of the Hart-Scott-Rodino Antitrust Improvements Act filing, subject to extension.

CELGENE LICENSE AND SUPPLY AGREEMENT

On July 5, 2017, we and Celgene Logistics Sàrl, now a wholly-owned subsidiary of BMS, entered into a License and Supply Agreement, which we refer to as the China License Agreement and which became effective on August 31, 2017, pursuant to which we were granted the right to exclusively distribute and promote BMS's approved cancer therapies, REVLIMID®, VIDAZA® and ABRAXANE® in China, excluding Hong Kong, Macau and Taiwan. In addition, if Celgene decides to commercialize a new oncology product through a third party in the licensed territory during the first five years of the term, we have a right of first negotiation to obtain the right to commercialize the product, subject to certain conditions. We subsequently assigned the agreement to our wholly-owned subsidiary, BeiGene Switzerland.

On March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

The term of the China License Agreement is 10 years and may be terminated by either party upon written notice in the event of uncured material breach or bankruptcy of the other party, or if the underlying regulatory approvals for the covered products are revoked. BMS also has the right to terminate the agreement with respect to REVLIMID® at any time upon written notice to us under certain circumstances.

The China License Agreement contains customary representations and warranties and confidentiality and mutual indemnification provisions.

INTELLECTUAL PROPERTY

The proprietary nature of, and protection for, our medicines, drug candidates, and their methods of use are an important part of our strategy to develop and commercialize novel medicines, as described in more detail below. We have filed patent applications and obtained patents in the United States and other countries and regions, such as China and Europe, relating to our medicines and certain of our drug candidates, and are pursuing additional patent protection for them and for our other drug candidates and technologies. We rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection, including our manufacturing processes. We also rely on know-how, continuing technological innovation and in-licensing opportunities to develop, strengthen, and support our development programs.

As of January 22, 2022, we owned 40 issued U.S. patents, 24 issued China patents, a number of pending U.S. and China patent applications, and corresponding patents and patent applications internationally. In addition, we owned pending international patent applications under the Patent Cooperation Treaty (PCT), which we plan to file nationally in the United States and other jurisdictions, as well as additional priority PCT applications. With respect to any issued patents in the United States and Europe, we may be entitled to obtain a patent term extension to extend the patent expiration date, provided that we meet the applicable requirements for obtaining such patent term extensions. For example, in the United States, we can apply for a patent term extension of up to five years for one of the patents covering a drug product once the product is approved by the FDA. The exact duration of the extension depends on the time that we spend in clinical studies as well as getting approval from the FDA. In China, the Amended PRC Patent Law, which became effective on June 1, 2021, provides a patent term extension of up to five years, similar to the United States.

The key patents for our medicines and late-stage clinical drug candidates as of January 31, 2022, are summarized below:

Molecule	Territory	General Subject Matter	Expiration[1]
BRUKINSA® (Zanubrutinib)	U.S.	Compound and composition	2034
	U.S.	Use for the treatment of autoimmune diseases	2034
	U.S.	Use for the treatment of B-cell proliferative disorder	2034
	U.S.	Crystalline forms	2037
	China	Compound and composition	2034
Tislelizumab	U.S.	Antibodies	2033
	U.S.	Use for the treatment of cancer	2033
	U.S.	Antibodies and use for the treatment of cancer	2033
	U.S.	Antibodies	2033
	U.S.	Antibodies	2033
	China	Antibodies	2033
	China	Antibodies	2033
	China	Antibodies	2033
	China	Antibodies	2033
Pamiparib	U.S.	Compound and composition	2031
	U.S.	Compound and composition	2031
	U.S.	Use for the treatment of cancer	2031
	U.S.	Compositions	2031
	U.S.	Crystalline forms	2036
	U.S.	Crystalline forms	2038
	China	Compound and composition	2031
	China	Use for the treatment of cancer	2031
	China	Crystalline forms	2036
Ociperlimab	U.S.	Antibodies	2038

(1) The expected expiration does not include any additional term for patent term extensions.

We currently have two in-licensed medicines in China from BMS. The key patents for them in China as of January 31, 2022 are summarized below:

Product	Territory	General Subject Matter	Expiration
REVLIMID® (lenalidomide)	China	Use for the treatment of multiple myeloma	2023
	China	Use for the treatment of multiple myeloma	2023
	China	Use for the treatment of multiple myeloma	2023
	China	Use for the treatment of multiple myeloma	2023
VIDAZA® (azacitidine)	China	No patent	N/A

Under our collaboration with Amgen, we have the right to commercialize three medicines in China. The key patents for them in China as of January 31, 2022 are summarized below:

Product	Territory	General Subject Matter	Expiration
XGEVA® (denosumab)	China	Antibodies	2022
BLINCYTO® (blinatumomab)	China	No patent	N/A
KYPROLIS® (carfilzomib)	China	Compound and Composition	2025

Although various extensions may be available, the life of a patent and the protection it affords, is limited. REVLIMID® and VIDAZA® face competition from generic medications, and we may face similar competition for our medicines and any approved drug candidates even if we successfully obtain patent protection. The scope, validity or enforceability of our or our collaborators' patents may be challenged in court or other authorities, and we or they may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. Additionally, in China, the NMPA may approve a generic version of a brand-name medicine that still has patent protection, such as has occurred with REVLIMID®. Under our license agreements with BMS and Amgen, they retain the responsibility for, but are not obligated, to prosecute, defend and enforce the patents for these in-licensed products. As such, any issued patents may not protect us from generic or biosimilar competition for these medicines.

The term of individual patents may vary based on the countries in which they are obtained. In most countries in which we file, including the United States and China, the term of an issued patent is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the United States Patent and Trademark Office (USPTO), in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly owned patent having an earlier expiration date. In addition, in certain instances, a patent term can be extended to recapture a portion of the term effectively lost in obtaining FDA regulatory approval. However, the restoration period cannot be longer than five years and the total patent term including the restoration period must not exceed 14 years following FDA approval. In China, the Amended PRC Patent Law, which became effective on June 1, 2021, provides both patent term adjustment and patent term extension, similar to the United States.

In certain foreign jurisdictions similar extensions as compensation for regulatory delays are also available. The actual protection afforded by a patent varies on a claim by claim and country by country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular country and the validity and enforceability of the patent.

We may rely, in some circumstances, on trade secrets and unpatented know-how to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with employees, consultants, scientific advisors and contractors and invention assignment agreements with our employees. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

Additionally, we currently own a number of registered trademarks and pending trademark applications. We currently have registered trademarks for BeiGene, our corporate logo and product names and logos in the United States, China, the EU and other jurisdictions, and we are seeking further trademark protection for BeiGene, our corporate logo, product names and logos, and other marks in jurisdictions where available and appropriate.

COMPETITION

We operate in a highly competitive environment and our marketed products face intense competition in regulated markets around the world. Our main competitors include other global research-based biopharmaceutical companies as well as smaller regional and local companies. These companies participate in one or more activities including the development, production, and promotion of products that are intended to treat diseases or indications that are like products we currently market or are in the process of developing to market. For example:

BRUKINSA® – Conventional methods of treating lymphomas vary according to the specific disease or histology, but generally include chemotherapy, antibodies directed at CD20, a molecular marker found on the surface of B-cells, and, less frequently, radiation. Recently, significant progress has been made in the development of new therapies for lymphomas, including BTK inhibitors. The BTK inhibitor IMBRUVICA® (ibrutinib), marketed by AbbVie and Janssen, was first approved by the FDA in 2013 for the treatment of patients with MCL who have received at least one prior therapy. Since that time, ibrutinib has been approved in over 90 countries and regions and has expanded its indications. Another BTK inhibitor, AstraZeneca's CALQUENCE® (acalabrutinib), was approved by the FDA in 2017 under accelerated approval for the treatment of patients with MCL who have received at least one prior therapy, and in November 2019 for use in adults with CLL/SLL as a single agent or in combination with obinutuzumab. In China, BRUKINSA® competes with IMBRUVICA® (ibrutinib), which received approval in 2017, and YINUOKAI® (orelabrutinib) from Innocare, which was approved in 2020.

Tislelizumab – A number of PD-1 or PD-L1 antibody medicines have been approved by the FDA. These include Merck's KEYTRUDA® (pembrolizumab), BMS's OPDIVO® (nivolumab), Roche's TECENTRIQ® (atezolizumab), AstraZeneca's IMFINZI® (durvalumab), Pfizer and Merck Sereno's BAVENCIO® (avelumab), Regeneron and Sanofi's LIBTAYO® (cemiplimab), and GSK's JEMPERLI® (dostarlimab). In the global setting, several PD-1 or PD-L1 antibody agents are in late-stage clinical development in addition to tislelizumab. In China, as of February 1, 2022, there are seven other approved PD-1 antibodies: OPDIVO® (nivolumab) and KEYTRUDA® (pembrolizumab), Junshi's TUOYI® (toripalimab), Innovent's TYVYT® (sintilimab), Hengrui's AIRUIKA® (camrelizumab), Akeso's ANNIKE® (penpulimab) and Gloria's YUTUO® (zimberelimab). There are four approved PD-L1 antibody agents: AstraZeneca's IMFINZI® (durvalumab), Roche's TECENTRIQ® (atezolizomab), CStone's ZEJIEMEI® (sugemalimab) and Alphamab's ENWEIDA® (envafolimab). There are approximately 40 more PD-1 and PD-L1 agents in clinical development in China.

Pamiparib – We are competing with multiple PARP inhibitors in China. AstraZeneca received approval for olaparib in August 2018. Zai Labs obtained development and commercial rights for niraparib in China, and its NDA was approved by the NMPA in December 2019. Fluzoparib from Hengrui/Hansoh was approved in December 2020.

Ociperlimab – We are aware of several pharmaceutical companies developing TIGIT antibodies, including Agenus, Arcus, BMS, Compugen, Roche/Genentech, Innovent, iTeos Therapeutics, Merck KGaA, Mereo BioPharma, Seagen, Junshi, Bio-Thera and Akeso. To our knowledge, there are currently no approved anti-TIGIT antibodies and the most advanced agent is in Phase 3 development.

Many of the larger companies we compete with are well-capitalized and dedicate a significant number of financial resources to support their research and development, while using business development to supplement their internal pipelines. As a result, we must continuously invest and gain experience in the development, acquisition, and marketing of innovative and branded medicines and drug candidates to compete effectively in both current and future markets. This requires us to devote substantial funds and resources to R&D to prevent or slow the erosion of the sales of our existing products and potential sales of products in development.

The main forms of competition include efficacy, safety, and cost. The long-term success of our products depends on our ability to effectively demonstrate the value that each one of them offers to physicians, patients, and third-party payers. This requires a much greater use of a direct sales force to realize significant revenues. We also have and will continue to enter into co-promotion, contract sales force or other such arrangements with third parties, for example, where our own direct sales force is not large enough or sufficiently well-aligned to achieve maximum market penetration.

The following section includes the most significant factors that we believe may adversely affect our business and operations. You should carefully consider the risks and uncertainties described below and all information contained in this Annual Report, including our financial statements and the related notes and the "Management Discussion and Analysis" section of this annual report before deciding to invest in our ADSs, ordinary shares, or RMB Shares. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our ADSs, ordinary shares, and RMB Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risks Related to Commercialization of Our Medicines and Drug Candidates

Our medicines may fail to achieve and maintain the degree of market acceptance by physicians, patients, third-party payors, and others in the medical community necessary for commercial success.

Our medicines may fail to achieve and maintain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current cancer treatments like chemotherapy and radiation therapy are well established in the medical community, and doctors may continue to rely on these treatments to the exclusion of our medicines. In addition, physicians, patients and third-party payors may prefer other novel or generic products to ours. If our medicines do not achieve and maintain an adequate level of acceptance, the sales of our medicines may be limited and we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of our medicines will depend on a number of factors, including:

- the clinical indications for which our medicines are approved;
- physicians, hospitals, cancer treatment centers, and patients considering our medicines as safe and effective treatments;
- government agencies, professional societies, practice management groups, insurance carriers, physicians' groups, private health and science foundations, and organizations publishing guidelines and recommendations recommending our medicines and reimbursement;
- the potential and perceived advantages of our medicines over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labeling approved by regulatory authorities;

- the timing of market introduction of our medicines as well as competitive medicines;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities; and
- the effectiveness of our sales and marketing efforts.

If any medicines that we commercialize fail to achieve and maintain market acceptance among physicians, patients, hospitals, third-party payors, cancer treatment centers or others in the medical community, we will not be able to generate significant revenue. Even if our medicines achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our medicines, are more cost effective or render our medicines obsolete.

We have limited experience in launching and marketing our internally developed and in-licensed medicines. If we are unable to further develop marketing and sales capabilities or enter into agreements with third parties to market and sell our medicines, we may not be able to generate substantial product sales revenue.

We first became a commercial-stage company in 2017, when we entered into a license and supply agreement with Celgene Logistics Sàrl, now a Bristol Myers Squibb company (BMS), to commercialize BMS's approved cancer therapies, REVLIMID®, VIDAZA® and ABRAXANE® in the China, excluding Hong Kong, Macau and Taiwan, and acquired BMS's commercial operations in China, excluding certain functions.

In October 2019, we entered into a strategic collaboration with Amgen for its commercial-stage oncology products XGEVA®, BLINCYTO®, KYPROLIS®, and a portfolio of clinical- and late-preclinical-stage oncology pipeline products, which became effective on January 2, 2020. XGEVA®, BLINCYTO® and KYPROLIS® were first approved in China in May 2019, December 2020 and July 2021, respectively.

We received the first new drug approval for one of our internally developed medicines in November 2019, for our BTK inhibitor BRUKINSA® (zanubrutinib), in the United States for the treatment of certain patients with mantle cell lymphoma (MCL). We have also received approvals for BRUKINSA® in China for the treatment of certain patients with MCL, chronic lymphocytic leukemia (CLL) or small lymphocytic lymphoma (SLL) in June 2020, and in the European Union for the treatment of certain patients with WM in November 2021. We have subsequently received approvals in these markets for additional indications. Additionally, we have received approvals for BRUKINSA® in Canada, Australia, the U.K., Switzerland and other markets for certain indications.

For tislelizumab, we first received approval in China in December 2019 for the treatment of certain patients with classical Hodgkin's Lymphoma (cHL) and have received approvals in China for several more indications since. For pamiparib, we received approval in China for the treatment of certain patients with ovarian, fallopian tube, or primary peritoneal cancer in May 2021.

We continue to build our salesforce in the United States, China, Europe, and other countries and regions to commercialize our internally developed and in-licensed medicines and any additional medicines or drug candidates that we may develop or in-license, which will require significant capital expenditures, management resources and time.

We have limited experience in commercializing our internally developed and in-licensed medicines. We have limited experience in building and managing a commercial team, conducting a comprehensive market analysis, obtaining state licenses and reimbursement, or managing distributors and a sales force for our medicines. We will be competing with many companies that currently have extensive and well-funded sales and marketing operations. As a result, our ability to successfully commercialize our medicines may involve more inherent risk, take longer, and cost more than it would if we were a company with substantial experience in launching medicines.

We will have to compete with other pharmaceutical and biotechnology companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing, and commercial distribution capabilities for any or all of our medicines in any country or region, we will likely pursue collaborative arrangements regarding the sales and marketing of our medicines. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our medicines ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our medicines.

There can be no assurance that we will be able to further develop and successfully maintain internal sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any medicine, and as a result, we may not be able to generate substantial product sales revenue.

RISK FACTORS

If we are not able to continue to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our medicines and drug candidates, and our ability to generate revenue will be materially impaired.

Before obtaining regulatory approvals for the commercial sale of any drug candidate for a target indication, we must demonstrate in preclinical studies and well-controlled clinical trials, and, with respect to approval in the United States, to the satisfaction of the FDA, that the drug candidate is safe and effective, or the biologic drug candidate is safe, pure, and potent, for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition to preclinical and clinical data, the new drug application ("NDA") or biologics license application ("BLA") must include comprehensive information regarding the chemistry, manufacturing and controls ("CMC") for the drug candidate. Obtaining approval of an NDA or BLA is a lengthy, expensive and uncertain process, and approval may not be obtained. If we submit an NDA or BLA to the FDA, the FDA decides whether to accept or reject the submission for filing. We cannot be certain that a submission will be accepted for filing and review by the FDA.

We have limited experience in obtaining regulatory approvals for our drug candidates. For example, we have limited experience in preparing the required materials for regulatory submission and navigating the regulatory approval process. As a result, our ability to successfully submit an NDA or BLA and obtain regulatory approval for our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with substantial experience in obtaining regulatory approvals.

Regulatory authorities outside of the United States, such as the NMPA and EMA, also have requirements for approval of medicines for commercial sale with which we must comply prior to marketing in those areas. Regulatory requirements can vary from country to country and could delay or prevent the introduction of our drug candidates. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and obtaining regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals outside of the United States could require additional nonclinical studies or clinical trials, which could be costly and time consuming. The regulatory approval process outside of the United States may include all of the risks associated with obtaining FDA approval. For all of these reasons, we may not obtain regulatory approvals on a timely basis, if at all.

The process to develop, obtain regulatory approval for and commercialize drug candidates is long, complex and costly in the United States, China, Europe and other regions, and approval is never guaranteed. Even if our drug candidates were to successfully obtain approval from regulatory authorities, any approval might significantly limit the approved indications for use, or require that precautions, contraindications or warnings be included on the product labeling, or require expensive and time-consuming post-approval clinical trials or surveillance as conditions of approval. Following any approval for commercial sale of our drug candidates, certain changes to the medicine, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by regulatory authorities. Also, regulatory approval for any of our drug candidates may be withdrawn. If we are unable to obtain regulatory approval for our drug candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our drug candidates will be harmed.

We face substantial competition, which may result in others discovering, developing, or commercializing competing medicines before or more successfully than we do.

The development and commercialization of new medicines is highly competitive. We face competition from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of medicines for the treatment of cancer for which we are commercializing our medicines or developing our drug candidates. For example, BRUKINSA®, tislelizumab and pamiparib face substantial competition, and some of our products face or are expected to face competition from generic therapies. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize medicines that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than our medicines. Our competitors also may obtain approval from the FDA, NMPA, EMA or other comparable regulatory authorities for their medicines more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market and or slow our regulatory approval.

RISK FACTORS

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved medicines than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

The market opportunities for our medicines may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

In markets with approved therapies, we have and expect to initially seek approval of our drug candidates as a later stage therapy for patients who have failed other approved treatments. Subsequently, for those medicines that prove to be sufficiently beneficial, if any, we would expect to seek approval as a second line therapy and potentially as a first-line therapy, but there is no guarantee that our medicines and drug candidates, even if approved, would be approved for second-line or first-line therapy.

Our projections of both the number of people who have the diseases we are targeting, as well as the subset of people with these diseases in a position to receive later stage therapy and who have the potential to benefit from treatment with our medicines and drug candidates, are based on our beliefs and estimates and may prove to be inaccurate or based on imprecise data. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our medicines and drug candidates may be limited or may not be amenable to treatment with our medicines and drug candidates. Even if we obtain significant market share for our medicines and drug candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications, including use as a first- or second-line therapy.

We have limited manufacturing capability and must rely on third-party manufacturers to manufacture some of our commercial products and clinical supplies, and if they fail to meet their obligations, the development and commercialization of our medicines and drug candidates could be adversely affected.

We have limited manufacturing capabilities and experience. Our medicines and drug candidates are composed of multiple components and require specialized formulations for which scale-up and manufacturing can be difficult. We have limited experience in such scale-up and manufacturing, requiring us to depend on a limited number of third parties, who may not be able to deliver in a timely manner, or at all. In order to develop medicines and drug candidates, apply for regulatory approvals, and commercialize our medicines and drug candidates, we will need to develop, contract for, or otherwise arrange for the necessary manufacturing capabilities. There are risks inherent in pharmaceutical manufacturing that could affect the ability of our contract manufacturers to meet our delivery time requirements or provide adequate amounts of material to meet our needs.

Although we are manufacturing commercial supply of tislelizumab, zanubrutinib and pamiparib at our own manufacturing facilities in China, and we are planning to build a commercial-stage biologics manufacturing and clinical R&D center in New Jersey and we are constructing a new small molecule manufacturing campus in Suzhou, China, we continue to rely on third-party manufacturers to produce some of the commercial quantities of the internally developed and in-licensed medicines we are marketing. In addition, if any of our other drug candidates or in-licensed medicines or drug candidates become approved for commercial sale, we will need to expand our internal capacity or establish additional third-party manufacturing capacity. Manufacturing partner requirements may require us to fund capital improvements, perhaps on behalf of third parties, to support the scale-up of manufacturing and related activities. We may not be able to establish scaled manufacturing capacity for an approved medicine in a timely or economic manner, if at all. If we or our third-party manufacturers are unable to provide commercial quantities of such an approved medicine, we will have to successfully transfer manufacturing technology to a different manufacturer. Engaging a new manufacturer or modifying manufacturing processes and procedures for such an approved medicine could require us to conduct comparative studies or utilize other means to determine bioequivalence of the new and prior manufacturers' products or of products manufactured by the old and new processes and procedures, which could delay or prevent our ability to commercialize such an approved medicine. If we or any of these manufacturers is unable or unwilling to increase its manufacturing capacity or if we are unable to establish alternative arrangements on a timely basis or on acceptable terms, the development and commercialization of such an approved medicine may be delayed or there may be a shortage in supply. Any inability to manufacture our medicines, drug candidates, in-licensed medicines and drug candidates or future approved medicines in sufficient quantities when needed could seriously harm our business and our financial results.

Manufacturers of our medicines must comply with good manufacturing practice (GMP) requirements enforced by the FDA, NMPA, EMA and other comparable foreign health authorities through facilities inspection programs. These requirements include quality control, quality assurance, and the maintenance of records and documentation. Manufacturers of our approved medicines may be unable to comply with these GMP requirements and with other FDA, NMPA, EMA, state, and foreign regulatory requirements. A failure to comply with these requirements may result in fines and civil penalties, suspension of production, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval. If the safety of any quantities supplied is compromised due to a manufacturer's failure to adhere to applicable laws or for other reasons, we may not be able to obtain regulatory approval for or successfully commercialize our medicines, which would seriously harm our business. For example, on March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

If we or any third parties with which we may collaborate to market and sell our medicines are unable to achieve and maintain coverage and adequate level of reimbursement, our commercial success and business operations could be adversely affected.

Our ability or the ability of any third parties with which we collaborate to commercialize our medicines successfully will depend in part on the extent to which reimbursement for these medicines is available on adequate terms, or at all, from government health administration authorities, private health insurers and other organizations. In the United States and markets in other countries, patients generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors is critical to new product acceptance. Sales of our medicines will depend substantially, both domestically and abroad, on the extent to which the costs of our medicines will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third-party payors. Without third-party payor reimbursement, patients may not be able to obtain or afford prescribed medications. Third-party payors also are seeking to encourage the use of generic or biosimilar products or entering into sole source contracts with healthcare providers, which could effectively limit the coverage and level of reimbursement for our medicines and have an adverse impact on the market access or acceptance of our medicines. In addition, reimbursement guidelines and incentives provided to prescribing physicians by third party payors may have a significant impact on the prescribing physicians' willingness and ability to prescribe our products.

A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

In the United States, no uniform policy of coverage and reimbursement for drugs exists among third-party payors. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payor is a time-consuming and costly process that could require us to provide to each payor supporting scientific, clinical and cost-effectiveness data for the use of our medicines on a payor-by-payor basis, with no assurance that coverage and adequate reimbursement will be obtained. The principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare and Medicaid Services (the "CMS"). They decide whether and to what extent a new medicine will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree. Factors payors consider in determining reimbursement are based on whether the product is: a covered benefit under its health plan; safe, effective and medically necessary; appropriate for the specific patient; cost-effective; and neither experimental nor investigational.

Coverage may be more limited than the purposes for which the medicine is approved by the FDA or comparable regulatory authorities in other countries. Even if we obtain coverage for a given medicine, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payors may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our medicines. Patients are unlikely to use our medicines unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the medicine. Because some of our medicines and drug candidates have a higher cost of goods than conventional therapies and may require long-term follow-up evaluations, the risk that coverage and reimbursement rates may be inadequate for us to achieve profitability may be greater.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement. In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as average sales price (ASP) and best price. Penalties may apply in some cases when such metrics are not submitted accurately and timely. Further, these prices for medicines may be reduced by mandatory discounts or rebates required by government healthcare programs.

In China, drug prices are typically lower than in the United States and Europe, and until recently, the market has been dominated by generic drugs. Government authorities regularly review the inclusion or removal of medicines from China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, or the National Reimbursement Drug List (the "NRDL"), or provincial or local medical insurance catalogues for the National Medical Insurance Program, and the tier under which a medicine will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those medicines. There can be no assurance that our medicines and any approved drug candidates will be included in the NRDL or provincial reimbursements lists, or if they are, that they will be included at a price that allows us to be commercially successful. Products included in the NRDL have typically been generic and essential drugs. Innovative drugs similar to our medicines and drug candidates have historically been more limited on their inclusion in the NRDL due to the affordability of the government's Basic Medical Insurance, although this has been changing in recent years. For example, BRUKINSA®, tislelizumab, pamiparib and XGEVA® have been included in the NRDL, While the demand for these medicines has generally increased after inclusion in the NRDL, there can be no assurance that demand will continue to increase and such increases will be sufficient to offset the reduction in the prices and our margins, which could have a material adverse effect on our business, financial condition and results of operations. We prepare for the NRDL negotiations in China for our eligible medicines/indications annually. If any of these medicines/indications are not included in the NRDL, the revenues for such medicines could be limited, which could have a material adverse effect on our business, financial condition and results of operations. Even if such medicines are included in the NRDL, they may be included at prices that are significantly lower than our current prices, reducing our margins, which could have a material adverse effect on our business, financial condition and results of operations.

Increasingly, third-party payors are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any medicine that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any medicine which we commercialize. Obtaining or maintaining reimbursement for our medicines may be particularly difficult because of the higher prices often associated with medicines administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any medicine and drug candidate that we in-license or successfully develop.

There may be significant delays in obtaining reimbursement for approved medicines, and coverage may be more limited than the purposes for which the medicine is approved by regulatory authorities. Moreover, eligibility for reimbursement does not imply that any medicine will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new medicines, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the medicine and the clinical setting in which it is used, may be based on payments allowed for lower cost medicines that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for medicines may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future weakening of laws that presently restrict imports of medicines from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for our medicines and any new medicines that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

We intend to seek approval to market our medicines and drug candidates in the United States, China, Europe and in other jurisdictions. In some countries, such as those in Europe, the pricing of drugs and biologics is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Market acceptance and sales of our medicines will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for our medicines and may be affected by existing and future health care reform measures.

We may be subject to anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in the United States and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished sales.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. Our operations are subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute, the federal False Claims Act (FCA), and physician payment sunshine laws and regulations. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we are subject to patient privacy regulation by both the federal government and the states in which we conduct our business.

Additionally, we are subject to state equivalents of each of the healthcare laws described above, among others, some of which may be broader in scope and may apply to healthcare services reimbursed by any third-party payor, not just governmental payors, but also private insurers. These laws are enforced by various state agencies and through private actions. Some states have passed laws that require pharmaceutical companies to comply with the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and/or other voluntary industry codes of conduct that restrict the payments made to healthcare providers and other potential referral sources. Several states and local laws also impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state, require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, and require the registration of pharmaceutical sales representatives. State laws also govern the privacy and security of health information in some circumstances. These data privacy and security laws may differ from each other in significant ways and often are not pre-empted by HIPAA, which may complicate compliance efforts. There are ambiguities as to what is required to comply with these state requirements, and if we fail to comply with an applicable state law requirement, we could be subject to penalties.

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid and debarment from contracting with the U.S. government. In addition, private individuals have the ability to bring actions on behalf of the U.S. government under the federal FCA as well as under the false claims laws of several states. Neither the U.S. government nor the U.S. courts have provided definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focused on enforcing these laws, and it is possible that some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, individual imprisonment, reputational harm, diminished profits and future earnings, and curtailment or restructuring of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws.

In addition, the approval, commercialization, and other activities for our medicines and drug candidates outside the United States subjects us to non-U.S. equivalents of the healthcare laws such as those mentioned above, among other non-U.S. laws. As with the state equivalents mentioned above, some of these non-U.S. laws may be broader in scope. Data privacy and security laws and regulations in non-U.S. jurisdictions may also be more stringent than those in the United States, such as the General Data Protection Regulation (“GDPR”), the Data Security Law of the PRC, and the Personal Information Protection Law of the PRC.

If any of the physicians or other providers or entities with whom we do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may adversely affect our business.

We have operations in the United States, China, Europe, and other markets and plan to expand in these and new markets on our own or with collaborators, which exposes us to risks of conducting business in international markets.

We are currently developing and commercializing or plan to commercialize our medicines in international markets, including China, Europe and other markets outside of the United States, either on our own or with third party collaborators or distributors. Our international business relationships subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including:

- efforts to enter into collaboration or licensing arrangements with third parties in connection with our international sales, marketing and distribution efforts may increase our expenses or divert our management's attention from the acquisition or development of drug candidates;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potential third-party patent rights or potentially reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements, including the loss of normal trade status between China and the United States or actions taken by U.S. or China governmental authorities on companies with significant operations in the U.S. and China, such as us;
- economic weakness, including inflation;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable non-U.S. tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest;
- failure of our employees and contracted third parties to comply with Office of Foreign Asset Control rules and regulations and the Foreign Corrupt Practices Act and other anti-bribery and corruption laws; and
- business interruptions resulting from geo-political actions, including trade disputes, war and terrorism, disease or public health pandemics, such as COVID-19, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks may materially adversely affect our ability to attain or sustain revenue in international markets.

RISK FACTORS

The illegal distribution and sale by third parties of counterfeit versions of our medicines or stolen products could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of our medicines, which do not meet our or our collaborators' rigorous manufacturing and testing standards. A patient who receives a counterfeit or unfit medicine may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit or unfit medicines sold under our or our collaborators' brand name(s). In addition, thefts of inventory at warehouses, plants or while in – transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

Risks Related to Clinical Development and Regulatory Approval of Our Medicines and Drug Candidates

We depend substantially on the success of the clinical development of our medicines and drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals and commercialize our medicines and drug candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business depends on the successful development, regulatory approval and commercialization of our medicines and other drug candidates we may develop. We have invested a significant portion of our efforts and financial resources in the development of our medicines and drug candidates. The success of our medicines and drug candidates depends on several factors, including:

- successful enrollment in, and completion of, clinical trials, as well as completion of preclinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- the performance by CROs or other third parties we may retain of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring that we do not infringe, misappropriate or otherwise violate the valid patent, trade secret or other intellectual property rights of third parties;
- successfully launching our medicines and drug candidates, if and when approved;

- obtaining favorable reimbursement from third-party payors for our medicines and drug candidates, if and when approved;
- competition with other products;
- continued acceptable safety profile following regulatory approval; and
- manufacturing or obtaining sufficient supplies of our medicines, drug candidates and any competitor drug products that may be necessary for use in clinical trials for evaluation of our drug candidates and commercialization of our medicines.

If we do not achieve and maintain one or more of these factors in a timely manner or at all, we could experience significant delays in our ability or be unable to obtain additional regulatory approvals for and/or to successfully commercialize our medicines and drug candidates, which would materially harm our business and we may not be able to generate sufficient revenues and cash flows to continue our operations.

Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical development is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including genetic differences, patient adherence to the dosing regimen and other trial protocol elements and the rate of dropout among clinical trial participants. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries involved in such trials. A number of companies in our industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Our future clinical trial results may not be favorable.

Even if our future clinical trial results show favorable efficacy and durability of anti-tumor responses, not all patients may benefit. For certain drugs, including checkpoint inhibitors, and in certain indications, it is likely that the majority of patients may not respond to the agents at all, some responders may relapse after a period of response, and certain tumor types may appear particularly resistant.

RISK FACTORS

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.

Before obtaining regulatory approval for the sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidates, including but not limited to: regulators, institutional review boards (IRBs), or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site; our inability to reach agreements on acceptable terms with CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly; manufacturing issues, including problems with manufacturing, supply quality, compliance with GMP, or obtaining sufficient quantities of a drug candidate for use in a clinical trial or for commercialization; clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs; the number of patients required for clinical trials of our drug candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or patients may drop out at a higher rate than we anticipate; our third-party contractors, including clinical investigators, may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all; we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including a finding of a lack of clinical response or other unexpected characteristics or a finding that participants are being exposed to unacceptable health risks; regulators, IRBs or ethics committees may require that we or our investigators suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including noncompliance with regulatory requirements; the cost of clinical trials of our drug candidates may be greater than we anticipate; and the supply or quality of our medicines and drug candidates, companion diagnostics or other materials necessary to conduct clinical trials of our drug candidates or commercialization of our medicines may be insufficient or inadequate.

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

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

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

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We have and may continue to experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including the size and nature of the patient population and the patient eligibility criteria defined in the protocol, competition from competing companies, and natural disasters or public health epidemics, such as the COVID-19 pandemic.

Our clinical trials will likely compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent completion of these trials and adversely affect our ability to advance the development of our drug candidates.

RISK FACTORS

Risks Related to Extensive Government Regulation

All material aspects of the research, development, manufacturing and commercialization of pharmaceutical products are heavily regulated, and we may face difficulties in complying with or be unable to comply with such regulations, which could have a material adverse effect on our business.

All jurisdictions in which we conduct or intend to conduct our pharmaceutical-industry activities regulate these activities in great depth and detail. We are currently focusing our activities in the major markets of the United States, China, Europe, and other select countries. These geopolitical areas all strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of product development and approval, manufacturing, and marketing, sales and distribution of products. However, there are differences in the regulatory regimes-some minor, some significant-that make for a more complex and costly regulatory compliance burden for a company like ours that plans to operate in each of these regions. Additionally, the NMPA's reform of the medicine and approval system may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our medicines and drug candidates in a timely manner.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval, may subject us to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. The failure to comply with these regulations could have a material adverse effect on our business. For example, on March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement. Additionally, although we have obtained regulatory approvals of our medicines, regulatory authorities could suspend or withdraw these approvals. In order to market approved products in any given jurisdiction, we must comply with numerous and varying regulatory requirements of such jurisdiction regarding safety, efficacy and quality. In any event, the receipt of regulatory approval does not assure the success of our commercialization efforts for our medicines.

The approval processes of regulatory authorities in the United States, China, Europe and other comparable regulatory authorities are lengthy, time consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

The time required to obtain approval by the FDA, the NMPA, the EMA, and other comparable regulatory authorities is unpredictable and typically takes many years following the commencement of preclinical studies and clinical trials and depends on numerous factors, including the substantial discretion of the regulatory authorities.

Our drug candidates could be delayed or fail to receive regulatory approval for many reasons, including:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a drug candidate is safe and effective or that a biologic candidate is safe, pure, and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- reporting or data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols;
- regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our drug candidates or other products;
- failure to satisfy regulatory conditions regarding endpoints, patient population, available therapies and other requirements for our clinical trials in order to support marketing approval on an accelerated basis or at all;
- a delay in or the inability of health authorities to complete regulatory inspections of our development activities, regulatory filings or manufacturing operations, whether as a result of the COVID-19 pandemic or other reasons, or our failure to satisfactorily complete such inspections;
- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

The FDA, NMPA, EMA or a comparable regulatory authority may require more information, including additional preclinical, CMC, and/or clinical data, to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes. Amendments may require us to resubmit clinical trial protocols to IRBs or ethics committees for re-examination, which may impact the costs, timing or successful completion of a clinical trial.

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

Our development activities, regulatory filings and manufacturing operations also could be harmed or delayed by a shutdown of the U.S. government, including the FDA, or governments and regulatory authorities in other jurisdictions. As of May 2021, the FDA noted it is continuing to ensure timely reviews of applications for medical products during the COVID-19 pandemic in line with its user fee performance goals. In July 2020, the FDA noted that it is continuing to expedite oncology product development with its staff teleworking full-time. However, the FDA may not be able to continue its current pace and approval timelines could be extended, including where a pre-approval inspection or an inspection of clinical sites is required and due to the COVID-19 pandemic and travel restrictions FDA is unable to complete such required inspections during the review period. The FDA has developed a rating system to assist in determining when and where it is safest to conduct prioritized domestic inspections. In May 2021, certain inspections, such as foreign preapproval, surveillance, and for-cause inspections that are not deemed mission-critical, remain temporarily suspended. In April 2021, the FDA issued guidance for industry formally announcing plans to employ remote interactive evaluations, using risk management methods, to meet user fee commitments and goal dates and in May 2021, announced plans to continue progress toward resuming standard operation levels. Should the FDA determine that an inspection is necessary for approval and an inspection cannot be completed during the review cycle due to restrictions on travel, and the FDA does not determine a remote interactive evaluation to be adequate, the agency has stated that it generally intends to issue a complete response letter or defer action on the application until an inspection can be completed. In July 2021, the FDA issued a Q&A to further illustrate the actions that it may take when it cannot inspect a facility due to factors including travel restrictions. In 2020 and 2021, a number of companies announced receipt of complete response letters due to the FDA's inability to complete required inspections for their applications. Regulatory authorities outside the U.S. may adopt similar restrictions or other policy measures in response to the ongoing COVID-19 pandemic and may experience delays in their regulatory activities. If the FDA or other health authorities are delayed or unable to complete required regulatory inspections of our development activities, regulatory filings or manufacturing operations, or we do not satisfactorily complete such inspections, our business could be materially harmed.

We are currently conducting and may in the future conduct clinical trials for our drug candidates outside the U.S., and the FDA and comparable foreign regulatory authorities may not accept data from such trials.

We are currently conducting and may in the future conduct clinical trials for our drug candidates outside the U.S., including in China. The acceptance of data from clinical trials conducted outside the U.S. or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. The FDA will generally not consider the data from a foreign clinical trial not conducted under an IND unless (i) the trial was well-designed and well-conducted in accordance with GCP requirements, including requirements for the design, conduct, performance, monitoring, auditing, recording, analysis, and reporting of clinical trials in a way that provides assurance that the data and reported results are credible and accurate and that the rights, safety, and well-being of trial subjects are protected, and (ii) the FDA is able to validate the data from the trial through an onsite inspection, if necessary. In cases where data from foreign clinical trials are intended to serve as the sole basis for marketing approval in the U.S., the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence; and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such as inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering must be met. Many foreign regulatory authorities have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the U.S. or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which could be costly and time-consuming, and which may result in drug candidates that we may develop not receiving approval for commercialization in the applicable jurisdiction.

Our medicines and any future approved drug candidates will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our medicines and drug candidates.

Our medicines and any additional drug candidates that are approved will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-marketing information, including both federal and state requirements in the United States and requirements of comparable regulatory authorities in China, Europe and other regions. As such, we and our collaborators will be subject to ongoing review and periodic inspections to assess compliance with applicable post-approval regulations. Additionally, to the extent we want to make certain changes to the approved medicines, product labeling, or manufacturing processes, we will need to submit new applications or supplements to regulatory authorities for approval.

Manufacturers and manufacturers' facilities are required to comply with extensive FDA, NMPA, EMA and comparable regulatory authority requirements, including, in the United States, ensuring that quality control and manufacturing procedures conform to GMP regulations. As such, we and our contract manufacturers are and will be subject to continual review and inspections to assess compliance with GMP and adherence to commitments made in any NDA or BLA, other marketing application, and previous responses to any inspection observations. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control. The failure to comply with these requirements could have a material adverse effect on our business. For example, on March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

The regulatory approvals for our medicines and any approvals that we receive for our drug candidates are and may be subject to limitations on the approved indicated uses for which the medicine may be marketed or to the conditions of approval, which could adversely affect the medicine's commercial potential or contain requirements for potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of the medicine or drug candidate. The FDA, NMPA, EMA or comparable regulatory authorities may also require a REMS program or comparable program as a condition of approval of our drug candidates or following approval, as is the case with REVLIMID®. In addition, if the FDA, NMPA, EMA or a comparable regulatory authority approves our drug candidates, we will have to comply with requirements including, for example, submissions of safety and other post-marketing information and reports, establishment registration, as well as continued compliance with GMP and good clinical practice (GCP) for any clinical trials that we conduct post-approval.

The FDA, NMPA, EMA or comparable regulatory authorities may seek to impose a consent decree or withdraw marketing approval if compliance with regulatory requirements is not maintained or if problems occur after the drug reaches the market. Later discovery of previously unknown problems with our medicines or drug candidates or with our drug's manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our medicines, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the FDA, NMPA, EMA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals or withdrawal of approvals;

- product seizure or detention, or refusal to permit the import or export of our medicines and drug candidates; and

- injunctions or the imposition of civil or criminal penalties.

The FDA, NMPA, EMA and other regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The FDA, NMPA, EMA and other regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The policies of the FDA, NMPA, EMA and of other regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad, particularly in China, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained and we may not achieve or sustain profitability.

In addition, if we obtain accelerated approval or conditional approval of any of our drug candidates, as we have done with the accelerated approval of BRUKINSA® in the United States and China and certain approvals of tislelizumab, pamiparib, XGEVA®, BLINCYTO®, KYPROLIS® and QARZIBA® in China, we will be required to conduct a confirmatory study to verify the predicted clinical benefit and may also be required to conduct post-marketing safety studies. Other comparable regulatory authorities may have similar requirements. The results from the confirmatory study may not support the clinical benefit, which could result in the approval being withdrawn. While operating under accelerated approval, we will be subject to certain restrictions that we would not be subject to upon receiving regular approval.

Even if we are able to commercialize our medicines and any approved drug candidates, the medicines may become subject to unfavorable pricing regulations or third-party reimbursement practices or healthcare reform initiatives, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Historically, products launched in Europe do not follow price structures of the U.S. and generally prices tend to be significantly lower. Countries in Europe provide options to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost effectiveness of a particular product candidate to currently available therapies. Countries may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market.

Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or licensing approval is granted. In some non-U.S. markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and negatively impact our revenues and results of operations.

Our ability to commercialize our medicines successfully also will depend in part on the extent to which reimbursement for these medicines and related treatments will be available on adequate terms, or at all, from government health administration authorities, private health insurers and other organizations. See "—Risks Related to Commercialization of Our Medicines and Drug Candidates — If we or any third parties with which we may collaborate to market and sell our medicines are unable to achieve and maintain coverage and adequate level of reimbursement, our commercial success and business operations could be adversely affected."

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any medicine that we commercialize and, if reimbursement is available, the level of reimbursement. In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as ASP and best price. Penalties may apply in some cases when such metrics are not submitted accurately and timely. Further, these prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs.

Furthermore, there continues to be scrutiny from federal and state governments over the way drug manufacturers set prices for their marketed products. For example, there are ongoing Congressional investigations, legislation, and regulations to, among other things, bring more transparency to drug pricing, set patient spending caps for Medicare beneficiaries, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer's patient programs, reform federal and state government program reimbursement methodologies for drug products, allow importation of lower-priced drugs from Canada, and set prices based on international reference pricing in other countries. While some of these measures can be done through agency rulemaking, most will require statutory changes by Congress. While addressing drug pricing and patient affordability remains a top priority for Congress, it remains to be seen if any agreement can be reached on a legislative solution. It is therefore unclear if any regulations or legislation will be enacted to implement changes to drug pricing or federal and state government reimbursement programs or what the impact of such changes on the marketing approvals of our drug candidates, if any, may be.

In China, the government launched a national program for volume-based, centralized drug procurement with minimum quantity commitments in an attempt to negotiate lower prices from drug manufacturers and reduce the price of drugs. Under the program, one of the key determining factors for a successful bid is the price. The government will award a contract to the lowest bidders who are able to satisfy the quality and quantity requirements. The successful bidders will be guaranteed a sale volume for at least a year. A volume guarantee gives the winner an opportunity to gain or increase market share. The volume guarantee is intended to make manufacturers more willing to cut their prices to win a bid. It may also enable manufacturers to lower their distribution and commercial costs. Many types of drugs are covered under the program, including drugs made by international pharmaceutical companies and generics made by domestic Chinese manufacturers. For example, in January 2020, ABRAXANE® and its generic forms were included in the program. We won the bid and became one of the three companies who were awarded a government contract, with a price for sales of ABRAXANE® under the government contract that would have been significantly lower than the price that we had been charging. On March 25, 2020, the NHSA removed ABRAXANE® from the volume-based procurement list due to the NMPA's decision to suspend the importation, sales and use of ABRAXANE®, which has adversely impacted our business and results of operations. In August 2020, VIDAZA® and its generic forms were included for bidding in the program. We did not win the bid for VIDAZA®, which has resulted in the drug being restricted from use in public hospitals, which account for a large portion of the market, and a decline in sales revenue. Moreover, the program may change how generic drugs are priced and procured in China and is likely to accelerate the replacement of originator drugs with generics. We cannot be sure whether there will be any changes to the program in the future. The implementation of the program may negatively impact our existing commercial operations in China as well as our strategies on how to commercialize our drugs in China, which could have a material adverse effect on our business, financial condition and results of operations.

Increasingly, third-party payors are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any medicine that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any medicine which we commercialize. Obtaining or maintaining reimbursement for our medicines may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug and drug candidate that we in-license or successfully develop.

We intend to seek approval to market our drug candidates in the United States, China, Europe and in other jurisdictions. In some non-U.S. countries, for example those in Europe, the pricing of drugs and biologics is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Market acceptance and sales of our medicines will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for drugs and may be affected by existing and future health care reform measures.

Although China adopted changes to its patent law to include patent term extension and an early resolution mechanism for pharmaceutical patent disputes starting in June 2021, key provisions of the law remain unclear and/or subject to implementing regulations. The absence of effective regulatory exclusivity for pharmaceutical products in China could further increase the risk of early generic or biosimilar competition with our medicines in China.

In the United States, a law commonly referred to as "Hatch-Waxman" provides the opportunity for patent-term restoration of up to five years to reflect patent term lost during certain portions of product development and the FDA regulatory review process. The Hatch-Waxman law also provides for patent linkage, pursuant to which FDA will stay approval of certain follow-on new drug applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, for a period of up to 30 months. Finally, the Hatch-Waxman law provides for regulatory exclusivity that can prevent submission or approval of certain follow-on marketing applications. For example, U.S. law provides a five-year period of exclusivity to the first applicant to obtain approval of a new chemical entity and three years of exclusivity protecting certain innovations to previously approved active ingredients where the applicant was required to conduct new clinical trials to obtain approval for the modification. Similarly, the Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases. These provisions, which are designed to promote innovation, can prevent competing products from entering the market for a certain period of time after marketing approval for the innovative product.

In China, however, laws on data exclusivity (referred to as regulatory data protection) are still developing. The PRC Patent Law (as amended in 2020, the "Amended PRC Patent Law"), which became effective on June 1, 2021, contains both patent term extension and a mechanism for early resolution of patent disputes. Accordingly, NMPA and NIPA jointly issued the Implementation Measures for the Early Settlement Mechanism of Drug Patent Disputes (for Trial Implementation), which became effective on July 4, 2021. However, the provisions for patent term extension are unclear and/or remain subject to the approval of implementing regulations that are still in draft form or have not yet been proposed, leading to uncertainty about their scope and implementation.

Until the relevant implementing regulations for patent term extension in the Amended PRC Patent Law are implemented, and until data exclusivity is adopted and implemented, we may be subject to earlier generic or biosimilar competition in China than in the United States and other jurisdictions with stronger regulatory data protection for pharmaceutical products.

The manufacturing facilities for our medicines and drug candidates are subject to rigorous regulations and failure to obtain or maintain regulatory approvals or operate in line with established GMPs and international best practices could delay or impair our ability to commercialize our medicines or drug candidates.

We and the third-party manufacturers of our medicines and drug candidates are subject to applicable GMPs prescribed by the FDA and other rules and regulations prescribed by the NMPA, EMA and other regulatory authorities. To obtain FDA, NMPA and EMA approval for our drug candidates in the United States, China and Europe, we need to undergo strict pre-approval inspections of our or our third-party manufacturing facilities located in China and elsewhere. Historically, some manufacturing facilities in China have had difficulty meeting the FDA's, NMPA's or EMA's standards. When inspecting our or our contractors' manufacturing facilities, the FDA, NMPA or EMA might cite GMP deficiencies, both minor and significant, which we may not be required to disclose. Remediating deficiencies can be laborious and costly and consume significant periods of time. Moreover, if the FDA, NMPA or EMA notes deficiencies as a result of its inspection, it will generally reinspect the facility to determine if the deficiency has been remediated to its satisfaction. The FDA, NMPA or EMA may note further deficiencies as a result of its reinspection, either related to the previously identified deficiency or otherwise. If we or the manufacturers of our drug candidates cannot satisfy the FDA, NMPA and EMA as to compliance with GMP on a timely basis, marketing approval for our drug candidates could be seriously delayed, which in turn would delay commercialization of our drug candidates, or we may not be able to commercialize our medicines or drug candidates.

Undesirable adverse events caused by our medicines and drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Undesirable adverse events (AEs) caused by our medicines and drug candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval, or could result in limitations or withdrawal following approvals. If the conduct or results of our trials or patient experience following approval reveal a high and unacceptable severity or prevalence of AEs, our trials could be suspended or terminated and regulatory authorities could order us to cease further development of, or deny approval of, our drug candidates or require us to cease commercialization following approval.

As is typical in the development of pharmaceutical products, drug-related AEs and serious AEs (SAEs) have been reported in our clinical trials. Some of these events have led to patient deaths. Drug-related AEs or SAEs could affect patient recruitment or the ability of enrolled subjects to complete the trial and could result in product liability claims. Any of these occurrences may harm our reputation, business, financial condition and prospects significantly. In our periodic and current reports filed with the SEC and our press releases and scientific and medical presentations released from time to time we disclose clinical results for our drug candidates, including the occurrence of AEs and SAEs. Each such disclosure speaks only as of the date of the data cutoff used in such report, and we undertake no duty to update such information unless required by applicable law. Also, a number of immune-related adverse events (IRAEs) have been associated with treatment with checkpoint inhibitors such as tislelizumab, including immune-mediated pneumonitis, colitis, hepatitis, endocrinopathies, nephritis and renal dysfunction, skin adverse reactions, and encephalitis. These IRAEs may be more common in certain patient populations (potentially including elderly patients) and may be exacerbated when checkpoint inhibitors are combined with other therapies.

Additionally, undesirable side effects caused by our medicines and drug candidates, or caused by our medicines and drug candidates when used in combination with other drugs, could potentially cause significant negative consequences, including:

- regulatory authorities could delay or halt pending clinical trials;
- we may suspend, delay or alter development of the drug candidate or marketing of the medicine;
- regulatory authorities may withdraw approvals or revoke licenses of the medicine, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label;
- we may be required to implement a Risk Evaluation Mitigation Strategy (REMS) for the drug, as is the case with REVLIMID®, or, if a REMS is already in place, to incorporate additional requirements under the REMS, or to develop a similar strategy as required by a regulatory authority;
- we may be required to conduct post-marketing studies; and
- we could be sued and held liable for harm caused to subjects or patients.

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

If safety, efficacy, or other issues arise with any medical product that is used in combination with our medicines, we may be unable to market such medicine or may experience significant regulatory delays or supply shortages, and our business could be materially harmed.

We plan to develop certain of our medicines and drug candidates for use as a combination therapy. If a regulatory authority revokes its approval of the other therapeutic that we use in combination with our medicines or drug candidates, we will not be able to market our medicines or drug candidates in combination with such revoked therapeutic. If safety or efficacy issues arise with these or other therapeutics that we seek to combine with our medicines and drug candidates in the future, we may experience significant regulatory delays, and we may be required to redesign or terminate the applicable clinical trials. In addition, if manufacturing or other issues result in a supply shortage of any component of our combination medicines or drug candidates, we may not be able to complete clinical development of our drug candidates on our current timeline or at all, or we may experience disruptions in the commercialization of our approved medicines. For example, we have in-licensed drug candidates from third parties to conduct clinical trials in combination with our drug candidates. We may rely on those third parties to manufacture the in-licensed drug candidates and may not have control over their manufacturing process. If these third parties encounter any manufacturing difficulties, disruptions or delays and are not able to supply sufficient quantities of drug candidates, our drug combination study program may be delayed.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval of and commercialize our medicines and drug candidates and affect the prices we may obtain.

In the United States, China, Europe and some other jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding healthcare that could prevent or delay regulatory approval of our drug candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our medicines and any drug candidates for which we obtain regulatory approval. We expect that healthcare reform measures may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved medicine. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our medicines and drug candidates.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether any regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our medicines and drug candidates may be.

For example, in the United States, there have been numerous judicial, administrative, executive, and legislative challenges to certain aspects of the Affordable Care Act (the "ACA"), and there could be additional challenges and amendments to the ACA in the future, which could have a material adverse impact on our business, results of operations and financial condition.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future and may not become profitable.

Investment in pharmaceutical drug development is highly capital-intensive and speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We continue to incur significant expenses related to our ongoing operations. As a result, we have incurred losses in each period since our inception, except in the third quarter of 2017 and the first quarter of 2021, when we were profitable due to revenue recognized from an up-front license fee from collaboration agreements. As of December 31, 2021, we had an accumulated deficit of US$5.0 billion. Substantially all of our operating losses have resulted from costs incurred in connection with our research and development programs and from selling, general and administrative expenses associated with our operations.

RISK FACTORS

We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase in the near term as we continue and expand our development of, and seek regulatory approvals for, our drug candidates, and our manufacturing facilities, commercialize our medicines and launch new medicines, if approved, maintain and expand regulatory approvals, contribute up to US$1.25 billion to the global development of a portfolio of Amgen pipeline assets under our collaboration agreement, and commercialize the medicines that we have licensed from Amgen, BMS and other parties and any other medicines that we may successfully develop or license. Typically, it takes many years to develop one new drug from the time it is discovered to when it is available for treating patients. In addition, we will continue to incur costs associated with operating as a public company. We will also incur costs in support of our growth as a commercial-stage global biotechnology company. The size of our future net losses will depend, in part, on the number and scope of our drug development programs and the associated costs of those programs, the cost of our manufacturing activities, the cost of commercializing our approved products, our ability to generate revenues and the timing and amount of milestones and other payments we make or receive with arrangements with third parties. If we fail to achieve market acceptance for our medicines or any of our drug candidates fail in clinical trials or do not gain regulatory approval, or if approved, fail to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research, development, manufacturing and commercialization efforts, expand our business or continue our operations.

We have limited experience in obtaining regulatory approvals and commercializing pharmaceutical products, which may make it difficult to evaluate our current business and predict our future performance.

We have limited experience in completing large-scale, pivotal or registrational clinical trials and obtaining, maintaining or expanding regulatory approvals for our medicines and drug candidates. Additionally, we have limited experience in manufacturing, sales, marketing or distribution of pharmaceutical products. We became a commercial-stage company in 2017, with the in-license of medicines in China from BMS, and received the first approvals for our internally developed drug candidates in late 2019 in the United States, in 2020 in China, and in 2021 in Europe. Our limited experience operating as a commercial-stage company may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

We may need to obtain additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development of our drug candidates or achieve profitability.

Our portfolio of drug candidates will require the completion of clinical development, regulatory review, scale up and availability of manufacturing resources, significant marketing efforts and substantial investment before they can provide us with product sales revenue. Additionally, we are investing in the manufacturing and commercialization of our approved medicines. Our operations have consumed substantial amounts of cash since inception. Our operating activities used US$1.3 billion, US$1.3 billion and US$750.3 million of net cash during the years ended December 31, 2021, 2020 and 2019, respectively. We recorded negative net cash flows from operating activities in 2021, 2020 and 2019 primarily due to our net losses of US$1.4 billion, US$1.6 billion and US$950.6 million, respectively. Although we recorded positive net cash flows from operating activities in 2017, primarily due to the upfront fees received from the BMS collaboration, we cannot assure you that we will be able to generate positive cash flows from operating activities in the future.

Our liquidity and financial condition may be materially and adversely affected by the negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all, and if we raise financing by issuing further equity securities your interest in our company may be diluted. If we have negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

We expect to continue to spend substantial amounts on drug discovery, advancing the clinical development of our drug candidates, contributing to the global development of a portfolio of Amgen pipeline assets, developing our manufacturing capabilities and securing drug supply, and launching and commercializing our and our collaborators' medicines and any additional drug candidates for which we receive regulatory approval, including building and maintaining a commercial organization to address markets in China, the United States and other countries.

RISK FACTORS

Since September 2017, we have generated revenues from the sale of medicines in China licensed from BMS, and since the fourth quarter of 2019, we have generated revenues from our internally developed medicines. These revenues are not sufficient to support our operations. Although it is difficult to predict our liquidity requirements, based upon our current operating plan, we believe that we have sufficient cash, cash equivalents and short-term investments to meet our projected operating requirements for at least the next 12 months. However, we believe that our existing cash, cash equivalents and short-term investments may not be sufficient to enable us to complete all global development or launch all of our current medicines and drug candidates for the currently anticipated indications and to invest in additional programs. Accordingly, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "Risk Factors" section. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including:

- our ability to successfully market our approved medicines;
- the progress, timing, scope and costs of our clinical trials, including the ability to timely enroll patients in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our drug candidates;
- the number and characteristics of medicines and drug candidates that we may in-license and develop;
- the amount and timing of the development, milestone and royalty payments we receive from our collaborators;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- selling and marketing costs associated with our medicines and any future drug candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;
- cash requirements of any future acquisitions, licensing and/or the development of other medicines and drug candidates;
- the cost and timing of development and completion of commercial-scale internal or outsourced manufacturing activities; and
- our headcount growth and associated costs.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or commercialization efforts. Our inability to obtain additional funding when we need it could seriously harm our business.

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

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our shares to decline. In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or drug candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

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

We incur portions of our expenses, and derive revenues, in currencies other than the U.S. dollar or Hong Kong dollar, in particular, the RMB, the Euro, and Australian dollar. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows are subject to fluctuations in foreign currency exchange rates. We do not regularly engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the U.S. dollar. A decline in the value of the U.S. dollar against currencies in countries in which we operate could have a negative impact on our results of operations. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our financial condition, results of operations, and cash flows.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy proposed or adopted by the PRC, Australia and other governments. It is difficult to predict how market forces or PRC, Australia, other governments outside the U.S. and U.S. government policies may impact the exchange rate of RMB and the U.S. dollar or any other currencies in the future. There remains significant international pressure on the China to adopt a more flexible currency policy, which could result in greater fluctuation of the RMB against the U.S. dollar.

Substantially all of our revenues are denominated in U.S. dollars and RMB, our costs are denominated in U.S. dollars, Australian dollars and RMB, and a large portion of our financial assets and a significant portion of our debt is denominated in U.S. dollars and RMB. To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount we would receive.

In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the Chinese government approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations, and prospects, and could reduce the value of, and any dividends payable on, our shares in foreign currency terms.

Our business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, our distributors and customers, and an impairment in the carrying value of our short-term investments could negatively affect our consolidated results of operations.

We are exposed to the risk that our distributors and customers may default on their obligations to us as a result of bankruptcy, lack of liquidity, operational failure or other reasons. As we continue to expand our business, the amount and duration of our credit exposure will be expected to increase, as will the breadth of the entities to which we have credit exposure. Although we regularly review our credit exposure to specific distributors and customers that we believe may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee.

Also, the carrying amounts of cash and cash equivalents, restricted cash and short-term investments represent the maximum amount of loss due to credit risk. We had cash and cash equivalents of US$4.4 billion, restricted cash of US$7.2 million and short-term investments of US$2.2 billion at December 31, 2021, most of which are deposited in financial institutions outside of China. As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in strict compliance with the planned uses as disclosed in the PRC prospectus for the STAR Offering as well as our proceeds management policy for the STAR Offering approved by our board of directors. Although our cash and cash equivalents in China are deposited with various major reputable financial institutions, the deposits placed with these financial institutions are not protected by statutory or commercial insurance. In the event of bankruptcy of one of these financial institutions, we may be unlikely to claim our deposits back in full. As of December 31, 2021, our short-term investments consisted of U.S. Treasury securities.

Although we believe that the U.S. Treasury securities are of high credit quality and continually monitor the credit worthiness of these institutions, concerns about, or a default by, one institution in the U.S. market, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for our medicines and drug candidates through intellectual property rights, or if the scope of such intellectual property rights is not sufficiently broad, third parties may compete against us.

Our success depends in large part on our ability to protect our medicines, drug candidates and proprietary technology from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the medicines, drug candidates and technology that we consider commercially important by filing patent applications in the United States, the PRC, Europe and other territories, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patents and/or patent applications at a reasonable cost or in a timely manner. As a result, we may not be able to prevent competitors from developing and commercializing competitive drugs in all such fields and territories.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent applications or the lack of novelty of the underlying invention or technology. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and any other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions. Furthermore, the PRC and the United States have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, third parties may be granted a patent relating to a technology which we invented.

In addition, under the PRC Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the National Intellectual Property Administration, or NIPA, for security examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States, PRC and other countries. We may be subject to a third-party preissuance submission of prior art to the United States Patent and Trademark Office (the "USPTO") or become involved in opposition, derivation, revocation, re-examination, post-grant and *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our medicines or drug candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize medicines or drug candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology, medicines, and drug candidates. Such proceedings also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our medicines or drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Furthermore, although various extensions may be available, the life of a patent and the protection it affords, is limited. For example, the approved cancer therapies we have licensed from BMS in China face competition from generic medications, and we may face similar competition for our approved medicines even if we successfully obtain patent protection. Manufacturers of generic drugs may challenge the scope, validity or enforceability of our patents, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. The issued patents and pending patent applications, if issued, for our medicines and drug candidates are expected to expire on various dates as described in "Business-Intellectual Property" of our Annual Report. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with or licensed from third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners or the licensors of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

We may not be able to protect our intellectual property rights throughout the world. If we fail to adequately protect our intellectual property rights, our competitive position could be impaired and our business could be materially harmed.

Filing, prosecuting, maintaining and defending patents on drugs or drug candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength than in the United States. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as U.S. laws do. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing drugs made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to non-U.S. jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in the United States. These drugs may compete with our medicines and drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing. In addition, we may not be able to enforce patents that we in-license from third parties, who may delay or decline to enforce patents in the licensed territory.

We currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the maintenance or issuance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain jurisdictions, including China. The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biopharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement or misappropriation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights.

We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful. Our patent rights relating to our medicines and drug candidates could be found invalid or unenforceable if challenged in court or before government patent authorities.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us challenging the validity or enforceability of our patents or alleging that we infringe their intellectual property rights.

Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include *ex parte* re-examination, *inter partes* review, post-grant review, derivation and equivalent proceedings in non-U.S. jurisdictions, such as opposition proceedings. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our medicines or drug candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our patent counsel, and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our medicines or drug candidates. Such a loss of patent protection could have a material adverse impact on our business.

We may not be able to prevent misappropriation of our trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States.

If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our medicines or drug candidates.

Our commercial success depends in part on our avoiding infringement of the valid patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields of our medicines and drug candidates. There may also be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to issue that relate to aspects of our business. There is a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries generally. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our medicines and drug candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

If third parties bring successful claims against us for infringement of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our medicines and drug candidates. In the event of a successful claim against us of infringement or misappropriation, or a settlement by us of any such claims, we may have to pay substantial damages, including treble damages and attorneys' fees in the case of willful infringement, pay royalties or redesign our infringing medicines and drug candidates, which may be impossible or require substantial time and cost. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our medicines or drug candidates. Any such license might not be available on reasonable terms or at all. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our medicines and drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

We are aware of patents in the U.S. and some other jurisdictions with claims covering certain antibodies that are relevant to tislelizumab for which patents are expected to expire in 2023 or 2024; complexes of irreversible BTK inhibitors that are relevant to BRUKINSA® for which the patent is expected to expire in 2027; the use of PARP inhibitors to treat certain cancers that are relevant to pamiparib for which patents are expected to expire between 2027 and 2031; and the use of TIGIT antagonist in combination with PD-1 binding antagonist to treat cancers that are relevant to the use of ociperlimab in combination with tislelizumab for which patents are expected to expire in 2034. Although we believe that the relevant claims of these patents would likely be held invalid, we can provide no assurance that a court or an administrative agency would agree with our assessment. If the validity of the relevant claims of one or more of these patents were to be upheld upon a validity challenge, and our related medicine was approved for sale in the United States before the expiration of the relevant patents, we would need a license to commercialize the medicine in the United States before the expiration of the relevant patents. In addition, depending upon the circumstances, we may need licenses for jurisdictions outside of the United States where we wish to commercialize a particular medicine before the expiration of corresponding patents covering that medicine. In such cases, we can provide no assurance that we would be able to obtain a license or licenses on commercially reasonable terms or at all, which could materially and adversely affect our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

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

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and other patent agencies in several stages over the lifetime of the patent. The USPTO and other patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

If we do not obtain patent term extension and regulatory exclusivity for our medicines, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval of our medicines and drug candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman law. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. In addition, although the Amended PRC Patent Law, effective on June 1, 2021, includes patent term extension, the patent term extension provision of the law is unclear and/or remains subject to the approval of implementing regulations that are still in draft form or have not yet been proposed, leading to uncertainty about its scope and implementation. As a result, the patents we have in the PRC are not yet eligible to be extended for patent term lost during clinical trials and the regulatory review process. If we are unable to obtain patent term extension or term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and prospects could be materially harmed.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our medicines or drug candidates.

The laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. There could be changes in the laws of foreign jurisdictions that may impact the value of our patent rights or our other intellectual property rights.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our medicines and drug candidates. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, including members of our senior management, executed proprietary rights, non-disclosure and in some cases non-competition agreements in connection with their previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

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

We have entered into license agreements with third parties providing us with rights under various third-party patents and patent applications. These license agreements impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under our current or future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any medicine or drug candidate that is covered by the licenses provided for under these agreements or we may face claims for monetary damages or other penalties under these agreements. Such an occurrence could diminish the value of these products and our company. Termination of the licenses provided for under these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements.

Risks Related to Our Reliance on Third Parties

If we fail to maintain an effective distribution channel for our medicines, our business and sales could be adversely affected.

We rely on third-party distributors to distribute our approved medicines. For example, we rely on sole third-party distributors to distribute some of our in-licensed approved medicines in China and multiple third-party distributors for the distribution of our internally developed medicines. We also expect to rely on third-party distributors to distribute our other internally developed and in-licensed medicines, if approved. Our ability to maintain and grow our business will depend on our ability to maintain an effective distribution channel that ensures the timely delivery of our medicines. However, we have relatively limited control over our distributors, who may fail to distribute our medicines in the manner we contemplate. For example, while we have long-standing business relationship with our sole distributor for the in-licensed products from BMS, the agreement we entered into with our sole distributor can be terminated by either party upon six months' written notice. If price controls or other factors substantially reduce the margins our distributors can obtain through the resale of our medicines to hospitals, medical institutions and sub-distributors, they may terminate their relationship with us. While we believe alternative distributors are readily available, there is a risk that, if the distribution of our medicines is interrupted, our sales volumes and business prospects could be adversely affected.

We rely on third parties to manufacture some of our commercial and clinical drug supplies. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently have manufacturing facilities that are used for clinical-scale and commercial-scale manufacturing and processing, we plan to build a commercial-stage biologics manufacturing and clinical R&D center in New Jersey, and we are also constructing a new small molecule manufacturing campus in Suzhou, China. However, we continue to rely on outside vendors to manufacture supplies and process some of our medicines and drug candidates. For example, we have entered into a commercial supply agreement for tislelizumab with Boehringer Ingelheim Biopharmaceuticals (China) Ltd. ("Boehringer Ingelheim") and entered into a commercial supply agreement for BRUKINSA® with Catalent Pharma Solutions, LLC ("Catalent"). In addition, we generally rely on our collaboration partners and their third-party manufacturers for supply of in-licensed medicines in China. We have limited experience in manufacturing or processing our medicines and drug candidates on a commercial scale. Additionally, we have limited experience in managing the manufacturing process, and our process may be more difficult or expensive than the approaches currently in use.

Although we intend to use our own manufacturing facilities, we also intend to use third parties as part of our manufacturing process and for the clinical and commercial supply of our medicines and drug candidates. Our anticipated reliance on a limited number of third-party manufacturers exposes us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our medicines and drug candidates. This evaluation would require new testing and GMP-compliance inspections by regulatory authorities;

- our manufacturers may have little or no experience with manufacturing our medicines and drug candidates, and therefore may require a significant amount of support from us in order to implement and maintain the infrastructure and processes required to manufacture our medicines and drug candidates;

- our third-party manufacturers might be unable to timely manufacture our medicines and drug candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any. For example, we encountered supply disruptions of ABRAXANE® in 2018 and 2019, and in 2020 the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, as further described below;

- manufacturers are subject to ongoing periodic unannounced inspection by the FDA and corresponding state agencies in the United States to ensure strict compliance with GMPs and other government regulations and by other comparable regulatory authorities for corresponding non-U.S. requirements. We do not have control over third-party manufacturers' compliance with these regulations and requirements. For example, in 2020, based on inspection findings at BMS's contract manufacturing facility in the United States, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, as further described below;

- we may not own, or may have to share, the intellectual property rights to some of the technology used and improvements made by our third-party manufacturers in the manufacturing process for our medicines and drug candidates;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects; and

- our contract manufacturers and drug component suppliers may be subject to disruptions in their business, including unexpected demand for or shortage of raw materials or components, cyber-attacks on supplier systems, labor disputes or shortage and inclement weather, as well as natural or man-made disasters or pandemics.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs or adversely impact development of our drug candidates or commercialization of our medicines. In addition, we will rely on third parties to perform certain specification tests on our medicines and drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on our company until deficiencies are remedied.

For example, on March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

Currently, the raw materials for our manufacturing activities are supplied by multiple source suppliers, although portions of our supply chain may rely on sole source suppliers. We have agreements for the supply of drug materials with manufacturers or suppliers that we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist. However, there is a risk that, if supplies are interrupted, it would materially harm our business.

Manufacturers of drug and biological products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel, as well as compliance with strictly enforced federal, state and non-U.S. regulations. Furthermore, if contaminants are discovered in the supply of our medicines and drug candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability failures or other issues relating to the manufacture of our medicines and drug candidates will not occur in the future. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide our medicines for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

RISK FACTORS

If third-party manufacturers fail to comply with manufacturing regulations, our financial results and financial condition could be adversely affected.

Before a third party can begin commercial manufacture of our medicines, they are subject to regulatory inspections of their manufacturing facilities, processes and quality systems. Due to the complexity of the processes used to manufacture drug and biological products, any potential third-party manufacturer may be unable to initially pass regulatory inspections in a timely or cost-effective manner in order for us to obtain regulatory approval. If contract manufacturers do not pass their inspections by the relevant regulatory authorities, our commercial supply of drug product or substance will be significantly delayed and may result in significant additional costs, including the delay or denial of any marketing application for our drug candidates or disruption in sales. In addition, drug and biological manufacturing facilities are continuously subject to inspection by regulatory authorities, before and after drug approval, and must comply with GMPs. Our or our collaborators' contract manufacturers may encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. In addition, contract manufacturers' failure to achieve and maintain high manufacturing standards in accordance with applicable regulatory requirements, or the incidence of manufacturing errors, could result in patient injury, product liability claims, product shortages, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could seriously harm our business. If a third-party manufacturer with whom we or our collaborators' contract is unable to comply with manufacturing regulations, we may also be subject to fines, unanticipated compliance expenses, recall or seizure of our drugs, product liability claims, total or partial suspension of production and/or enforcement actions, including injunctions, and criminal or civil prosecution. These possible sanctions could materially adversely affect our financial results and financial condition. On March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

Furthermore, changes in the manufacturing process or procedure, including a change in the location where the product is manufactured or a change of a third-party manufacturer, could require prior review by regulatory authorities and/or approval of the manufacturing process and procedures in accordance with applicable requirements. This review may be costly and time consuming and could delay or prevent the launch of a product or impact commercialization or continuous supply of approved drugs. The new facility will also be subject to pre-approval inspection. In addition, we have to demonstrate that the product made at the new facility is equivalent to the product made at the former facility by physical and chemical methods, which are costly and time consuming. It is also possible that regulatory authorities may require clinical testing as a way to prove equivalency, which would result in additional costs and delay.

We have entered into licensing and collaboration arrangements and may enter into additional collaborations, licensing arrangements, or strategic alliances in the future, and we may not realize the benefits of such arrangements.

We have entered into licensing and collaboration agreements and may enter into additional collaboration, licensing arrangements, or strategic alliances with third parties that we believe will complement or augment our research, development and commercialization efforts. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing shareholders, or disrupt our management and business.

In August 2017, we acquired Celgene's commercial operations in China and an exclusive license to Celgene's (now BMS's) commercial cancer portfolio in China, REVLIMID®, VIDAZA® and ABRAXANE®. On March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

In 2019, we entered into a strategic collaboration with Amgen with respect to its commercial-stage oncology products XGEVA®, BLINCYTO® and KYPROLIS® and a portfolio of clinical- and late-preclinical-stage oncology pipeline products. In January 2021, we entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize our anti-PD-1 antibody tislelizumab in North America, Japan, the EU, and six other European countries. In December 2021, we entered into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize our investigational TIGIT inhibitor, ociperlimab, in North America, Europe, and Japan.

RISK FACTORS

Our strategic collaborations with Amgen, Novartis and BMS involve numerous risks. We cannot be certain that we will achieve the financial and other benefits that led us to enter into the collaborations. Moreover, we may not achieve the revenue and cost synergies expected from our collaborations for their commercial products in China, and our management's attention may be diverted from our drug discovery and development business. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Lastly, strategic collaborations can be terminated for various reasons. For example, our strategic collaboration with Celgene for the development and commercialization of tislelizumab, which we entered into in connection with the license agreement in 2017, was terminated in June 2019 in advance of the acquisition of Celgene by BMS, and we received a termination notice in October 2021 to terminate our license agreement for ABRAXANE® in China.

Additionally, from time to time, we may enter into joint ventures with other companies. Establishment of a joint venture involves significant risks and uncertainties, including (i) our ability to cooperate with our strategic partner, (ii) our strategic partner having economic, business, or legal interests or goals that are inconsistent with ours, and (iii) the potential that our strategic partner may be unable to meet its economic or other obligations, which may require us to fulfill those obligations alone.

We face significant competition in seeking appropriate strategic partners, and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic collaboration or other alternative arrangements for our medicines and drug candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our medicines and drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a medicine or drug candidate, we can expect to relinquish some or all of the control over the future success of that medicine or drug candidate to the third party. For any medicines or drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biotechnology companies with greater resources or capabilities than us, and any agreement that we do enter may not result in the anticipated benefits.

Collaborations involving our medicines and drug candidates are subject to numerous risks, which may include the following:

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

As a result, we may not be able to realize the benefit of current or future collaborations, licensing arrangements or strategic alliances for our medicines and drug candidates if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will be able to fulfill all of our contractual obligations in a timely manner or achieve the revenue, specific net income or other goals that justify such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our medicines and drug candidates or bring them to market and generate product revenue, which would harm our business prospects, financial condition and results of operations.

If we are not able to successfully develop and/or commercialize Amgen's oncology products, the expected benefits of the collaboration will not materialize.

We have a collaboration agreement with Amgen pursuant to which we and Amgen have agreed to collaborate on the commercialization of Amgen's oncology products XGEVA®, BLINCYTO® and KYPROLIS® in China, and the global development and commercialization in China of a portfolio of Amgen's clinical- and late-preclinical-stage pipeline products. Amgen has paused or stopped development of some of the pipeline assets due to portfolio prioritization, and the parties expect that the development plan for the pipeline assets will continue to evolve over time. Additionally, Amgen has advised us that its applications to the Human Genetic Resources Administration of China ("HGRAC") to obtain approval to conduct clinical studies in China for the pipeline assets, including its application for LUMAKRAS® (sotorasib), a first-in-class KRAS G12C inhibitor, are currently delayed. Approval from the HGRAC is required for the initiation of clinical trials involving the collection of human genetic materials in China. We do not expect this to affect the conduct of the clinical trials in China for our drug candidates, other than assets that are part of the collaboration. The Amgen collaboration involves numerous risks, including unanticipated costs and diversion of our management's attention from our other drug discovery and development business. There can be no assurance that we will be able to successfully develop and commercialize Amgen's oncology products in China, which could disrupt our business and harm our financial results.

We rely on third parties to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our medicines and drug candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely to some extent upon third-party CROs to monitor and manage data and provide other services for our ongoing preclinical and clinical programs. We rely on these parties for execution of our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by regulatory authorities for all of our drug candidates in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCPs and other regulatory requirements, the clinical data generated in our clinical trials may be deemed unreliable and regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with drug product produced under GMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. We could also be subject to government investigations and enforcement actions.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our drug candidates. As a result, our results of operations and the commercial prospects for our drug candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects.

RISK FACTORS

Risks Related to Our Industry, Business and Operations

We have significantly increased and expect to continue to increase our research, development, manufacturing, and commercial capabilities, and we may experience difficulties in managing our growth.

At the beginning of 2021, we had approximately 5,100 employees, and we ended the year with approximately 8,000 employees, an increase of 57%. We expect to continue our growth. Most of our employees are full-time. As our research, development, manufacturing and commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, drug development, clinical, regulatory affairs, manufacturing, sales, marketing, financial and other personnel in the United States, China, Europe and other regions. Our recent growth and any anticipated future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining, and motivating additional employees;
- managing the growth in our research, clinical operations, commercial, and supporting functions;
- managing our internal development efforts effectively, including the clinical and regulatory review process for our drug candidates, while complying with our contractual obligations to third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

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

We currently rely, and for the foreseeable future will continue to rely, on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

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

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

Xiaodong Wang, Ph.D., our Co-Founder, Chairman of our scientific advisory board, and director; John V. Oyler, our Co-Founder, Chief Executive Officer and Chairman of the board of directors; Xiaobin Wu, Ph.D., our President, Chief Operating Officer and General Manager of China; and the other principal members of our management and scientific teams play a critical role in the Company's operation and development. Although we have employment agreements or offer letters with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided share option, restricted share unit and restricted share grants that vest over time or based on performance conditions. The value to employees of these equity grants that may be significantly affected by movements in our share price that are beyond our control and may be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements or offer letters with our key employees, any of our employees could leave our employment at any time, with or without notice.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating and executing our discovery, clinical development, manufacturing and commercialization strategy. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development, manufacturing and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executives, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms, given the competition among numerous pharmaceutical and biotechnology companies for similar personnel.

We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

RISK FACTORS

Our business is subject to complex and evolving industry-specific laws and regulations regarding the collection and transfer of personal data. These laws and regulations can be complex and stringent, and many are subject to change and uncertain interpretation, which could result in claims, changes to our data and other business practices, significant penalties, increased cost of operations, or otherwise adversely impact our business.

Regulatory authorities around the world have implemented industry-specific laws and regulations that affect the collection and transfer of personal data. For example, in China, the Regulation on the Administration of Human Genetic Resources promulgated by the State Council (the "HGR Regulation"), which became effective in 2019, applies to activities that involve sampling, biobanking, use of HGR materials and associated data, in China, and provision of such to foreign parties. The HGR Regulation prohibits both onshore or offshore entities established or actually controlled by foreign entities and individuals from sampling or biobanking any China HGR in China and require approval for the sampling of certain HGR and biobanking of all HGR by Chinese parties. Approval for any export or cross-border transfer of the HGR material is required, and transfer of China HGR data by Chinese parties to foreign parties or entities established or actually controlled by them also requires the Chinese parties to file, before the transfer, a copy of the data to the HGR administration for record. The HGR Regulation also requires that foreign parties ensure the full participation of Chinese parties in international collaborations and all records and data must be shared with the Chinese parties. For information about applications under the HGR Regulation for clinical studies in China that are part of the Amgen – BeiGene Collaboration, see the risk factor entitled "If we are not able to successfully develop and/or commercialize Amgen's oncology products, the expected benefits of the collaboration will not materialize."

If the Chinese parties fail to comply with data protection laws, regulations and practice standards, and our research data is obtained by unauthorized persons, used or disclosed inappropriately or destroyed, it could result in a loss of our confidential information and subject us to litigation and government enforcement actions. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our or our collaborators' practices, potentially resulting in suspension of relevant ongoing clinical trials or the initiation of new trials, confiscation of HGR samples and associated data and administrative fines, disgorgement of illegal gains, or temporary or permanent debarment of our or our collaborators' entities and responsible persons from further HGR projects and, consequently, a de-facto ban on the debarred entities from initiating new clinical trials in China. So far, the HGR administration has disclosed a number of HGR violation cases. In one case, the sanctioned party was the Chinese subsidiary of a multinational pharmaceutical company that was found to have illegally transferred certain HGR materials to CROs for conducting certain unapproved research. In addition to a written warning and confiscation of relevant HGR materials, the Chinese subsidiary of the multinational pharmaceutical company was requested by the HGR administration to take rectification measures and at the same time banned from submitting any HGR applications until the HGR administration was satisfied with the rectification results, which rendered it unable to initiate new clinical trials in China until the ban was lifted. In another case, a public hospital was found to have illegally transferred certain HGR data to a university in Europe, and that hospital was eventually subject to the same ban.

To further tighten the control of China HGR, the government adopted amendments to the criminal code, which became effective on March 1, 2021, which criminalize the illegal collection of China HGR, the illegal transfer of China HGR materials outside of China, and the transfer of China HGR data to foreign parties or entities established or actually controlled by them without going through security review and assessment. An individual who is convicted of any of these violations may be subject to public surveillance, criminal detention, a fixed-term imprisonment of up to 7 years, and/or a criminal fine. On April 15, 2021, the Biosecurity Law became effective. The Biosecurity Law establishes an integrated system to regulate biosecurity-related activities in China, including the security regulation of HGR and biological resources. The Biosecurity Law for the first time expressly declares that China has sovereignty over its HGR and further endorsed the HGR Regulation by recognizing the fundamental regulatory principles and systems established by it over the utilization of Chinese HGR by foreign entities in China. Although the Biosecurity Law does not provide any specific new regulatory requirements on HGR, as it is a law adopted by China's highest legislative authority, it gives China's major regulatory authority of HGR, i.e., the Ministry of Science and Technology, significantly more power and discretion to regulate HGR and it is expected that the overall regulatory landscape for Chinese HGR will evolve and become even more rigorous. In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux.

We expect that these areas will receive greater and continued attention and scrutiny from regulators and the public going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to significant penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We manufacture some of our medicines and intend to manufacture some of our drug candidates, if approved. Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

We currently have manufacturing facilities in Beijing, Guangzhou, and Suzhou, China and plan to build a commercial-stage biologics manufacturing and clinical R&D center in New Jersey, United States. We are also constructing a new small molecule manufacturing campus in Suzhou, China. These facilities may encounter unanticipated delays and expenses due to a number of factors, including regulatory requirements. If construction or expansion, regulatory evaluation and/or approval of our facilities are delayed, we may not be able to manufacture sufficient quantities of our medicines and drug candidates, which would limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with constructing or maintaining our facilities could require us to raise additional funds from other sources. For example, we may not be able to complete the construction and validation of and obtain regulatory approval for the new manufacturing and clinical R&D center in New Jersey, the new manufacturing campus in Suzhou and manufacturing facility expansion in Guangzhou in a timely or economic manner.

In addition to the similar manufacturing risks described in "Risks Related to Our Reliance on Third Parties," our manufacturing facilities are subject to inspection in connection with clinical development and new drug approvals and ongoing, periodic inspection by the FDA, NMPA, EMA or other comparable regulatory agencies to ensure compliance with GMP and other regulatory requirements. Our failure to follow and document our adherence to such GMP regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or commercial use, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our drug candidates or the commercialization of our medicines. We also may encounter problems with the following:

- achieving adequate or clinical-grade materials that meet FDA, NMPA, EMA or other comparable regulatory agency standards or specifications with consistent and acceptable production yield and costs;
- shortages of qualified personnel, raw materials or key contractors; and
- ongoing compliance with GMP regulations and other requirements of the FDA, NMPA, EMA or other comparable regulatory agencies.

Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, a requirement to suspend or put on hold one or more of our clinical trials, failure of regulatory authorities to grant marketing approval of our drug candidates, delays, suspension or withdrawal of approvals, supply disruptions, license revocation, seizures or recalls of drug candidates or medicines, operating restrictions and criminal prosecutions, any of which could harm our business.

Developing advanced manufacturing techniques and process controls is required to fully utilize our facilities. Advances in manufacturing techniques may render our facilities and equipment inadequate or obsolete.

To supply commercial quantities for our marketed products, produce our medicines in the quantities that we believe will be required to meet anticipated market demand, and to supply clinical drug material to support the continued growth of our clinical programs, we will need to increase, or "scale up," the production process by a significant factor over the initial level of production, which will require substantial additional expenditures and various regulatory approvals and permits. If we are unable to do so, are delayed, or if the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to produce our medicines in a sufficient quantity to meet future demand.

In addition to the similar manufacturing risks described in "Risks Related to Our Reliance on Third Parties," if our manufacturing facilities or the equipment in them is damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of the facilities or equipment, we might not be able to transfer manufacturing to a third party. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements and we would need regulatory agency approval before selling any medicines manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our drug candidates or medicines in a timely manner could materially harm our business, financial condition and operating results.

Currently, we maintain insurance coverage against damage to our property, plant and equipment in amounts we believe are reasonable. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. We may be unable to meet our requirements for our drug candidates and medicines if there were a catastrophic event or interruption or failure of our manufacturing facilities or processes.

We incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to compliance requirements, including establishing and maintaining internal controls over financial reporting. We may be exposed to potential risks if we are unable to comply with these requirements.

As a public company listed in the United States, Hong Kong and Shanghai, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the listing rules of the NASDAQ, the HKEX and the STAR Market of the SSE, and incur significant legal, accounting and other expenses to comply with applicable requirements. These rules impose various requirements on public companies, including requiring certain corporate governance practices. Our management and other personnel devote a substantial amount of time to these requirements. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly.

For example, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluations and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Such compliance may require that we incur substantial accounting expenses and expend significant management efforts. Our testing may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. In the event we identify significant deficiencies or material weaknesses in our internal controls that we cannot remediate in a timely manner, the market price of our shares could decline if investors and others lose confidence in the reliability of our financial statements, we could be subject to sanctions or investigations by the SEC, HKEX, China Securities Regulatory Commission (the "CSRC"), SSE or other applicable regulatory authorities, and our business could be harmed.

RISK FACTORS

If we engage in acquisitions or strategic collaborations, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

From time to time, we may evaluate various acquisitions and strategic collaborations, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic collaboration may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we undertake acquisitions or strategic collaborations, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. For example, in connection with the Amgen transaction, we issued to Amgen a total of 206,635,013 ordinary shares in the form of ADSs, representing 20.5% of the issued share capital of the Company after giving effect to the share issuance, which resulted in Amgen becoming our largest shareholder and the ownership of our existing shareholders being diluted.

PRC regulations and rules concerning mergers and acquisitions, including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the "M&A Rules"), and other regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the Ministry of Commerce of the PRC (the "MOFCOM") be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of the PRC and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings (the "Prior Notification Rules") issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the State Administration of Market Regulation (the "SAMR") when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Measures for Security Review of Foreign Investment jointly issued by the National Development and Reform Commission and MOFCOM and the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors (the "Security Review Rules") issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire the de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements.

We may also be subject to similar review and regulations in other jurisdictions, such as the laws and regulations on foreign investment in the United States under the jurisdiction of the Committee on Foreign Investment in the United States (the CFIUS) and other agencies, including the Foreign Investment Risk Review Modernization Act (the FIRRMA), which became effective in February 2020.

Furthermore, according to the Draft Overseas Listing Regulations, if a Chinese overseas listed company issues overseas listed securities to acquire assets, such issuance would be subject to certain filing requirements with the CSRC.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval or filing processes, including obtaining approval from or filing with CFIUS, the SAMR, the MOFCOM, the CSRC or other agencies may delay or inhibit our ability to complete such transactions. It is unclear whether those complementary businesses we may acquire in the future would be deemed to be in an industry that raises "national defense and security" or "national security" concerns.

However, CFIUS, SAMR, MOFCOM, CSRC or other government agencies may publish explanations in the future determining that certain of the complementary business is in an industry subject to the security review, in which case our future acquisitions in the United States and the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

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

We are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"). The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We are also subject to the anti-bribery and corruption laws of other jurisdictions, particularly China. The anti-bribery laws in China generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. As our business has expanded, the applicability of the FCPA and other anti-bribery and corruption laws to our operations has increased.

We do not fully control the interactions our employees, distributors and third-party promoters have with hospitals, medical institutions and doctors, and they may try to increase sales volumes of our products through means that constitute violations of United States, PRC or other countries' anti-corruption and related laws. If our employees, distributors or third-party promoters engage in corrupt or other improper conduct that results in violation of applicable anti-corruption laws, our reputation could be harmed. Furthermore, we could be held liable for actions taken by our employees, distributors or third-party promoters, which could expose us to regulatory investigations and penalties.

Although we have policies and procedures designed to ensure that we, our employees and our agents comply with anti-bribery laws, there is no assurance that such policies or procedures will prevent our agents, employees and intermediaries from engaging in bribery activities. Our procedures and controls to monitor anti-bribery and corruption compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery and corruption laws, our reputation could be harmed and we could incur criminal or civil penalties, including but not limited to imprisonment, criminal and civil fines, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs, other sanctions and/or significant expenses, which could have a material adverse effect on our business.

If we or our CROs or CMOs fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on our business.

We and third parties, such as our CROs or CMOs, are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and waste. In addition, our construction projects can only be put into operation after certain regulatory procedures with the relevant administrative authorities in charge of environmental protection, health and safety have been completed. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and waste. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our insurance coverage. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses that we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development, manufacturing or commercialization efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

RISK FACTORS

Our information technology systems, or those used by our contractors or collaborators, may fail or suffer security breaches, which could result in a material disruption of our product development and commercialization efforts.

Despite the implementation of security measures, our information technology systems and those of our contractors and collaborators, are vulnerable to damage from internal or external events, such as computer viruses, unauthorized access, natural disasters, terrorism, war, and telecommunication and electrical failures, which can compromise the confidentiality, integrity and availability of the systems. Although to our knowledge we have not experienced any material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research, development, manufacturing, regulatory and commercialization efforts and our business operations.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business-critical information, including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could cause loss of data, damage to systems and data and leave us unable to utilize key business systems or access important data needed to operate our business. Our contractors and collaborators have and in the future may face similar risks, and service disruptions or security breaches of their systems could adversely affect our security, leave us without access to important systems, products, raw materials, components, services or information or expose our confidential data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our company and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we and our third-party vendors have on occasion experienced, and will continue to experience, threats to our or their data and systems, including malicious codes and viruses, phishing, business email compromise attacks, ransomware, or other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, we could be required to expend significant amounts of money and other resources to respond to these threats or breaches and to repair or replace information systems or networks and could suffer financial loss or the loss of valuable confidential information. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have processes to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with payors and patients, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our internal information technology systems or those of our contractors and collaborators, as well as our and their efforts to implement adequate security and control measures, will be sufficient to protect us against breakdowns, service disruptions, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, ransomware, industrial espionage attack or insider threat attack that could adversely affect our business and operations and/or result in the loss or exposure of critical, proprietary, private, confidential or otherwise sensitive data, which could result in financial, legal, business or reputational harm to us.

Our failure to comply with data protection laws and regulations could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information and other regulated data worldwide is complex and is rapidly evolving.

In the United States, we are subject to laws and regulations that address privacy, personal information protection and data security at both the federal and state levels. Numerous laws and regulations, including security breach notification laws, health information privacy laws, and consumer protection laws, govern the collection, use, disclosure and protection of health-related and other personal information. Given the variability and evolving state of these laws, we face uncertainty as to the exact interpretation of the new requirements, and we may be unsuccessful in implementing all measures required by regulators or courts in their interpretation.

Regulatory authorities in Europe have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, the General Data Protection Regulation (EU) 2016/679 (GDPR), which became effective in 2018, imposes a broad range of strict requirements on companies subject to the GDPR. Because the GDPR specifically gives member states flexibility with respect to certain matters, national laws may partially deviate from the GDPR and impose different obligations from country to country, leading to additional complexity and uncertainty. Despite our best efforts to comply, there is a risk that we may be subject to fines and penalties, litigation, and reputational harm in connection with our European activities. The GDPR may increase our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, including deviations implemented by individual countries.

In addition, further to the UK's exit from the EU on January 31, 2020, the GDPR ceased to apply in the UK at the end of the transition period on December 31, 2020. However, as of January 1, 2021, the UK's European Union (Withdrawal) Act 2018 incorporated the GDPR (as it existed on December 31, 2020 but subject to certain UK specific amendments) into UK law, referred to as the UK GDPR. Although the UK is regarded as a third country under the EU's GDPR, the European Commission has now issued a decision recognizing the UK as providing adequate protection under the EU GDPR and, therefore, transfers of personal data originating in the EU to the UK remain unrestricted. The UK government has confirmed that personal data transfers from the UK to the EEA remain free flowing.

China has implemented rules and is considering a number of additional proposals concerning data protection. The Cyber Security Law of the PRC, which became effective in 2017, created China's first national-level data protection for "network operators," which may include all organizations in China that provide services over the internet or another information network. Numerous related laws, regulations, guidelines and other measures are expected to be adopted, certain of which may, upon enactment, require security review before transferring human health-related data out of China. Additionally, the Measures for the Management of Scientific Data provides a broad definition of scientific data and relevant rules for the management of scientific data in China and requires that enterprises in China must seek regulatory approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. The Data Security Law of the PRC became effective on September 1, 2021. One of this law's primary goals is to ensure data security by establishing an overarching regulatory regime over data processors who process "important data" in China and subjecting such processors to a number of regulatory obligations, e.g., data localization. Given its broad scope and impact it may have if enforced as is, it is expected that the State Council and relevant Chinese regulators will enact implementing rules to further clarify the scope and application of such requirement. In addition, the Personal Information Protection Law ("PIPL") of the PRC became effective on November 1, 2021. The PIPL requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. The PIPL also requires entities handling personal information to bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, such entities could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. The PIPL further specifies the conditions for providing personal information to overseas recipients, including conducting security assessment and personal information protection certification as well as entering into contractual arrangements with overseas information recipients.

In addition, on November 14, 2021, the Cyberspace Administration of China promulgated the Draft Cyber Data Security Regulations, for public comments, pursuant to which, data processors processing important data or listed overseas shall conduct an annual data security self-assessment or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of the Cyberspace Administration of China before January 31 each year. Since there is no definite timetable as to when draft will be enacted, substantial uncertainties exist with respect to whether such annual data security self-assessment and reporting requirement would apply to us.

Furthermore, the PRC regulatory authorities have also enhanced the supervision and regulation on cross-border data transmission. For example, on October 29, 2021, the Measures for the Security Assessment of Cross-border Data Transmission (Draft for Comment) were proposed by the Cybersecurity Administration of China for public comments, which require that any data processor providing important data collected and generated during operations within the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. These measures have not been formally adopted, and substantial uncertainties still exist with respect to the enactment timetable, final content, interpretation and implementation of these measures and how they will affect our business operation.

We expect that these data protection and transfer laws and regulations will continue to receive greater attention and focus from regulators going forward, and we will continue to face uncertainty as to whether our efforts to comply with evolving obligations under data protection, privacy and security laws will be sufficient. Any failure or perceived failure by us to comply with applicable laws and regulations could result in reputational damage or proceedings or actions against us by governmental entities, individuals or others. These proceedings or actions could subject us to significant administrative, civil or criminal penalties and negative publicity, result in the delayed or halted transfer or confiscation of certain personal information or scientific data (such as the results of our preclinical studies or clinical trials conducted within China), or other regulated data, result in the suspension of research and development of drug candidates, ongoing clinical trials or ban on initiation of new trials, require us to change our business practices, increase our costs, or materially harm our business, prospects, financial condition and results of operations. In addition, our current and future relationships with customers, vendors, pharmaceutical partners and other third parties could be negatively affected by any proceedings or actions against us or current or future data protection obligations imposed on them under applicable law. In addition, a data breach affecting personal information or other regulated data, including health information, or a failure to comply with applicable requirements could result in significant management resources, legal and financial exposure and reputational damage that could potentially have a material adverse effect on our business, results of operations, and financial condition.

If we or parties on whom we rely fail to maintain the necessary licenses for the development, manufacture, sale and distribution of our products, our ability to conduct our business could be materially impaired.

We are required to obtain, maintain and renew various permits, licenses and certificates to develop, manufacture, promote and sell our products. Third parties, such as distributors, third-party promoters and third-party manufacturers, on whom we may rely to develop, manufacture, promote, sell and distribute our products may be subject to similar requirements. We and third parties on whom we rely may be also subject to regular inspections, examinations, inquiries or audits by the regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries or audits may result in the loss or non-renewal of the relevant permits, licenses and certificates. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses and certificates may change from time to time, and there can be no assurance that we or the parties on whom we rely will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licenses and certificates. Many of such permits, licenses and certificates are material to the operation of our business, and if we or parties on whom we rely fail to maintain or renew material permits, licenses and certificates, our ability to conduct our business could be materially impaired. Furthermore, if the interpretation or implementation of existing laws and regulations change, or new regulations come into effect, requiring us or parties on whom we rely to obtain any additional permits, licenses or certificates that were previously not required to operate our business, there can be no assurance that we or parties on whom we rely will successfully obtain such permits, licenses or certificates.

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

Our operations and those of our third-party contractors and collaborators could be subject to natural or man-made disasters, public health epidemics or other business interruptions, for which we are predominantly self-insured. In addition, we partially rely on our third-party research institution collaborators for conducting research and development of our drug candidates, and they may be affected by such business interruptions, government shutdowns or withdrawn funding. The occurrence of any of these business interruptions could seriously harm our operations and financial condition and increase our costs and expenses. We partially rely on third-party manufacturers to produce and process our medicines and drug candidates. Our ability to obtain supplies of our medicines and drug candidates could be disrupted if the operations of these suppliers are affected by man-made or natural disasters, public health epidemics or other business interruptions. Damage or extended periods of interruption to our or our vendors' corporate, development, research or manufacturing facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry, public health epidemics or other events could cause us to delay or cease development or commercialization of some or all of our medicines and drug candidates. Although we maintain insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption. For example, the COVID-19 pandemic has impacted and could continue to negatively impact our business and our financial performance, including causing a delay in or the inability of health authorities to complete regulatory inspections of our development activities, regulatory filings or manufacturing operations. Our clinical development and commercial efforts could be delayed or otherwise negatively impacted, as patients may be reluctant to go to the hospitals to receive treatment, or our regulatory inspections or regulatory filings and approvals could be delayed. We have already experienced delays in clinical trial recruitment. Additionally, the commercial or clinical supply of our medicines and drug candidates could be negatively impacted due to reduced operations or a shutdown of our or our third-party manufacturing facilities, distribution channels and transportation systems, or shortages of raw materials and drug product.

RISK FACTORS

Our business and results of operations could be adversely affected by public health crises and natural catastrophes or other disasters outside of our control in the locations in which we and our contractors and collaborators operate.

Our global operations expose us to risks associated with public health crises, such as epidemics and pandemics, natural catastrophes, such as earthquakes, hurricanes, typhoons, or floods, or other disasters such as fires, explosions and terrorist activity or wars that are outside of our control, including government reactions due to such events. Our business operations and those of our contractors and collaborators may potentially suffer interruptions caused by any of these events.

In December 2019, the COVID-19 pandemic began to impact the population in China and since January 2020, the COVID-19 pandemic has spread around the world. The continued spread of COVID-19, despite progress in vaccination efforts, has negatively impacted our business and results of operations, including commercial sales, regulatory interactions, inspections, and filings, and clinical trial recruitment, participation and data read outs. In addition, COVID-19 has resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions, social distancing and business shutdowns. The extent to which such measures are removed or new measures are put in place will depend upon how the pandemic evolves, as well as the distribution of available vaccines, the rates at which they are administered and the emergence of new variants of the virus. We have taken precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring many employees to work remotely. We have suspended or limited non-essential travel worldwide for our employees and are discouraging employee attendance at other gatherings. These measures could negatively affect our business. For instance, temporarily requiring all employees to work remotely may induce absenteeism or employee turnover, disrupt our operations or increase the risk of a cybersecurity incident. COVID-19 has also caused volatility in the global financial markets and threatened a slowdown in the global economy, which may negatively affect our business, results of operations, and financial condition.

The extent to which the COVID-19 pandemic may continue to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the pandemic, the severity of COVID-19, including the continued emergence of new variants, developments or perceptions regarding the safety of vaccines, or any additional preventative and protective actions taken to contain the pandemic or treat its impact, particularly in the United States, China, Europe and other geographies where we or our third-party contractors and collaborators operate. We cannot presently predict the scope and severity of any potential business shutdowns or disruptions and any new wave of COVID-19 cases could have a widespread impact on our business and results of operations depending on where infection rates are the highest. If we or any of the third parties with whom we engage, however, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business, results of operations, and financial condition. We will continue to monitor the latest disruptions and uncertainties relating to the COVID-19 pandemic, including the pace of vaccinations and the emergence of new and more contagious strains of the virus, and any resulting impact on our business, financial condition, results of operations and prospects. Any resulting financial impact cannot be reasonably estimated at this time and may have a material adverse impact on our business, financial condition and results of operations.

Environmental regulation of our business, as a response to climate change, could adversely impact us by increasing our compliance costs and could have a material adverse effect on our results and financial condition.

There has been a broad range of proposed and promulgated state, national and international regulation aimed at reducing the effects of climate change. Such regulations apply or could apply in countries where we have interests or could have interests in the future. Such regulation could result in additional costs in the form of taxes and investments of capital to maintain compliance with laws and regulations.

Climate change regulations continue to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, it is possible that such regulation could have a material effect in the foreseeable future on our business, results of operations, capital expenditures or financial position.

Our financial and operating performance may be adversely affected by adverse weather conditions, natural disasters and other catastrophes.

We have manufacturing facilities in Suzhou and Guangzhou, China. A significant disruption at these facilities, even on a short-term basis, could impair our ability to timely produce products, which could have a material adverse effect on our business, financial position and results of operations. Our manufacturing operations are vulnerable to interruption and damage from natural and other types of disasters, including earthquake, fire, floods, environmental accidents, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously impaired. For example, our Guangzhou manufacturing facility was hit by a typhoon in 2019, but the typhoon did not cause material damage to the facility. However, the boundary area and the adjacent land were flooded, causing a power outage for a few days. Afterwards, we built a gutter along the boundary and installed waterproof electricity cables to fortify the facility and to help prevent future interruptions.

In addition, we do not maintain any insurance other than property insurance for some of our buildings, vehicles and equipment. Accordingly, unexpected business interruptions resulting from disasters could disrupt our operations and thereby result in substantial costs and diversion of resources. Our production process requires a continuous supply of electricity. We have encountered power shortages historically in China due to restricted power supply to industrial users during summers when the usage of electricity is high and supply is limited or as a result of damage to the electricity supply network. Because the duration of those power shortages was brief, they had no material impact on our operations. Longer interruptions of electricity supply could result in lengthy production shutdowns, increased costs associated with restarting production and the loss of production in progress. Any major suspension or termination of electricity or other unexpected business interruptions could have a material adverse impact on our business, financial condition and results of operations.

RISK FACTORS

Climate change manifesting as physical or transition risks could have a material adverse impact on our business operations, clients and customers.

The long-term effects of climate change are difficult to assess and predict. Our business and the activities of our clients and customers could be impacted by climate change. Climate change could manifest as a financial risk either through changes in the physical climate or from the process of transitioning to a low-carbon economy, including changes in climate policy or in the regulation of companies with respect to risks posed by climate change.

The physical impacts of climate change may include physical risks (such as rising sea levels or frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well-being), compliance costs and transition risks (such as regulatory or technology changes) and other adverse effects. The effects could impair, for example, the availability and cost of certain products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. We bear losses incurred as a result of, for example, physical damage to or destruction of our facilities, loss or spoilage of inventory, and business interruption due to weather events that may be attributable to climate change could materially adversely affect our business operations, financial position or results of operation.

Product liability claims or lawsuits could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the commercialization of our medicines in the United States, China, Europe and other markets, and for the clinical testing and any future commercialization of our drug candidates globally. For example, we may be sued if our medicines or drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the medicine, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection acts. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our medicines and drug candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in: decreased demand for our medicines; injury to our reputation; withdrawal of clinical trial participants and inability to continue clinical trials; initiation of investigations by regulators; costs to defend the related litigation; a diversion of our management's time and resources; substantial monetary awards to trial participants or patients; product recalls, withdrawals or labeling, marketing or promotional restrictions; loss of revenue; exhaustion of any available insurance and our capital resources; the inability to commercialize any medicine or drug candidate; and a decline in our share price.

Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of our medicines and drug candidates. Although we currently hold product liability coverage which we believe to be sufficient in light of our current products and clinical programs, the amount of such insurance coverage may not be adequate, and we may be unable to maintain such insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise, or we may not be able to obtain additional or replacement insurance at a reasonable cost, if at all. Our insurance policies may also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

We are subject to the risks and challenges of doing business globally, which may adversely affect our business operations.

Our business is subject to risks and challenges associated with doing business globally. Accordingly, our business and financial results could be adversely affected due to a variety of factors, including: changes in a specific country's or region's political and cultural climate or economic condition; unexpected changes in laws and regulatory requirements in local jurisdictions; challenges in replicating or adapting our company policies and procedures to operating environments different from that of the United States; difficulty of effective enforcement of contractual provisions in local jurisdictions; inadequate intellectual property protection in certain countries; enforcement of anti-corruption and anti-bribery laws, such as the FCPA; trade-protection measures or disputes, import or export licensing requirements, and fines, penalties or suspension or revocation of export privileges; laws and regulations on foreign investment in the United States under the jurisdiction of the CFIUS and other agencies; the effects of applicable local tax regimes and potentially adverse tax consequences; the impact of public health epidemics on employees, our operations and the global economy; restrictions on international travel and commerce; and significant adverse changes in local currency exchange rates. In addition, in 2017 the United Kingdom Financial Conduct Authority (FCA), which regulates the London Interbank Offered Rate (LIBOR), announced that it will no longer require banks to submit rates for the calculation of LIBOR to the LIBOR administrator after 2021. On November 30, 2020, the FCA announced a partial extension of this deadline, indicating its intention to cease the publication of the one-week and two-month USD LIBOR settings immediately following December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. While various replacement reference rates have been proposed, an alternative reference rate to LIBOR has not yet been widely adopted. As such, the replacement of LIBOR could have an adverse effect on the market for, or value of, LIBOR-linked financial instruments. Failure to manage these risks and challenges could negatively affect our ability to expand our businesses and operations as well as materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Future operating results could be negatively affected by changes in tax rates, the adoption of new tax legislation in the jurisdictions in which we operate, or exposure to additional tax liabilities.

The nature of our international operations subjects us to local, state, regional and national tax laws in jurisdictions around the world. Our future tax expense could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. Additionally, tax rules governing cross-border activities are continually subject to modification intended to address concerns over base erosion and profit shifting (BEPS) and other perceived international tax avoidance techniques as a result of both coordinated actions by governments, such as the OECD/G20 Inclusive Framework on BEPS, and unilateral measures designed by individual countries. For example, the Cayman Islands has enacted the International Tax Co-operation (Economic Substance) Law (2020 Revision) (the "Economic Substance Law"), which originally took effect on January 1, 2019, and which is accompanied by Guidance on Economic Substance for Geographically Mobile Activities (Version 2.0; April 30, 2019) published by the Cayman Islands Tax Information Authority. The Economic Substance Law embraces a global initiative to combat BEPS and demonstrates the continued commitment of the Cayman Islands to international best practice. The Economic Substance Law provides that relevant entities that existed before January 1, 2019 and that had been conducting relevant activities by that date must comply with the economic substance requirements from July 1, 2019, and relevant entities that are established from January 1, 2019 onwards must comply with the requirements from the date they commence the relevant activity. Although we believe that we currently are not obliged to meet the economic substance requirements under the Economic Substance Law, we cannot predict any changes to the legislation or its interpretation in the future. If we are obliged to meet certain economic substance requirements in the future, our business and results of operations could be negatively impacted if we are required to make changes to our business in order to gain compliance or if we fail to comply.

We have received tax rulings from various governments that have jurisdictional authority over our operations. If we are unable to meet the requirements of such agreements, or if they expire or are renewed on less favorable terms, the result could negatively impact our future earnings. Additionally, the European Commission has opened formal investigations into specific tax rulings granted by several countries to specific taxpayers. While we believe that our rulings are consistent with accepted tax ruling practices, the ultimate resolution of such activities cannot be predicted and could also have an adverse impact on future operating results.

Risks Related to Our Doing Business in the PRC

Changes in the political and economic policies of the PRC government or in relations between China and the United States or other governments may materially and adversely affect our business, financial condition, and results of operations and may result in our inability to sustain our growth and expansion strategies.

Due to our operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in the PRC or changes in government relations between China and the United States or other governments. There is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. China's economy differs from the economies of other countries in many respects, including with respect to the level of development, growth rate, amount of government involvement, control of foreign exchange and allocation of resources. While China's economy has experienced significant growth over the past four decades, growth has been uneven across different regions and among various economic sectors. The Chinese government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the Chinese government implemented certain measures, including interest rate increases, to manage the pace of economic growth and prevent the economy from overheating. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations.

Additionally, the Chinese government has published new policies that significantly affect certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding our industry that could require us to obtain additional permission from Chinese authorities to continue to operate our business in China, which may adversely affect our business, financial condition and results of operations.

Furthermore, recent statements made by the Chinese government have indicated an intent to increase the government's oversight and control over offerings of companies with significant operations in China that are to be conducted in foreign markets.

For example, in July 2021, the PRC government provided guidance on China-based companies raising capital outside of China, including through arrangements called variable interest entities (VIEs). In light of such developments, the SEC has imposed enhanced disclosure requirements on China-based companies seeking to register securities with the SEC. On December 24, 2021, the CSRC released the Provisions of the State Council on the Administration of Domestic Companies Offering Securities for Overseas Listing (Revision Draft for Comments) (the "Draft Provisions") and the Administrative Measures for the Filing of Domestic Companies Seeking Overseas Securities Offering and Listing (the "Filing Measures", or collectively, the "Draft Overseas Listing Regulations") for public comment. According to the Draft Overseas Listing Regulations, where Chinese companies that have directly or indirectly listed securities in overseas markets conduct follow-on offering in overseas markets, they shall fulfill the filing procedures with and report relevant information to the CSRC. If we are deemed as an indirect overseas listed Chinese company but fail to complete the filing procedures with the CSRC for any of our follow-on offerings or fell within any of the circumstances where our follow-on offering is prohibited by the State Council, our offering application may be suspended and we may be subject to penalties, sanctions and fines imposed by the CSRC and relevant departments of the State Council. The Draft Overseas Listing Regulations were released only for soliciting public comments at this stage and their provisions and anticipated adoption or effective date are subject to changes and thus their interpretation and implementation remain substantially uncertain. We are currently evaluating the implications and potential impact of the Draft Overseas Listing Regulations and will continue to closely monitor the development and implementation of the Draft Overseas Listing Regulations. Although we do not have a VIE structure, due to our operations in China and stock listings in and outside of China, any future PRC, U.S. or other rules and regulations that place restrictions on capital raising or other activities by companies with extensive operations in China could adversely affect our business and results of operations. Any such action, once taken by the Chinese government, could significantly limit or completely hinder our ability to offer or continue to offer our ADSs or ordinary shares to investors, and could cause the value of our ADSs or ordinary shares to significantly decline or become worthless. If the business environment in China deteriorates from the perspective of domestic or international investment, or if relations between China and the United States or other governments deteriorate, our business in China and United States may also be adversely affected.

The audit reports included in our Annual Report on Form 10-K filed with the SEC have historically been prepared by auditors who are not inspected fully by the Public Company Accounting Oversight Board (the PCAOB), and as such, investors have previously been deprived of the benefits of such inspections.

Ernst & Young Hua Ming LLP, our auditor from fiscal year 2014 to fiscal year 2021, is required to undergo regular inspections by the PCAOB as an auditor of companies that are publicly traded in the United States and a firm registered with the PCAOB. Since Ernst & Young Hua Ming LLP is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, Ernst & Young Hua Ming LLP has not been and is not currently inspected by the PCAOB. Additionally, because we have substantial operations within the PRC, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese government authorities, Ernst & Young Hua Ming LLP and the audit work that it has carried out for us in the PRC has not historically been able to be inspected independently and fully by the PCAOB.

Inspections of other auditors conducted by the PCAOB outside the PRC have at times identified deficiencies in those auditors' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections of audit work undertaken in the PRC prevents the PCAOB from regularly evaluating auditors' audits and their quality control procedures. As a result, to the extent that any components of our auditor's work papers have been or become located in China, such work papers have not been and will not be subject to inspection by the PCAOB. As a result, we and investors have been deprived of the benefits of such PCAOB inspections, which could cause investors and potential investors of our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be delisted and our ADSs and ordinary shares prohibited from trading in the over-the-counter market under the Holding Foreign Companies Accountable Act, or the HFCAA, if the PCAOB is unable to inspect or fully investigate auditors located in China. On December 16, 2021, PCAOB issued the HFCAA Determination Report, according to which our previous auditor is subject to the determinations that the PCAOB is unable to inspect or investigate completely. Under current law, delisting and prohibition from over-the-counter trading in the U.S. could take place in 2024. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, the HFCAA, was signed into law on December 18, 2020. The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADS from being traded on a national securities exchange or in the over-the-counter trading market in the U.S. Accordingly, under the current law, this could happen in 2024. On March 30, 2022, as expected following its adoption of implementing rules pursuant to the HFCAA, the SEC added us to its conclusive list of issuers identified under HFCAA. We were provisionally named as a Commission-Identified Issuer on March 8, 2022, following the filing of our annual report on Form 10-K with the SEC on February 28, 2022, which included the consolidated financial statements and the report of internal control over financial reporting that were audited by Ernst & Young Hua Ming LLP.

However, as our global business has expanded, we have evaluated, designed and implemented business processes and control changes and built substantial organizational capabilities outside of the PRC, which has enabled us to engage Ernst & Young LLP, located in Boston, Massachusetts, United States, as the Company's independent registered public accounting firm for the audits of our financial statements and internal control over financial reporting for the fiscal year ending December 31, 2022 to be filed with the SEC. We expect that this will satisfy the PCAOB inspection requirements for the audit of our consolidated financial statements, subject to compliance with SEC and other requirements prior to the three-year deadline of the HFCAA.

Additionally, in October 2021, Nasdaq adopted additional listing criteria applicable to companies that primarily operate in jurisdictions where local regulators impose secrecy laws, national security laws or other laws that restrict U.S. regulators from accessing information relating to the issuer (a "Restrictive Market"). Under the new rule, whether a jurisdiction permits PCAOB inspection would be a factor in determining whether a jurisdiction is deemed by Nasdaq to be a Restrictive Market. China will likely be determined to be a Restrictive Market and, as a result, Nasdaq may impose on us additional continued listing criteria or deny continued listing of our securities on Nasdaq, and we cannot assure you whether Nasdaq or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor's audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach or experience as it relates to our audit.

While we understand there has been dialogue among the CSRC, the SEC and the PCAOB regarding the inspection of PCAOB-registered accounting firms in China, there can be no assurance that we will be able to comply with requirements imposed by U.S. regulators or Nasdaq. Delisting of our ADSs would force holders of our ADSs to sell their ADSs or convert them into our ordinary shares, which are listed for trading on the HKEx. Although our ordinary shares are listed in Hong Kong, investors may face difficulties in converting their ADSs into ordinary shares and migrating the ordinary shares to Hong Kong, or may have to incur increased costs or suffer losses in order to do so. The market price of our ADSs could be adversely affected as a result of anticipated negative impacts of these executive or legislative actions upon, as well as negative investor sentiment towards, companies with significant operations in China that are listed in the United States, regardless of whether these executive or legislative actions are implemented and regardless of our actual operating performance.

Given that Ernst and Young LLP in the United States will serve as the principal accountant to audit our consolidated financial statements for the fiscal year ending December 31, 2022 (the "2022 Form 10-K"), we expect to be able to comply with the HFCAA and certify following the filing of our 2022 Form 10-K that we have retained a registered public accounting firm that the PCAOB has determined it is able to inspect or investigate Ernst & Young LLP in the United States, which would preclude a further finding by the SEC that we are a Commission-Identified Issuer and therefore the delisting of our American Depositary Shares from the NASDAQ Global Select Market.

However, these efforts may not be sufficient and ultimately may not be successful. We may also be subject to enforcement under the HFCAA, the rules implementing the act that may be adopted by the SEC, and any other similar legislation that may be enacted into law or executive orders that may be adopted in the future. Although we are committed to complying with the rules and regulations applicable to listed companies in the United States, we are currently unable to predict the potential impact on our listed status by the rules that may be adopted by the SEC under the HFCAA. If we failed to comply with those rules, it is possible that our ADSs will be delisted. The risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ADSs, ordinary shares and RMB Shares. Failure to adopt effective contingency plans may also have a material adverse impact on our business and the price of our ADSs, ordinary shares and RMB Shares.

The potential enactment of the Accelerating Holding Foreign Companies Accountable Act (the "AHFCA Act") or the America COMPETES Act would decrease the number of non-inspection years from three years to two, thus reducing the time period before our ADSs may be prohibited from over-the-counter trading or delisted. If this bill were enacted, our ADS could be delisted from the exchange and prohibited from over-the-counter trading in the U.S. in 2023.

On June 22, 2021, the U.S. Senate passed a bill known as the Accelerating Holding Foreign Companies Accountable Act, to amend Section 104(i) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214(i)) to prohibit securities of any registrant from being listed on any of the U.S. securities exchanges or traded over-the-counter if the auditor of the registrant's financial statements is not subject to PCAOB inspection for two consecutive years, instead of three consecutive years as currently enacted in the HFCAA.

On February 4, 2022, the U.S. House of Representatives passed the America Creating Opportunities for Manufacturing Pre-Eminence in Technology and Economic Strength (COMPETES) Act of 2022 (the "America COMPETES Act"), which similarly would amend the HFCAA to shorten the three-year period to two years. The America COMPETES Act, however, includes a broader range of legislation than the AHFCA Act in response to the U.S. Innovation and Competition Act passed by the U.S. Senate in 2021. The U.S. House of Representatives and the U.S. Senate will need to agree on amendments to these respective bills to allow the legislature to pass their amended bills before the President can sign the bill into law. It is unclear if or when these bills will be signed into law. In the case that the bill becomes the law, it will reduce the time period before our ADSs could be delisted from the exchange and prohibited from over-the-counter trading in the U.S. from 2024 to 2023.

Given that Ernst and Young LLP in the United States will serve as the principal accountant to audit our consolidated financial statements for the 2022 Form 10-K, we expect to be able to comply with the AHFCA Act and the COMPETES Act and certify following the filing of our 2022 Form 10-K that we have retained a registered public accounting firm that the PCAOB has determined it is able to inspect or investigate. However, these efforts may not be sufficient and ultimately may not be successful. As a result, our securities may be prohibited from trading on Nasdaq or other U.S. stock exchange.

Proceedings instituted by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm, could result in our inability to find a registered public accounting firm to audit and issue an opinion on our financial statements, which could result in us not being in compliance with the requirements of the Exchange Act.

In 2012, the SEC brought administrative proceedings against five accounting firms in China, including our independent registered public accounting firm, alleging that they had refused to produce audit work papers and other documents related to certain other PRC-based companies under investigation by the SEC. In 2014, an initial administrative law decision was issued, censuring these accounting firms and suspending four of these firms from practicing before the SEC for a period of six months. In 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. These firms' ability to continue to serve their clients was not affected by the settlement. The settlement required these firms to follow detailed procedures to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. If these firms do not follow these procedures, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings. Our audit committee is aware of the policy restriction and communicates with our independent registered public accounting firm to ensure compliance. If additional remedial measures are imposed on the China-based accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act. The settlement did not require these firms to admit to any violation of law and preserves these firms' legal defenses in the event the administrative proceeding is restarted. In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding PRC-based, U.S.-listed companies and the market price of the ADSs and/or ordinary shares may be adversely affected.

If our independent registered public accounting firm is denied, even temporarily, the ability to practice before the SEC and we are unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined to be not in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to deregistration from the SEC, which would substantially reduce or effectively terminate the trading of our ADSs in the United States. Moreover, any negative news about the proceedings against these audit firms may adversely affect investor confidence in companies with substantial mainland China-based operations listed in the United States. All these would materially and adversely affect the market price of the ADSs and substantially reduce or effectively terminate the trading of our ADSs in the United States, and the market price of our ordinary shares may be adversely affected.

There are uncertainties regarding the interpretation and enforcement of Chinese laws, rules and regulations.

A large portion of our operations are conducted in China through our Chinese subsidiaries. Our Chinese subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The Chinese legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the Chinese government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system. The laws, rules and regulations are subject to interpretation and enforcement by PRC regulatory agencies and courts. In particular, because these laws, rules and regulations are relatively new, because of the limited number of published decisions and the non-precedential nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. The regulations in China can change quickly. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

China's Foreign Investment Law and its implementing rule came into force in January 2020. The Foreign Investment Law and its implementing rules embody an expected regulatory trend to rationalize China's foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the legal requirements for both foreign and domestic investments. There are still uncertainties with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules. For example, the Foreign Investment Law and its implementing rules provide that foreign invested entities established according to the previous laws regulating foreign investment prior to the implementation of the new law may maintain their structure and corporate governance for a five-year transition period. It is uncertain whether governmental authorities may require us to adjust the structure and corporate governance of certain of our Chinese subsidiaries in such transition period. Failure to take timely and appropriate measures to meet any of these or similar regulatory requirements could materially affect our current corporate governance practices and business operations and our compliance costs may increase significantly. In addition, the Measures for the Security Review of Foreign Investment (the "Measures"), effective from January 18, 2021, embody China's continued efforts to provide a legal regime for national security review comparable to similar procedures in other jurisdictions, such as CFIUS review in the United States. There are still uncertainties with respect to the interpretation, implementation and enforcement of the Measures. For example, national security remains undefined and there is no clear guidance on whether the biotechnology industry requires security review and what factors the regulatory authority may consider in determining whether there are security concerns. It is difficult to evaluate the impact of the Measures on our existing investments or potential investments in China.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China. In China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of a mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the PRC territory. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigations or evidence collection activities within China may further increase the difficulties you face in protecting your interests. For risks associated with investing in us as a Cayman Islands company, see also "— Risks Related to Our American Depositary Shares and Ordinary Shares — We are a Cayman Islands company. Because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under Hong Kong law, Chinese law or U.S. law, our shareholders may have fewer shareholder rights than they would have under Hong Kong law, Chinese law or U.S. law and may face difficulties in protecting their interests."

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered and could materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC government has recently announced its plans to enhance its regulatory oversight of China-based companies listed overseas and cross-border law enforcement cooperation. The Opinions on Intensifying Crack Down on Illegal Securities Activities issued on July 6, 2021 called for:

- tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulation to specify responsibilities of overseas listed China-based companies with respect to data security and information security;

- enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by China-based companies; and

- extraterritorial application of China's securities laws.

As the Opinions on Intensifying Crack Down on Illegal Securities Activities were recently issued, there are great uncertainties with respect to the interpretation and implementation. The PRC government may promulgate relevant laws, rules and regulations to impose additional and significant obligations and liabilities on overseas listed China-based companies regarding data security, cross-border data flow, and compliance with China's securities laws. As a company with extensive operations in China and stock listings in and outside of China, it is uncertain whether or how the new laws, rules and regulations and the interpretation and implementation may affect us. However, among other things, our ability to obtain external financing through the issuance of equity securities overseas could be adversely affected if restrictions on overseas fundraising are imposed on companies like us.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If any of our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary. As of December 31, 2021, these restricted assets totaled US$799.6 million.

Our PRC subsidiaries generate primarily all of their revenue in RMB, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their RMB revenues to pay dividends to us.

In response to the persistent capital outflow in the PRC and RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China (PBOC) and China's State Administration of Foreign Currency (SAFE) promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments.

The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

The PRC Enterprise Income Tax Law (the "EIT Law") and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a reduced withholding rate arrangement and such non-PRC resident enterprises constitute the beneficiary of such income.

Pursuant to an arrangement between Mainland China and the Hong Kong Special Administrative Region (the "Hong Kong Tax Treaty") and relevant tax regulations of the PRC, subject to certain conditions, a reduced withholding tax rate of 5% will be available for dividends from PRC entities provided that the recipient can demonstrate it is a Hong Kong tax resident and it is the beneficial owner of the dividends. The government adopted regulations in 2018 which stipulate that in determining whether a non-resident enterprise has the status as a beneficial owner, comprehensive analysis shall be conducted based on the factors listed therein and the actual circumstances of the specific case shall be taken into consideration. Specifically, it expressly excludes an agent or a designated payee from being considered as a "beneficial owner." We own the PRC subsidiaries through BeiGene HK. BeiGene HK currently does not hold a Hong Kong tax resident certificate from the Inland Revenue Department of Hong Kong, and there is no assurance that the reduced withholding tax rate will be available.

We may be treated as a resident enterprise for PRC tax purposes under the EIT Law and we may therefore be subject to PRC income tax on our worldwide taxable income. Dividends payable to foreign investors and gains on the sale of our ADSs or ordinary shares by our foreign investors may become subject to PRC tax.

Under the EIT Law, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, PRC regulations specify that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights.

Although BeiGene, Ltd. does not have a PRC enterprise or enterprise group as its primary controlling shareholder and is therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of these regulations, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in the regulations to evaluate the tax residence status of BeiGene, Ltd. and its subsidiaries organized outside of the PRC.

We are not aware of any offshore holding company with a corporate structure similar to ours that has been deemed a PRC "resident enterprise" by the PRC tax authorities. Accordingly, we do not believe that our company or any of our overseas subsidiaries should be treated as a PRC resident enterprise. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow and we may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. If we are deemed a PRC resident enterprise, dividends paid on our shares and any gain realized from the transfer of our ordinary shares may be treated as income derived from sources within the PRC. As a result, dividends paid to non-PRC resident enterprise ADS holders or shareholders may be subject to PRC withholding tax at a rate of 10% (or 20% in the case of non-PRC individual ADS holders or shareholders) and gains realized by non-PRC resident enterprises ADS holders or shareholders from the transfer of our ordinary shares or ADSs may be subject to PRC tax at a rate of 10% (or 20% in the case of non-PRC individual ADS holders or shareholders).

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company, or other assets attributable to a PRC establishment of a non-PRC company.

Pursuant to Chinese regulations, an "indirect transfer" of "PRC taxable assets," including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in the PRC or if its income mainly derives from the PRC; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be reported on with the enterprise income tax filing of the PRC establishment or place of business being transferred and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax at the rate of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors through a public stock exchange are not subject to the PRC enterprise income tax where such shares were acquired in a transaction through a public stock exchange. As such, the sale of the ADSs or ordinary shares on a public stock exchange will not be subject to PRC enterprise income tax. However, the sale of our ordinary shares or ADSs by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC enterprise income tax under these regulations.

There are uncertainties as to the application of these regulations, which may be determined by the tax authorities to be applicable to sale of the shares of our offshore subsidiaries or investments where PRC taxable assets are involved. The transferors and transferees may be subject to the tax filing and withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist in the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with these regulations or to establish that we and our non-resident enterprises should not be taxed under these regulations, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under these regulations, our income tax costs associated with such potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

The PRC government imposes controls on the conversion of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. A portion of our revenue is denominated in RMB. Shortages in availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a portion of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our ordinary shares and the ADSs. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities or designated banks. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

Local governments in the PRC have granted certain financial incentives from time to time to our PRC subsidiaries as part of their efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific project therein. We cannot guarantee that we will satisfy all relevant conditions, and if we do so we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

Any failure to comply with PRC regulations regarding our employee equity plans and investments in offshore companies by PRC residents may subject the PRC plan participants and PRC-resident beneficial owners or us to fines and other legal or administrative sanctions.

We and our directors, executive officers and other employees who are PRC residents have participated in our employee equity plans. We are an overseas listed company, and therefore, we and our directors, executive officers and other employees who are PRC citizens or who have resided in the PRC for a continuous period of not less than one year and who have been granted restricted share units, restricted shares, options or other forms of equity incentives or rights to acquire equity are subject to the PRC regulations, according to which, employees, directors, supervisors and other management members participating in any share incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under PRC law. Moreover, failure to comply with the various foreign exchange registration requirements could result in liability under PRC law for circumventing applicable foreign exchange restrictions.

RISK FACTORS

The pharmaceutical industry in China is highly regulated, and such regulations are subject to change, which may affect approval and commercialization of our medicines and drug candidates.

A large portion of our business is conducted in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new medicines. In recent years, the regulatory framework in China for pharmaceutical companies has undergone significant changes, which we expect will continue. While we believe our strategies regarding research, development, manufacturing and commercialization in China are aligned with the Chinese government's policies, they may in the future diverge, requiring a change in our strategies. Any such change may result in increased compliance costs on our business or cause delays in or prevent the successful research, development, manufacturing or commercialization of our drug candidates or medicines in China and reduce the current benefits we believe are available to us from developing and manufacturing medicines in China.

Chinese authorities have become increasingly vigilant in enforcing laws affecting the pharmaceutical industry. Any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China. Reports of what have come to be viewed as significant quality-control failures by Chinese vaccine manufacturers have led to enforcement actions against officials responsible for implementing national reforms favorable to innovative drugs (such as ours). While not directly affecting us, this macro-industry event could cause state or private resources to be diverted away from fostering innovation and be redirected toward regulatory enforcement, which could adversely affect our research, development, manufacturing and commercialization activities and increase our compliance costs.

Risks Related to Our American Depositary Shares and Ordinary Shares

The trading prices of our ordinary shares, ADSs and/or RMB Shares can be volatile, which could result in substantial losses to you.

The trading price of our ordinary shares, ADSs and/or RMB Shares can be volatile and fluctuate widely in response to a variety of factors, many of which are beyond our control. In addition, the performance and fluctuation of the market prices of other companies with significant business operations in China that have listed their securities in Hong Kong, Shanghai or the United States may affect the volatility in the price of and trading volumes for our ordinary shares, ADSs and/or RMB Shares. Some of these companies have experienced significant volatility.

In addition to market and industry factors, the price and trading volume for our ordinary shares, ADSs and/or RMB Shares may be highly volatile for various reasons, including: announcements of regulatory approval or a complete response letter, or specific label indications or patient populations for its use, or changes or delays in the regulatory review process; announcements of therapeutic innovations, new products, acquisitions, strategic relationships, joint ventures or capital commitments by us or our competitors; adverse actions taken by regulatory agencies with respect to our clinical trials, manufacturing supply chain or sales and marketing activities; any adverse changes to our relationship with manufacturers or suppliers; the results of our testing and clinical trials; the results of our efforts to acquire or license additional medicines or drug candidates; variations in the level of expenses related to our existing medicines and drug candidates or preclinical, clinical development and commercialization programs; any intellectual property infringement actions in which we may become involved; announcements concerning our competitors or the pharmaceutical industry in general; fluctuations in product revenue, sales and marketing expenses and profitability; manufacture, supply or distribution shortages; variations in our results of operations; announcements about our results of operations that are not in line with analyst expectations, the risk of which is enhanced because it is our policy not to give guidance on results of operations; publication of operating or industry metrics by third parties, including government statistical agencies, that differ from expectations of industry or financial analysts; changes in financial estimates by securities research analysts; media reports, whether or not true, about our business, our competitors or our industry; additions to or departures of our management; fluctuations of exchange rates between the RMB, the U.S. dollar and Hong Kong dollar; release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares, ADSs or RMB Shares; sales or perceived potential sales of additional ordinary shares, ADSs or RMB Shares by us, our executive officers and directors or our shareholders; general economic and market conditions and overall fluctuations in the United States, Hong Kong or Shanghai equity markets; changes in accounting principles; trade disputes or U.S.-China government relations; and changes or developments in the United States, PRC, EU or global regulatory environment.

In addition, the stock market, in general, and pharmaceutical and biotechnology companies, in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our ordinary shares and/or ADSs, regardless of our actual operating performance. Further, volatility in the financial markets and related factors beyond our control may cause the ordinary share, ADS and/or RMB Share price to decline rapidly and unexpectedly.

The characteristics of capital markets in the United States, Hong Kong and Shanghai are different, which may cause volatility in the market price of the RMB Shares, Offshore Shares and/or ADSs.

Our ADSs are listed on the NASDAQ in the United States under the symbol "BGNE", our ordinary shares are listed on the HKEX in Hong Kong under the stock code "06160", and our RMB Shares are listed on the STAR Market in the PRC. Under current PRC laws and regulations, our ADSs and ordinary shares listed on the NASDAQ and the HKEX are not interchangeable or fungible with the RMB Shares listed on the STAR Market, and there is no trading or settlement between either the NASDAQ or the HKEX on the one hand, and the STAR Market on the other hand. The three markets have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these major differences, the trading prices of our ordinary shares, ADSs and RMB Shares might not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to its home capital market could materially and adversely affect the price of the ordinary shares and/or RMB Shares, and vice versa. Because of the different characteristics of the U.S., Hong Kong and Shanghai equity markets, the historic market prices of our ADSs, ordinary shares and RMB Shares may not be indicative of the performance of our securities going forward.

We may be subject to securities litigation, which is expensive and could divert management attention.

Companies that have experienced volatility in the volume and market price of their shares have been subject to an increased incidence of securities class action litigation, particularly in our industry in recent years. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, and, if adversely determined, could have a material adverse effect on our business, financial condition and results of operations.

Future sales of our ordinary shares, ADSs and/or RMB Shares in the public market could cause the ordinary share, ADS and/or RMB Share price to fall.

The price of our ordinary shares, ADSs and/or RMB Shares could decline as a result of sales of a large number of the ordinary shares, ADSs and/or RMB Shares or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of February 14, 2022, 1,334,804,281 ordinary shares, par value US$0.0001 per share, were outstanding, of which 973,604,879 ordinary shares were held in the form of 74,892,683 ADSs, each representing 13 ordinary shares, and 115,055,260 were RMB Shares.

We filed a registration statement on Form S-3 with the SEC on behalf of certain shareholders on May 11, 2020, registering 300,197,772 ordinary shares, including 224,861,338 ordinary shares in the form of 17,297,026 ADSs to be resold by the selling shareholders identified therein and in any related prospectus supplement from time to time. Furthermore, we have registered or plan to register the offer and sale of all securities that we have issued and may issue in the future under our equity compensation plans, including upon the exercise of share options and vesting of restricted share units and under our employee share purchase plan. If these additional securities are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ordinary shares, ADSs and/or RMB Shares could decline. Amgen also has specified registration rights upon expiration of a lock-up period.

In addition, in the future, we may issue additional ordinary shares, ADSs, RMB Shares or other equity or debt securities convertible into ordinary shares, ADSs or RMB Shares in connection with a financing, acquisition, license, litigation settlement, employee arrangements or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and could cause the ordinary share, ADS and/or RMB Share price to decline.

We face increased regulatory scrutiny and compliance costs due to our listing on the STAR Market of the SSE.

We are subject to the applicable laws, rules and regulations governing public companies listed on the STAR Market in addition to the various laws, rules and regulations that we are subject to in the United States and Hong Kong. The listing and trading of our equity securities in multiple jurisdictions and multiple markets will lead to increased compliance obligations and costs for us, and we may face the risk of significant intervention by regulatory authorities in these jurisdictions and markets, such as inquiries, investigations, enforcement actions and other regulatory proceedings by regulatory authorities. In addition, we may be subject to securities litigation filed with the courts in China by the investors with respect to the RMB Shares traded on the STAR Market.

The triple listing of our ADSs, ordinary shares and RMB Shares may adversely affect the liquidity and value of our ADSs, ordinary shares and/or RMB Shares.

Our ADSs are traded on the NASDAQ, our existing ordinary shares maintained on our Cayman register in Cayman Islands and Hong Kong register in Hong Kong, are traded on the HKEX, and our RMB Shares are traded on the STAR Market. The triple listing of our ADSs, ordinary shares and RMB Shares may dilute the liquidity of these securities in one or all three markets and may adversely affect the maintenance of an active trading market for ADSs in the United States, the ordinary shares in Hong Kong, and/or the RMB Shares in the PRC. The price of our ADSs, ordinary shares and/or RMB Shares could also be adversely affected by trading of our securities on other markets. We may decide at some point in the future to delist our RMB Shares from the STAR Market, and our shareholders may approve such delisting. We cannot predict the effect such delisting of our RMB Shares on the STAR Market would have on the market price of our ADSs on the NASDAQ or our ordinary shares on the HKEX.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of the ordinary shares, ADSs and/or RMB Shares for return on your investment.

We intend to retain most, if not all, of our available funds and earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ordinary shares, ADSs and/or RMB Shares as a source for any future dividend income.

Our board of directors has significant discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual and regulatory restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ordinary shares, ADSs and/or RMB Shares will likely depend entirely upon any future price appreciation of the ordinary shares, ADSs and/or RMB Shares. There is no guarantee that the ordinary shares, ADSs and/or RMB Shares will appreciate in value or even maintain the price at which you purchased the ordinary shares, ADSs and/or RMB Shares. You may not realize a return on your investment in the ordinary shares, ADSs and/or RMB Shares and you may even lose your entire investment in the ordinary shares, ADSs and/or RMB Shares.

If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, the market price for the ordinary shares, ADSs and/or RMB Shares and trading volume could decline.

The trading market for the ordinary shares, ADSs and RMB Shares relies in part on the research and reports that equity research analysts publish about us or our business. We do not control these analysts. If research analysts do not maintain adequate research coverage or if one or more of the analysts who covers us downgrades the ordinary shares, ADSs and/or RMB Shares or publishes inaccurate or unfavorable research about our business, the market price for the ordinary shares, ADSs and/or RMB Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ordinary shares, ADSs and/or RMB Shares to decline significantly.

We are a Cayman Islands company. Because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under Hong Kong law, Chinese law or U.S. law, our shareholders may have fewer shareholder rights than they would have under Hong Kong law, Chinese law or U.S. law and may face difficulties in protecting their interests.

We are an exempted company with limited liability incorporated in the Cayman Islands. Our corporate affairs are governed by our amended and restated memorandum and articles of association (as may be further amended from time to time), the Companies Law (as amended) of the Cayman Islands, and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. This common law is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on courts in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in Hong Kong, mainland China and the United States. In particular, the Cayman Islands has a less developed body of securities law than Hong Kong, mainland China or the United States. In addition, some states in the United States, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

In addition, as a Cayman Islands exempted company, our shareholders have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders, with the exception that shareholders may request a copy of the current amended and restated memorandum and articles of association. Our directors have discretion under our amended and restated articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for shareholders to obtain the information needed to establish facts necessary for a shareholder action or to solicit proxies from other shareholders in connection with a proxy contest. As a Cayman Islands company, we may not have standing to initiate a derivative action in a Hong Kong, mainland China or U.S. federal court. As a result, shareholders may be limited in their ability to protect their interests if they are harmed in a manner that would otherwise enable them to sue in a United States federal court. In addition, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in Hong Kong, mainland China or U.S. federal courts.

Some of our directors and executive officers reside outside of Hong Kong and the United States and a substantial portion of their assets are located outside of Hong Kong and the United States. As a result, it may be difficult or impossible for shareholders to bring an action against us or against these individuals in Hong Kong or in the United States in the event that shareholders believe that their rights have been infringed under the securities laws of Hong Kong, the United States or otherwise. In addition, some of our directors and executive officers reside outside of China. To the extent our directors and executive officers reside outside of China or their assets are located outside of China, it may not be possible for investors to effect service of process upon us or our management inside China. Even if shareholders are successful in bringing an action, the laws of the Cayman Islands and China may render them unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, Hong Kong or China, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

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

Voting rights of our ADS holders are limited by the terms of the deposit agreement. The depositary for the ADSs will give us a discretionary proxy to vote our ordinary shares underlying our ADS holders ADSs if they do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect their interests.

Holders of our ADSs may exercise their voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of the deposit agreement. Upon receipt of voting instructions from ADS holders in the manner set forth in the deposit agreement, the depositary for the ADSs will endeavor to vote the holder's underlying ordinary shares in accordance with these instructions. Under our articles of association, the minimum notice period required for convening an annual general meeting is 21 calendar days and the minimum notice period required for convening an extraordinary general meeting is 14 calendar days. When a general meeting is convened, ADS holders may not receive sufficient notice of a shareholders' meeting to permit them to withdraw their ordinary shares to allow them to cast your vote with respect to any specific matter at the meeting. In addition, the depositary and its agents may not be able to send voting instructions to ADS holders or carry out their voting instructions in a timely manner. We will make reasonable efforts to cause the depositary to extend voting rights to our ADS holders in a timely manner, but they may not receive the voting materials in time to ensure that they can instruct the depositary to vote your shares.

Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, ADS holders may not be able to exercise their right to vote and they may lack recourse if the ordinary shares underlying their ADSs are not voted as they requested.

Under the deposit agreement for the ADSs, the depositary will give us a discretionary proxy to vote the ordinary shares underlying ADS holders' ADSs at shareholders' meetings if such holders do not give voting instructions to the depositary, unless:

- we have failed to timely provide the depositary with our notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting; or
- a matter to be voted on at the meeting would have a material adverse impact on shareholders.

The effect of this discretionary proxy is that, if ADS holders fail to give voting instructions to the depositary, they cannot prevent the ordinary shares underlying their ADSs from being voted, absent the situations described above, and it may make it more difficult for such ADS holders to influence our management. Holders of our ordinary shares are not subject to this discretionary proxy.

Anti-takeover provisions in our constitutional documents may discourage our acquisition by a third party, which could limit our shareholders' opportunity to sell their shares at a premium.

Our amended and restated memorandum and articles of association include provisions that could limit the ability of others to acquire control of our company, could modify our structure or could cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares, at a premium over prevailing market prices by discouraging third parties from seeking to obtain control in a tender offer or similar transaction.

For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix the powers and rights of these shares, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could thus be issued quickly with terms calculated to delay or prevent a change in control or make removal of management more difficult. In addition, if our board of directors authorizes the issuance of preferred shares, the market price of the ordinary shares and/or ADSs may fall and the voting and other rights of the holders of our ordinary shares and/or ADSs may be materially and adversely affected.

Furthermore, our amended and restated articles of association permit our directors to vary all or any of the rights attaching to any class of shares in issue without the consent of shareholders but only if such variation is considered by the directors not to have a material adverse effect upon such holders. The amended and restated articles of association provide that the holders must consent to any such material adverse changes in the manner set out therein.

Because our directors are divided into three classes with staggered terms of three years each, shareholders can only elect or remove a limited number of our directors in any given year. The length of these terms could present an obstacle to certain actions, such as a merger or other change of control, which could be in the interest of our shareholders.

Our amended and restated memorandum and articles of association designate specific courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated memorandum and articles of association provide that, unless we consent in writing to the selection of an alternative forum, the courts of Cayman Islands will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of us, any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us to us or our shareholders, any action asserting a claim arising pursuant to any provision of the Companies Law of the Cayman Islands as amended from time to time, or the amended and restated memorandum and articles of association, or any action asserting a claim governed by the internal affairs doctrine (as such concept is recognized under the U.S. laws). In connection with our offering and listing on the STAR Market, our shareholders approved the Sixth Amended and Restated Memorandum and Articles of Association, which became effective on December 15, 2021. The Sixth Amended and Restated Memorandum and Articles of Association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act"). In addition, the Sixth Amended and Restated Memorandum and Articles of Association provide that any person or entity purchasing or otherwise acquiring any interest in any of our securities is deemed to have notice of and consented to these provisions; provided, however, that shareholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and rules and regulations thereunder.

These provisions may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find these provisions of our amended and restated memorandum and articles of association inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

Our amended and restated memorandum and articles of association provide that any shareholder bringing an unsuccessful action against us may be obligated to reimburse us for any costs we have incurred in connection with such unsuccessful action.

Our amended and restated memorandum and articles of association provide that under certain circumstances the fees, costs, and expenses that we incur in connection with actions or proceedings brought by any person or entity, which we refer to as claiming parties, may be shifted to such person or entity. If a claiming party asserts any claim; initiates any proceeding; or joins, offers substantial assistance to, or has a direct financial interest in any claim or proceeding against us, and such claiming party or the third party that received substantial assistance from the claiming party or in whole claim the claiming party had a direct financial interest is unsuccessful in obtaining a judgment on the merits in which the claiming party prevails, then such claiming party shall (to the fullest extent permitted by law) be obligated to reimburse us for all fees, costs, and expenses, including but not limited to all reasonable attorneys' fees and other litigation expenses, that we may incur in connection with such claim or proceeding.

Fee-shifting articles are relatively new and untested in the Cayman Islands, the United States, Hong Kong and mainland China. The case law and potential legislative action on fee-shifting articles are evolving and there exists considerable uncertainty regarding the validity of, and potential judicial and legislative responses to, such articles. The application of our fee-shifting article in connection with claims under the Cayman Islands, the United States, Hong Kong or Chinese securities laws, if any, will depend in part on future developments of the law. We cannot assure you that we will or will not invoke our fee-shifting article in any particular dispute. Consistent with our directors' fiduciary duties to act in the best interests of the Company, the directors may in their sole discretion from time to time decide whether or not to enforce this article. In addition, given the unsettled state of the law related to fee-shifting articles, such as ours, we may incur significant additional costs associated with resolving disputes with respect to such articles, which could adversely affect our business and financial condition.

If a shareholder that brings any such claim or proceeding is unable to obtain the judgment sought, the attorneys' fees and other litigation expenses that might be shifted to a claiming party may be significant. This fee-shifting article, therefore, may dissuade or discourage current or former shareholders (and their attorneys) from initiating lawsuits or claims against us. In addition, it may impact the fees, contingency or otherwise, required by potential plaintiffs' attorneys to represent our shareholders or otherwise discourage plaintiffs' attorneys from representing our shareholders at all. As a result, this article may limit the ability of shareholders to affect the management and direction of our company, particularly through litigation or the threat of litigation.

Holders of ADSs may be subject to limitations on transfer of their ADSs.

ADSs are transferable only on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, as amended, or for any other reason, subject to ADS holders' right to cancel their ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares.

In addition, holders of ADSs may not be able to cancel their ADSs and withdraw the underlying ordinary shares when they owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

The depositary for the ADSs is entitled to charge holders fees for various services, including annual service fees.

The depositary for the ADSs is entitled to charge holders fees for various services, including for the issuance of ADSs upon deposit of ordinary shares, cancellation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs, and annual service fees. In the case of ADSs issued by the depositary into The Depository Trust Company (DTC), the fees will be charged by the DTC participant to the account of the applicable beneficial owner in accordance with the procedures and practices of the DTC participant as in effect at the time.

Dealings in ordinary shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of the ADSs.

In connection with our Hong Kong public offering in 2018, we established a branch register of members in Hong Kong (the "Hong Kong share register"). Our ordinary shares that are traded on the HKEX, including those that may be converted from ADSs, are registered on the Hong Kong share register, and the trading of these ordinary shares on the HKEX are subject to Hong Kong stamp duty. To facilitate ADS to ordinary share conversion and trading between the NASDAQ and the HKEX, we moved a portion of our issued ordinary shares from our Cayman share register to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects a sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.2% of the greater of the consideration for, or the value of, shares transferred, with 0.1% payable by each of the buyer and the seller.

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their ordinary shares, including ordinary shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of the ADSs, the trading price and the value of your investment in our ADSs or ordinary shares may be affected.

Holders of ADSs may not receive distributions on our ordinary shares or any value for them if it is illegal or impractical to make them available.

The depositary of the ADSs has agreed to ADS holders the cash dividends or other distributions it or the custodian for the ADSs receives on our ordinary shares or other deposited securities after deducting its fees and expenses. ADS holders will receive these distributions in proportion to the number of our ordinary shares that their ADSs represent. However, the depositary is not responsible for making such payments or distributions if it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act, but that are not properly registered or distributed pursuant to an applicable exemption from registration. The depositary is not responsible for making a distribution available to any holders of ADSs if any government approval or registration required for such distribution cannot be obtained after reasonable efforts made by the depositary. We have no obligation to take any other action to permit the distribution of the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that holders of ADSs may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to such holders. These restrictions may materially reduce the value of our ADSs.

Holders of ADSs may not be able to participate in rights offerings and may experience dilution of their holdings.

From time to time, we may distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs or are registered under the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to try to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

Our corporate actions are substantially controlled by our directors, executive officers and other principal shareholders, who can exert significant influence over important corporate matters, which may reduce the price of our ordinary shares, ADSs and/or RMB Shares and deprive shareholders of an opportunity to receive a premium for their ordinary shares, ADSs and/or RMB Shares.

Our directors, executive officers and principal shareholders beneficially owned approximately 55% of our outstanding ordinary shares as of February 14, 2022. These shareholders, if acting together, could exert substantial influence over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ordinary shares, ADSs and/or RMB Shares. These actions may be taken even if they are opposed by our other shareholders. In addition, these persons could divert business opportunities away from us to themselves or others.

RISK FACTORS

We may be a passive foreign investment company in future taxable years, which may have adverse U.S. federal income tax consequences for U.S. shareholders.

A non-U.S. corporation will be classified as a "passive foreign investment company" (PFIC) for any taxable year if either (1) 75% or more of its gross income consists of certain types of passive income or (2) 50% or more of the average quarterly value of its assets during such year produce or are held for the production of passive income. Based upon the composition of our income and assets, we believe that we were not a PFIC for the taxable year ended December 31, 2021. Nevertheless, because our PFIC status must be determined annually with respect to each taxable year and will depend on the composition and character of our assets and income, including our use of proceeds from any equity offerings, and the value of our assets (which may be determined, in part, by reference to the market value of our ADSs and ordinary shares, which may be volatile) over the course of such taxable year, we may be a PFIC in any taxable year. The determination of whether we will be or become a PFIC may also depend, in part, on how, and how quickly, we use our liquid assets and the cash raised in equity offerings. If we determine not to deploy significant amounts of cash for active purposes, our risk of being a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year. In addition, it is possible that the Internal Revenue Service may challenge our classification of certain income and assets as non-passive, which may result in our being or becoming a PFIC in the current or subsequent years.

If we are a PFIC for any taxable year during a U.S. shareholder's holding period of the ordinary shares or ADSs, then such U.S. shareholder may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ordinary shares or ADSs and on the receipt of distributions on the ordinary shares or ADSs to the extent such distribution is treated as an "excess distribution" under the United States federal income tax rules. In addition, such holders may be subject to burdensome reporting requirements.

Further, if we are classified as a PFIC for any year during which a U.S. shareholder holds our ordinary shares or ADSs, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. shareholder holds such ordinary shares or ADSs. Each U.S. shareholder should consult its tax advisor regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership and disposition of the ordinary shares and ADSs.

If you are a "Ten Percent Shareholder," you may be subject to adverse U.S. federal income tax consequences if we are classified as a Controlled Foreign Corporation.

Each "Ten Percent Shareholder" (as defined below) in a non-U.S. corporation that is classified as a "controlled foreign corporation" (CFC), for U.S. federal income tax purposes is generally required to include in income for U.S. federal tax purposes such Ten Percent Shareholder's pro rata share of the CFC's "Subpart F income" and investment of earnings in U.S. property, even if the CFC has made no distributions to its shareholders. Each Ten Percent Shareholder is also required to include in gross income its "global intangible low-taxed income," which is determined by reference to the income of CFCs of which such Ten Percent Shareholder is a Ten Percent Shareholder. Ten Percent Shareholders that are corporations may be entitled to a deduction equal to the foreign portion of any dividend when a dividend is paid. A non-U.S. corporation will generally be classified as a CFC for U.S federal income tax purposes if Ten Percent Shareholders own in the aggregate, directly or indirectly, more than 50% of either the total combined voting power of all classes of stock of such corporation entitled to vote or of the total value of the stock of such corporation. A "Ten Percent Shareholder" is a U.S. person (as defined by the Internal Revenue Code of 1986, as amended), who owns or is considered to own 10% or more of the total combined voting power of all classes of stock entitled to vote of such corporation or 10% of the value of all classes of stock of such corporation. The determination of CFC status is complex and includes attribution rules, the application of which is not entirely certain.

Although we believe we are not a CFC now, we may become one or own interests in one in the future. Holders are urged to consult their own tax advisors with respect to our potential CFC status and the consequences thereof.

FINANCIAL SUMMARY

	For the year ended December 31,				
	2017	2018	2019	2020	**2021**
	US$' 000	US$' 000	US$' 000	US$' 000	**US$' 000**
Operating results					
Product revenue, net	24,428	130,885	222,596	308,874	**633,987**
Collaboration revenue	213,959	67,335	205,616	–	**542,296**
Total revenues	238,387	198,220	428,212	308,874	**1,176,283**
Gross profit	233,413	169,515	357,022	238,217	**1,011,377**
Loss before income tax expense	91,064	689,829	943,586	1,618,194	**1,438,588**
Net Loss	93,299	674,033	950,578	1,600,523	**1,413,354**
Net loss attributable to BeiGene, Ltd.	93,105	673,769	948,628	1,596,906	**1,413,354**
Profitability					
Gross margin (%)	98%	86%	83%	77%	**86%**
Net profit margin (%)	-39%	-340%	-222%	-518%	**-120%**

	For the year ended December 31,				
	2017	2018	2019	2020	**2021**
	US$' 000	US$' 000	US$' 000	US$' 000	**US$' 000**
Financial position					
Cash, cash equivalents, and restricted cash	239,602	740,713	620,775	1,390,005	**4,382,887**
Short-term investments	597,914	1,068,509	364,728	3,268,725	**2,241,962**
Working capital	763,509	1,697,390	862,384	3,885,491	**6,014,325**
Total assets	1,046,479	2,249,684	1,612,289	5,600,757	**8,645,949**
Total liabilities	362,248	496,037	633,934	1,731,514	**2,402,962**
Noncontrolling interest	14,422	14,445	16,150	–	**–**
Total equity (deficit)	684,231	1,753,647	978,355	3,869,243	**6,242,987**

(1) Financial results and financial position for the relevant periods are prepared based on Annual Report on Form 10-K, which were filed with SEC.

OVERVIEW

We are a global, commercial-stage biotechnology company focused on discovering, developing, manufacturing, and commercializing innovative medicines to improve treatment outcomes and expand access for patients worldwide.

We currently have three approved medicines that were discovered and developed in our own labs, including BRUKINSA®, a small molecule inhibitor of Bruton's Tyrosine Kinase (BTK) for the treatment of various blood cancers; tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers; and pamiparib, a selective small molecule inhibitor of PARP1 and PARP2. We have obtained approvals to market BRUKINSA® in the United States, China, EU, U.K., Canada, Australia and additional international markets, and tislelizumab and pamiparib in China. By leveraging our China commercial capabilities, we have in-licensed the rights to distribute 13 approved medicines for the China market. Supported by our global clinical development and commercial capabilities, we have entered into collaborations with world-leading biopharmaceutical companies such as Amgen and Novartis to develop and commercialize innovative medicines.

We are committed to advancing best and first-in-class clinical candidates internally or with like-minded partners to develop impactful and affordable medicines for patients across the globe. Our internal clinical development capabilities are deep, including a more than 2,200-person global clinical development team that is running more than 90 ongoing or planned clinical trials in over 30 medicines and drug candidates. This includes more than 30 pivotal or potentially registration-enabling trials across our portfolio, including our three internally discovered, approved medicines. We have enrolled in our clinical trials more than 14,500 subjects, of which approximately one-half have been outside of China.

We have built, and are expanding, our internal manufacturing capabilities through our state-of-the-art biologic and small molecule manufacturing facilities in China to support current and potential future demand of our medicines, and plan to build a commercial-stage biologics manufacturing and clinical R&D center in New Jersey. We also work with high quality CMOs to manufacture our internally developed clinical and commercial products.

Since our inception in 2010, we have become a fully integrated global organization of over 8,000 employees in 23 countries and regions, including the United States, China, Europe, and Australia.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENTS

On April 19, 2022, we announced the presentation of updated data analyses from the Phase 3 RATIONALE-309 trial of tislelizumab in combination with chemotherapy versus chemotherapy plus placebo as a first-line treatment for patients with recurrent or metastatic nasopharyngeal cancer (RM-NPC), at the virtual American Society of Clinical Oncology (ASCO) Plenary Series on April 19, 2022.

On April 15, 2022, we announced that the NMPA has granted approval to tislelizumab as a treatment for patients with locally advanced or metastatic esophageal squamous cell carcinoma (ESCC) who have disease progression or are intolerant to first-line standard chemotherapy.

On April 11, 2022, we announced results from the Phase 3 ALPINE trial showing BTK inhibitor BRUKINSA® demonstrated superiority versus ibrutinib in overall response rate as assessed by an Independent Review Committee in adult patients with relapsed or refractory (R/R) chronic lymphocytic leukemia (CLL) or small lymphocytic lymphoma (SLL).

On April 6, 2022, we announced that marketing authorization applications (MAA) for tislelizumab, submitted by Novartis, the license holder in Europe, have been validated for regulatory review by the European Medicines Agency ("EMA") for patients with advanced or metastatic ESCC after prior systemic chemotherapy and for patients with non-small cell lung cancers (NSCLC) including: As monotherapy for the treatment of locally advanced or metastatic NSCLC after prior chemotherapy in adults; in combination with carboplatin and either paclitaxel or nab-paclitaxel for the first-line treatment of locally advanced or metastatic squamous NSCLC in adults, and in combination with pemetrexed and platinum-containing chemotherapy for the first-line treatment of locally advanced or metastatic non-squamous NSCLC in adults whose tumors have no EGFR or ALK positive mutations.

On March 11, 2022, we announced that the NMPA has granted conditional approval to our anti-PD-1 antibody, tislelizumab, for the treatment of adult patients with advanced unresectable or metastatic microsatellite instability-high (MSI-H) or mismatch repair deficient (dMMR) solid tumors.

On February 22, 2022, we announced that the FDA has accepted a sNDA for BRUKINSA® for the treatment of adult patients with CLL or SLL. CLL is the most common form of adult leukemia. The Prescription Drug User Fee Act (PDUFA) target action date is October 22, 2022.

On February 22, 2022, we announced that the EMA has accepted for review two new indication applications for our BTK inhibitor BRUKINSA®, for the treatment of patients with CLL and for the treatment of patients with marginal zone lymphoma (MZL).

On February 17, 2022, we announced that BRUKINSA® received approval from Swissmedic for the treatment of adult patients with Waldenström's macroglobulinemia (WM) who have received at least one prior line of therapy, or for treatment-naïve patients who are not suited for standard chemo-immunotherapy. BRUKINSA® had previously been granted orphan drug status.

On January 28, 2022, we announced that the CDE of the NMPA has accepted an sNDA for BRUKINSA® as a treatment for adult patients with CLL or SLL and granted BRUKINSA® breakthrough therapy designation (BTD).

On January 20, 2022, we announced that the CDE of the NMPA accepted an sNDA for BRUKINSA® as a treatment for adult patients with WM.

On January 6, 2022, we announced that the NMPA approved our anti-PD-1 antibody tislelizumab as a second- or third-line treatment for patients with locally advanced or metastatic NSCLC.

On December 20, 2021, we announced an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize our investigational TIGIT inhibitor ociperlimab in North America, Europe, and Japan. We granted Novartis an exclusive time-based option under which, upon exercise by Novartis prior to late 2023, we agreed to jointly develop ociperlimab, with Novartis responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals in the licensed territory. During the option period Novartis will conduct and fund additional global clinical trials of ociperlimab in combination with tislelizumab in selected tumor types. In addition, following option exercise, both companies may conduct clinical trials globally to explore combinations of ociperlimab with other cancer treatments. Following approval, we will co-detail the product in the U.S. In addition, the companies entered into an agreement granting BeiGene rights to market, promote and detail five approved Novartis oncology products, TAFINLAR® (dabrafenib), MEKINIST® (trametinib), VOTRIENT® (pazopanib), AFINITOR® (everolimus), and ZYKADIA® (ceritinib).

On December 20, 2021, we announced the official launch of the BeiGene Bioisland Innovation Center (BIC) in Guangzhou, China to enable scientists and entrepreneurs to accelerate development of highly differentiated, cutting-edge medical innovations. The BIC is an innovator-centric incubator built on BeiGene's goal of supporting exploration of new paths to meet patient needs around the world.

On December 15, 2021, we announced that the United Kingdom Medicines and Healthcare products Regulatory Agency has granted a marketing authorization for BRUKINSA® in Great Britain, for the treatment of eligible adult patients with WM who have received at least one prior therapy or for the first-line treatment of eligible patients unsuitable for chemo-immunotherapy.

On December 13, 2021, we announced that we entered into a collaboration agreement with Nanjing Leads Biolabs, Inc. (Leads Biolabs) granting BeiGene worldwide research, development and manufacturing rights and exclusive commercialization rights outside of China to LBL-007, a novel investigational antibody targeting the LAG-3 pathway. Leads Biolabs received an upfront cash payment and is eligible to receive additional milestone payments and royalties pending successful development, regulatory approval and commercialization of the licensed candidates.

On December 2, 2021, we announced inclusion in the NRDL of anti-PD-1 antibody tislelizumab in three new indications, including in lung and liver cancers; BRUKINSA® in one new indication; and the initial listing for PARP inhibitor pamiparib. The changes to the NRDL were effective on January 1, 2022.

On December 2, 2021, we announced the NMPA approved SYLVANT® (siltuximab for injection), licensed from EUSA Pharma (EUSA), for the treatment of adult patients with multicentric Castleman disease (MCD) who are human immunodeficiency virus (HIV) negative and human herpes virus-8 (HHV-8) negative, also known as idiopathic MCD (iMCD). Siltuximab is a monoclonal antibody approved in the United States, European Union, and other countries and regions around the world.

On November 23, 2021, we announced the commencement of an initial public offering (the "STAR Offering") on the STAR Market of the SSE. The total number of shares offered in the STAR Offering was 115,055,260 ordinary shares, par value US$0.0001 per share, which represents 8.62% of our total outstanding ordinary shares as of October 31, 2021, after giving effect to the shares being offered. The shares offered in the STAR Offering (the "RMB Shares") were issued to and subscribed for by permitted investors in the PRC and listed and traded on the STAR Market in Renminbi. On November 30, 2021, we announced the public offering price of the RMB Shares was RMB192.60 per RMB Share, which equates to HK$234.89 per ordinary share and US$391.68 per ADS, based on an assumed exchange rate of RMB0.81996 to HK$1.00 and RMB6.3924 to US$1.00. On December 14, 2021, we announced that we completed the STAR Offering and the RMB Shares began trading on the STAR Market under the stock code "688235" on December 15, 2021. The gross proceeds from the STAR Offering, before deducting underwriting commissions and other estimated offering expenses, were approximately RMB22.2 billion, or approximately US$3.5 billion.

On November 23, 2021, we announced that the European Commission approved BRUKINSA® for the treatment of adult patients with WM who have received at least one prior therapy or for the first-line treatment of patients unsuitable for chemo-immunotherapy. The approval is applicable to all 27 EU member states, plus Iceland and Norway.

On November 23, 2021, we announced that we purchased a 42-acre site at the Princeton West Innovation Park in Hopewell, N.J. to house a new state-of-the-art manufacturing campus and clinical R&D center.

On November 14, 2021, we and NewBridge Pharmaceuticals, a specialty company in the Middle East and North Africa regions established to bridge the access gap by partnering with global pharma and biotech companies, announced that BRUKINSA® was approved in Saudi Arabia for the treatment of adult patients with mantle cell lymphoma (MCL) who have received at least one prior therapy.

FUTURE AND OUTLOOK

We were founded to fight cancer with a belief that millions of people around the world still have limited or no access to high-quality, innovative, and affordable medicines. We also believe that the industry is in a time of fundamental change driven by regulatory policy updates, scientific progress, and globalization. To seize this opportunity, we have built key competitive advantages in research, clinical development, commercialization, and manufacturing that are designed to drive our business into the future. We intend to continue to expand our competitive advantages and become a global leader by focusing on the following key strategic imperatives:

1. **Research and innovation focus.** We have built significant oncology research capabilities with a team of more than 700 scientists with a proven track record of discovering innovative medicines. Our approach is to leverage our deep internal capabilities and technology platforms to develop medicines that are expected to be highly impactful and have a clear differentiation hypothesis. The strength of our research has been validated by our global clinical trial results, regulatory approvals, and collaborations. From our internal discovery engine, we have successfully developed three approved medicines: BRUKINSA®, tislelizumab, and pamiparib. We are also developing ociperlimab (TIGIT antibody), which is in pivotal stage trials and was recently entered into an option, collaboration and license agreement with Novartis for North America, Europe and Japan; BGB-11417 (BCL2 inhibitor), which is expected to start pivotal trials in 2022; multiple early-stage clinical assets, including OX40, TIM3, and PI3K delta, HPK-1, that are expected to have initial clinical data readouts in 2022 and 2023; and have over 50 additional pre-clinical programs, approximately one-half of which may potentially be first-in-class or best-in-class. Going forward, we plan to continue to invest in research and innovation with the aim of discovering additional first-in-class or best-in-class innovative medicines for patients.

2. **World-class clinical development.** We believe that global clinical development capabilities are essential to succeed in the current and future environment. We have built an internal clinical development and medical affairs team of over 2,200 people worldwide that develops our product candidates largely without the assistance of third-party CROs. We believe this approach has several benefits: first, we can be more inclusive in the location and number of clinical sites to help improve enrollment speed and the diversity of patients in our trials; second, we have control over our own technology systems and can focus on improved operational excellence; and third, we believe there are cost advantages through large scale and China-inclusive multi-regional clinical trials that have a broad patient population. We aim to improve the speed and cost-efficiency of clinical development while maintaining the highest global quality standards. We believe that our demonstrated ability to successfully complete large-scale, multi-regional clinical trials is one of our most important strategic competitive advantages and addresses a large challenge in the pharmaceutical industry – clinical development, which accounts for the majority of time and cost required to bring most oncology medicines to patients.

3. **China commercial leadership.** We have built a strong, science-based commercial team in China, with over 3,100 colleagues spread across the country for broad and deep coverage and organized under experienced executive leadership. We have built a commercial portfolio of oncology medicines through our internal discovery and in-licensing efforts, striving to be a partner of choice and creating mutual benefits with our partners wherever possible. We believe that our commercial capabilities in China, coupled with our China-inclusive clinical development capabilities conducted at global-quality standards, enable us to attract favorable in-licensing opportunities. We plan to further leverage our China commercial organization and create advantages in scale, speed, and quality to continue to establish ourselves as a commercial leader in China.

4. **Global leadership, access, and reputation.** In the United States, we market BRUKINSA® and have a targeted commercial team focused on medical thought leaders in blood cancer treatments. This competitive foothold is based on the differentiated clinical profile of BRUKINSA®. BRUKINSA® sales have continued to grow in the U.S. as we expand our label in multiple new indications. Our strategy is to commercialize our medicines broadly throughout the world. In Europe, we recently received approval for BRUKINSA® in WM, and we are launching the product across European countries. Our commercial capabilities have also expanded into Canada through our own affiliate and into Latin America through a distribution partner. In the Asia Pacific region, we have launched, or are planning to launch our products, including in China, Australia and other key countries. All together, BRUKINSA® has been approved in 45 countries, with additional filings pending or planned. We aspire to establish our reputation globally as a leading biotechnology company by continuing to deliver highly effective and differentiated medicines in the United States, China, Europe, and other international markets.

5. **Broad accessibility.** We believe that our commercial scale in China, potentially lower costs and faster speed in clinical development, sizeable portfolio of innovative product candidates, and overall commercial expertise in serving large, underserved populations give us a unique competitive advantage and create an opportunity for us to be an early mover in providing innovative medicines at more affordable prices to many geographies that are not traditionally the focus for international pharmaceutical or biotechnology companies. We plan to focus our long-term strategy on seeking approvals of our portfolio compounds globally and building clinical development and commercial capabilities in these markets, either alone or through our collaborators.

FINANCIAL REVIEW

Components of Operating Results

Revenue

Product Revenue

We generate product revenue through the sale of our three internally developed products and our in-licensed medicines from our partners.

Revenues from product sales are recognized when there is a transfer of control from the Company to the customer. The Company determines transfer of control based on when the product is delivered, and title passes to the customer. Revenues from product sales are recognized net of variable consideration resulting from rebates, chargebacks, trade discounts and allowances, sales returns allowances and other incentives. Provisions for estimated reductions to revenue are provided for in the same period the related sales are recorded and are based on contractual terms, historical experience and trend analysis.

Collaboration Revenue

We recognize collaboration revenue for amounts earned under collaborative and out-licensing arrangements. In January 2021, we entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize tislelizumab in the United States, Canada, Mexico, member countries of the European Union, United Kingdom, Norway, Switzerland, Iceland, Liechtenstein, Russia, and Japan (the "Novartis Territory"). There were two performance obligations identified at the outset of the agreement: (1) the exclusive license to develop, manufacture, and commercialize tislelizumab in the Novartis Territory, transfer of know-how and use of the tislelizumab trademark and (2) conducting and completing ongoing trials of tislelizumab (R&D services). Under this agreement, we received an upfront cash payment, which was allocated between the two performance obligations identified in the agreement based on the relative standalone selling prices of the performance obligations. The portion allocated to the license was recognized upon the delivery of the license right and transfer of know-how. The portion of the upfront payment allocated to the R&D services was deferred and is being recognized as collaboration revenue as the R&D services are performed using a percentage of completion method. Estimated costs to complete are reassessed on a periodic basis and any updates to the revenue earned are recognized on a prospective basis.

In December 2021, we expanded our collaboration with Novartis by entering into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize our investigational TIGIT inhibitor ociperlimab in the Novartis Territory. In addition, we entered into an agreement with Novartis which granted us rights to market, promote and detail five approved Novartis oncology products, TAFINLAR® (dabrafenib), MEKINIST® (trametinib), VOTRIENT® (pazopanib), AFINITOR® (everolimus), and ZYKADIA® (ceritinib), across designated regions of China referred to as "broad markets." There were three performance obligations identified at the outset of the arrangement: (1) a material right for the option to the exclusive product license, (2) the right to access ociperlimab in clinical trials during the option period provided to Novartis, combined with the initial transfer of BeiGene know-how, and (3) conducting clinical trials of ociperlimab during the option period (R&D services). The market development activities are considered immaterial in the context of the agreements. Under this agreement, we received an upfront cash payment, which was allocated between the three performance obligations identified in the agreement based on the relative standalone selling prices of the performance obligations. The portion allocated to the material right was deferred and will be recognized at the earlier of when Novartis exercises the option and the license is delivered or the expiration of the option period. The portion of the transaction price allocated to Novartis' right to access ociperlimab in its own clinical trials during the option period and the initial transfer of BeiGene know-how was deferred and is being recognized over the expected option period. The portion of the transaction price allocated to the R&D services was deferred and is being recognized as collaboration revenue as the R&D services are performed over the expected option period.

The option exercise fee under the ociperlimab agreement is contingent upon Novartis exercising its right, and is considered fully constrained until the option is exercised. The potential milestone payments that we are eligible to receive under both of the Novartis collaborations were excluded from the initial transaction prices, as all milestone amounts are variable consideration and were fully constrained due to uncertainty of achievement. Performance-based milestones will be recognized when the milestone event is achieved or when the risk of revenue reversal is remote. Sales-based milestones and royalties will be recognized when the underlying sales occur.

Expenses

Cost of Sales

Cost of sales includes the costs to manufacture our internally developed commercial products, as well as costs to purchase tislelizumab from Boehringer Ingelheim. Additionally, cost of sales included the cost of in-licensed products purchased for sale in the PRC. Costs to manufacture inventory in preparation for commercial launch of a product incurred prior to regulatory approval are expensed to research and development expense as incurred. Cost of sales for newly launched products will not be recorded until the initial pre-launch inventory is depleted and additional inventory is manufactured. To date, the Company's initial pre-launch inventory for its commercial products has been immaterial and has not had a significant impact on the Company's gross margin.

Research and Development Expenses

Research and development expenses consist of the costs associated with our research and development activities, conducting preclinical studies and clinical trials, and activities related to regulatory filings. Our research and development expenses consist of:

- expenses incurred under agreements with contract research organizations (CROs), CMOs, and consultants that conduct and support clinical trials and preclinical studies;
- costs of comparator drugs in certain of our clinical trials;
- manufacturing costs related to pre-commercial activities;
- costs associated with preclinical activities and development activities;
- costs associated with regulatory operations;
- employee-related expenses, including salaries, benefits, travel and share-based compensation expense for research and development personnel;
- in-process research and development costs expensed as part of collaboration agreements entered into; and
- other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other supplies used in research and development activities.

Our current research and development activities mainly relate to the clinical advancement of our internally developed medicines and drug candidates:

- BRUKINSA® (zanubrutinib), a small molecule inhibitor of BTK;
- tislelizumab, a humanized monoclonal antibody against PD-1;
- ociperlimab, an investigational humanized monoclonal antibody against TIGIT;
- pamiparib, a selective small molecule inhibitor of PARP1 and PARP2;
- BGB-15025, an investigational hematopoietic progenitor kinase 1 (HPK1) inhibitor;
- BGB-11417, an investigational small molecular inhibitor of Bcl-2;
- BGB-A445, an investigational non-ligand competing OX40 monoclonal antibody;
- BGB-16673, an investigational Chimeric Degradation Activating Compound, or CDAC, targeting BTK; and
- BGB-A425, an investigational humanized monoclonal antibody against TIM-3.

Research and development activities also include costs associated with in-licensed drug candidates, including:

- R&D expense related to the co-development of pipeline assets under the Amgen Collaboration Agreement. Our total cost share obligation to Amgen is split between R&D expense and a reduction to the R&D cost share liability;
- sitravatinib, an investigational, spectrum-selective kinase inhibitor, licensed from Mirati Therapeutics, Inc. (Mirati);
- ZW25 (zanidatamab) and ZW49, two investigational bispecific antibody-based product candidates targeting HER2, licensed from Zymeworks Inc. (Zymeworks); and
- POBEVCY® (BAT1706), a biosimilar to Avastin® (bevacizumab), licensed from Bio-Thera Solutions, Ltd. (Bio-Thera).

We expense research and development costs when incurred. We record costs for certain development activities, such as clinical trials, based on an evaluation of the progress to completion of specific tasks using data such as subject enrollment, clinical site activations or information our vendors provide to us. We expense the manufacturing costs of our internally developed products that are used in clinical trials as they are incurred as research and development expense. We do not allocate employee-related costs, depreciation, rental and other indirect costs to specific research and development programs because these costs are deployed across multiple product programs under research and development and, as such, are separately classified as unallocated research and development expenses.

At this time, it is difficult to estimate or know for certain, the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our internally developed and in-licensed medicines and drug candidates. This is due to the numerous risks and uncertainties associated with developing such medicines and drug candidates, including the uncertainty of:

- successful enrollment in and completion of clinical trials;
- establishing an appropriate safety and efficacy profile;
- establishing and maintaining commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- receipt of marketing and other required approvals from applicable regulatory authorities;
- successfully launching and commercializing our medicines and drug candidates, if and when approved, whether as monotherapies or in combination with our medicines and drug candidates or third-party products;
- market acceptance, pricing and reimbursement;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our medicines and drug candidates;
- continued acceptable safety and efficacy profiles of the products following approval;
- sufficient supply of the products following approval;
- competition from competing products; and
- retention of key personnel.

A change in the outcome of any of these variables with respect to the development of any of our medicines and drug candidates would significantly change the costs, timing and viability associated with the commercialization or development of that medicine or drug candidate.

Research and development activities are central to our business model. We expect research and development costs to increase for the foreseeable future as our development programs progress, as we continue to support the clinical trials of our medicines and drug candidates as treatments for various cancers and as we move these medicines and drug candidates into additional clinical trials, including potential pivotal trials. There are numerous factors associated with the successful commercialization of any of our medicines and drug candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. Additionally, future commercial and regulatory factors beyond our control may impact our clinical development and commercial programs and plans.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of product promotion costs, distribution costs, salaries and related benefit costs, including share-based compensation for selling, general and administrative personnel. Other selling, general and administrative expenses include professional fees for legal, consulting, auditing and tax services as well as other direct and allocated expenses for rent and maintenance of facilities, travel costs, insurance and other supplies used in selling, general and administrative activities. We anticipate that our selling, general and administrative expenses will increase in future periods to support planned increases in commercialization activities for our approved medicines, and the preparation for potential launch and commercialization of additional in-licensed products from our collaborations and internally developed products, if approved. We also expect selling, general and administrative expenses to increase in future periods to support our research and development efforts, including the continuation of the clinical trials of our treatments for various cancers and the initiation of clinical trials for potential new indications or drug candidates. These cost increases will likely be due to increased promotional costs, increased headcount, increased share-based compensation expenses, expanded infrastructure and increased costs for insurance. We also incur significant legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company with our ADSs, ordinary shares and RMB Shares listed for trading on The NASDAQ Global Select Market, The Hong Kong Stock Exchange and The STAR Market of the Shanghai Stock Exchange, respectively.

Interest Income (Expense), Net

Interest Income

Interest income consists primarily of interest generated from our cash and short-term investments in money market funds, time deposits, U.S. Treasury securities and U.S. agency securities.

Interest Expense

Interest expense consists primarily of interest on our bank loans and related party loan.

Other Income (Expense), Net

Other income consists primarily of gains recognized related to equity investments, government grants and subsidies received that involve no conditions or continuing performance obligations by us, realized and unrealized gains and losses related to foreign currency exchange rates, unrealized gains and losses on equity securities, and realized gains and losses on the sale of investments. We hold significant cash in the form of RMB-denominated deposits, including the cash generated from the STAR Market offering in December 2021. Other income (expense) includes foreign currency remeasurement gains and losses based on foreign currency exchange rates.

RESULTS OF OPERATIONS

Comparison of the Years Ended December 31, 2021 and 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Changes	
	2021	2020		%
	(US dollars in thousands)			
Revenues				
Product revenue, net	**633,987**	308,874	325,113	105.3%
Collaboration revenue	**542,296**	–	542,296	N/A
Total revenues	**1,176,283**	308,874	867,409	280.8%
Expenses				
Cost of sales – product	**164,906**	70,657	94,249	133.4%
Research and development	**1,459,239**	1,294,877	164,362	12.7%
Selling, general and administrative	**990,123**	600,176	389,947	65.0%
Amortization of intangible assets	**750**	846	(96)	(11.3)%
Total expenses	**2,615,018**	1,966,556	648,462	33.0%
Loss from operations	**(1,438,735)**	(1,657,682)	218,947	(13.2)%
Interest (expense) income, net	**(15,757)**	1,998	(17,755)	(888.6)%
Other income, net	**15,904**	37,490	(21,586)	(57.6)%
Loss before income tax expense	**(1,438,588)**	(1,618,194)	179,606	(11.1)%
Income tax benefit	**(25,234)**	(17,671)	(7,563)	42.8%
Net loss	**(1,413,354)**	(1,600,523)	187,169	(11.7)%
Less: Net loss attributable to noncontrolling interest	**–**	(3,617)	3,617	(100.0)%
Net loss attributable to BeiGene, Ltd.	**(1,413,354)**	(1,596,906)	183,552	(11.5)%

Revenue

Total revenue increased by US$867.4 million to US$1.2 billion for the year ended December 31, 2021, from US$308.9 million for the year ended December 31, 2020, primarily due to collaboration revenue from the Novartis arrangement, increased sales of our internally developed products, and increased sales from our in-licensed products.

The following table summarizes the components of our revenue for the year ended December 31, 2021 and 2020, respectively:

	Year Ended December 31,		Changes	
	2021	2020		%
	(US dollars in thousands)			
Product revenue	**633,987**	308,874	325,113	105.3%
Collaboration revenue:				
License revenue	**484,646**	–	484,646	N/A
Research and development service revenue	**53,671**	–	53,671	N/A
Right to access intellectual property revenue	**3,979**	–	3,979	N/A
Total collaboration revenue	**542,296**	–	542,296	N/A
Total Revenue	**1,176,283**	308,874	867,409	280.8%

Net product revenue consisted of the following:

	Year Ended December 31,		Changes	
	2021	2020		%
	(US dollars in thousands)			
Tislelizumab	**255,119**	163,358	91,761	56.2%
BRUKINSA®	**217,987**	41,702	176,285	422.7%
REVLIMID®	**70,065**	47,372	22,693	47.9%
VIDAZA®	**19,591**	29,975	(10,384)	(34.6)%
ABRAXANE®	**–**	17,770	(17,770)	(100.0)%
XGEVA®	**45,956**	8,496	37,460	440.9%
BLINCYTO®	**12,515**	–	12,515	N/A
Other	**12,754**	201	12,553	6,245.3%
Total product revenue	**633,987**	308,874	325,113	105.3%

Net product revenue was US$634.0 million for the year ended December 31, 2021, compared to US$308.9 million in the prior year, primarily due to increased sales of BRUKINSA® in the United States and China and tislelizumab in China and in-licensed sales of Amgen's XGEVA® and BLINCYTO® in China, which we began distributing in July 2020 and August 2021, respectively.

Product revenues for the year ended December 31, 2021 were negatively impacted by adjustments of US$57.5 million as a result of compensating distributors for products previously sold at the pre-NRDL price, which remained in the distribution channel, due to the first inclusion of tislelizumab, BRUKINSA®, and XGEVA® in the updated NRDL effective March 1, 2021 and additional indications for tislelizumab, BRUKINSA® and pamiparib effective January 1, 2022. During the year ended December 31, 2021, the inclusion of tislelizumab, BRUKINSA®, XGEVA®, and pamiparib in the NRDL significantly increased patient demand that more than offset the net effect of price reductions as a result of NRDL inclusion.

Global sales of BRUKINSA® totaled US$218.0 million for the year ended December 31, 2021, representing a 422.7% increase compared to the prior year; U.S. sales of BRUKINSA® totaled US$115.7 million for the year ended December 31, 2021 compared to US$18.2 million in the prior year. U.S. sales accelerated in the period, driven by continued uptake in MCL and FDA approvals in WM and MZL. BRUKINSA® sales in China totaled US$101.2 million for the year ended December 31, 2021, representing growth of 331% compared to the prior year, driven by a significant increase in all approved indications, including CLL/SLL.

Sales of tislelizumab in China totaled US$255.1 million for the year ended December 31, 2021, representing a 56.2% increase compared to the prior year. During the year ended December 31, 2021, new patient demand from broader reimbursement and further expansion of our salesforce and hospital listings continued to drive increased market penetration and market share for tislelizumab. Full year 2021 sales of tislelizumab included two negative adjustments totaling US$45.6 million for distributor channel inventory compensation as a result of inclusion in the March 2021 and January 2022 NRDL lists.

Collaboration revenue totaled US$542.3 million for the year ended December 31, 2021. US$484.6 million was recognized upon delivery of the tislelizumab license right and transfer of know-how to Novartis under our collaboration and license agreement with Novartis, US$53.7 million was recognized from deferred revenue for R&D services performed during the year ended December 31, 2021 under both the tislelizumab and ociperlimab collaborations, and US$4.0 million was recognized from deferred revenue for Novartis' right to access ociperlimab over the option period (see Note 3). We did not have any collaboration revenue during the year ended December 31, 2020.

Cost of Sales

Cost of sales increased to US$164.9 million for the year ended December 31, 2021 from US$70.7 million for the year ended December 31, 2020, primarily due to increased product sales of BRUKINSA®, tislelizumab, and Amgen products.

Gross Margin

Gross margin on global product sales increased to US$469.1 million for the year ended December 31, 2021, compared to US$238.2 million for the year ended December 31, 2020, primarily due to increased product revenue in the current year period. Gross margin as a percentage of product sales decreased to 74.0% for the year ended December 31, 2021, from 77.1% in the prior year. The decrease is primarily due to the impact of the accrued compensation in the first and fourth quarters of 2021 to customers for sales of tislelizumab, BRUKINSA®, and XGEVA® that remained in the channel and were sold at the pre-NRDL price, as well as the ongoing lower prices resulting from the listing on the NRDL. These negative impacts to our gross margin were partially offset by a proportionally higher sales mix of global BRUKINSA® sales and sales of tislelizumab in China compared to lower margin sales of in-licensed products. Pre-launch inventory carried at zero or low cost consumed during the year ended December 31, 2021 and December 31, 2020 was immaterial and did not have a significant impact on our gross margin.

Research and Development Expense

Research and development expense increased by US$164.4 million, or 12.7%, to US$1.5 billion for the year ended December 31, 2021, from US$1,294.9 million for the year ended December 31, 2020. The following table summarizes the external cost of development programs, upfront license fees, and internal research and development expense for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Changes	
	2021	2020		%
	(US dollars in thousands)			
External research and development expense:				
Cost of development programs	**477,761**	502,399	(24,638)	(4.9)%
Upfront license fees	**83,500**	109,500	(26,000)	(23.7)%
Amgen co-development expenses[1]	**115,464**	117,005	(1,541)	(1.3)%
Total external research and development expenses	**676,725**	728,904	(52,179)	(7.2)%
Internal research and development expenses	**782,514**	565,973	216,541	38.3%
Total research and development expenses	**1,459,239**	1,294,877	164,362	12.7%

1. Our co-funding obligation for the development of the pipeline assets under the Amgen collaboration for the year ended December 31, 2021 totaled US$228.0 million, of which US$115.5 million was recorded as R&D expense. The remaining US$112.5 million was recorded as a reduction for the R&D cost share liability.

The decrease in external research and development expenses for the year ended December 31, 2021 was primarily attributable to lower upfront license fees under collaboration agreements, lower external spending related to fees paid to external CROs as we internalize previously outsourced activities, and a decrease in the expense recognized on co-development fees to Amgen.

Internal research and development expense increased US$216.5 million, primarily attributable to the expansion of our global development organization including the internalization of previously outsourced activities and the continued development of our clinical and preclinical drug candidates, and included the following:

- US$109.0 million increase of employee salary and benefits, primarily attributable to hiring more research and development personnel to support our expanding research and development activities;
- US$52.4 million increase of facilities, depreciation, office expense, rental fees, and other expenses to support the growth of our organization;
- US$21.4 million increase of share-based compensation expense, primarily attributable to our increased headcount, resulting in more awards being expensed related to the growing employee population; and
- US$17.7 million increase of materials and reagent expenses, primarily in connection with the in-house manufacturing of drug candidates used for clinical purposes; and
- US$16.1 million increase of consulting fees, which was mainly attributable to increased travel and meeting expense related to scientific, regulatory and development consulting activities, in connection with the advancement of our drug candidates.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by US$389.9 million, or 65.0%, to US$990.1 million for the year ended December 31, 2021, from US$600.2 million for the year ended December 31, 2020. The increase was primarily attributable to the following:

- US$175.7 million increase of employee salary and benefits, which was primarily attributable to the expansion of our commercial organizations in China, the United States, Canada, Europe and emerging markets, and the hiring of more personnel to support our growing business;
- US$119.1 million increase in external commercial-related expenses, including market research, sales and marketing, consulting and conference related expenses, related to the growth of our global commercial organization, as we continue to build our worldwide footprint and capabilities;
- US$59.3 million increase of professional fees, consulting, recruiting, information technology, tax, accounting and audit services, and facility expenses, rental fees, office expenses, and other administrative expenses, primarily attributable to the global expansion of our business, including the expansion of our commercial operations in China, the United States and Europe; and
- US$35.9 million increase in share-based compensation expense, primarily attributable to our increased headcount of sales and administrative employees, resulting in more awards being expensed related to the growing sales and administrative employee population.

Interest (Expense) Income, Net

Interest (expense) income, net decreased by US$17.8 million, or 888.6%, to US$15.8 million of net interest expense for the year ended December 31, 2021, from US$2.0 million of net interest income for the year ended December 31, 2020. The decrease in interest income, net, was primarily attributable to decreased interest income, as a result of lower interest rates, as well as increased interest expense, resulting from higher debt balances.

Other Income, Net

Other income, net decreased by US$21.6 million to US$15.9 million for the year ended December 31, 2021, from US$37.5 million for the year ended December 31, 2020. The income for the year ended December 31, 2021 was primarily due to the unrealized gain on our investment in Leap Therapeutics, as well as a realized foreign exchange loss on the proceeds received from the STAR Market offering. The income for the year ended December 31, 2020 resulted from unrealized gains on equity investments, as well as a gain recognized in conjunction with the deconsolidation of MapKure LLC.

Income Tax Benefit

Income tax benefit was US$25.2 million for the year ended December 31, 2021 compared with income tax benefit of US$17.7 million for the year ended December 31, 2020. The income tax benefit for the year ended December 31, 2021 was primarily attributable to the deferred tax benefit of U.S. stock-based compensation deductions in excess of tax expense on income reported in certain China subsidiaries as adjusted for certain non-deductible expenses.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Cash, cash equivalents, restricted cash and short-term investments

As of December 31, 2021, the Company's cash, cash equivalents, restricted cash and short-term investments primarily comprised (i) US$2.8 billion denominated in US dollars; (ii) approximately RMB24.4 billion (equivalent to approximately US$3.8 billion) denominated in Renminbi; and (iii) approximately US$23.3 million denominated in Euro, Australian dollar, and other currencies.

Accounts receivable

Accounts receivable increased by 699.8% from US$60.4 million as of December 31, 2020 to US$483.1 million as of December 31, 2021, primarily due to the invoicing of the US$300 million upfront fee related to the Ociperlimab option, collaboration and license agreement, as well as the increase in product sales in China and the United States for the year ended December 31, 2021.

Inventories

The inventories increased by 171.7% from US$89.3 million as of December 31, 2020 to US$242.6 million as of December 31, 2021, primarily due to stock preparation for the increased sales of our internally-developed products and in-licensed products.

Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
	(US dollars in thousands)	
Prepaid research and development costs	**87,239**	71,341
Prepaid taxes	**58,579**	30,392
Other receivables	**12,010**	12,651
Interest receivable	**5,052**	6,619
Prepaid insurance	**1,695**	1,347
Prepaid manufacturing cost	**78,538**	25,996
Other current assets	**27,060**	11,666
Total	**270,173**	160,012

Prepaid expenses and other current assets increased by 68.8% from US$160.0 million as of December 31, 2020 to US$270.2 million as of December 31, 2021. The increase was primarily due to (i) the increase of prepaid VAT; (ii) the expansion of manufacturing cost of our internally developed products.

Property, plant and equipment, net

The property, plant and equipment, net increased by 64.3% from US$357.7 million as of December 31, 2020 to US$587.6 million as of December 31, 2021, primarily attributable to our ongoing buildout of the Guangzhou facilities as well as the purchase of a 42-acre site located in Hopewell, NJ in November 2021.

Accounts payable

Accounts payable includes amounts due to third parties and totaled US$262.4 million and US$232.0 million as of December 31, 2021 and 2020, respectively.

The following table sets forth an aging analysis of accounts payable as of the dates indicated, which is based on invoice date:

	As of December 31,	
	2021	2020
	(US dollars in thousands)	
Within 3 months	**257,977**	230,638
3 to 6 months	**3,210**	312
6 months to 1 year	**1,110**	147
Over 1 year	**103**	860
Total	**262,400**	231,957

Accrued expenses and other payables

Accrued expenses and other payables consist of the following as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
	(US dollars in thousands)	
Compensation related	**139,966**	106,765
External research and development activities related	**213,922**	143,302
Commercial activities	**71,560**	66,131
Individual income tax and other taxes	**45,661**	14,373
Sales rebates and returns related	**59,639**	11,874
Other	**27,307**	3,699
Total accrued expenses and other payables	**558,055**	346,144

Accrued expenses and other payables increased by 61.2% from US$346.1 million as of December 31, 2020 to US$558.1 million as of December 31, 2021. The increase was primarily due to (i) hiring of more personnel to support our expanding commercial, research and clinical activities and our growing organization; (ii) expansion of clinical trials for drug candidates, including the initiation or continuation of pivotal trials; and (iii) the impact of the accrued compensation in 2021 to customers for sales of tislelizumab, BRUKINSA®, and pamiparib that remained in the channel and were sold at the pre-NRDL price.

LIQUIDITY AND CAPITAL RESOURCES

The following table represents our cash, short-term investments, and debt balances as of December 31, 2021:

	Year Ended December 31,	
	2021	2020
	(US dollars in thousands)	
Cash, cash equivalents and restricted cash	**4,382,887**	1,390,005
Short-term investments	**2,241,962**	3,268,725
Total debt	**629,678**	518,652

We have incurred annual net losses and negative cash flows from operations since inception, resulting from the funding of our research and development programs and selling, general and administrative expenses associated with our operations, as well as to support the commercialization of our products globally. We incurred net losses of US$1.4 billion and US$1.6 billion for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, we had an accumulated deficit of US$5.0 billion.

To date, we have financed our operations principally through proceeds from public and private offerings of our securities and proceeds from our collaborations, together with product sales since September 2017. Based on our current operating plan, we expect that our existing cash, cash equivalents and short-term investments as of December 31, 2021 will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months after the date of this announcement.

On June 28, 2021, the Listing Committee of the STAR Market of the SSE approved the listing application which we submitted in January 2021 to the SSE for a proposed STAR Offering. On December 15, 2021, we completed the initial public offering on the SSE. The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in the PRC in Renminbi (RMB Shares). The public offering price of the RMB Shares was RMB192.60 per ordinary share, or US$391.68 per ADS. In this offering, we sold 115,055,260 ordinary shares. Net proceeds after deducting underwriting discounts and commissions and offering expenses were US$3.4 billion. As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in compliance with the planned uses as disclosed in the PRC prospectus as well as our proceeds management policy for the STAR Offering approved by our board of directors.

In January 2021, we entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize tislelizumab in North America, Europe, and Japan. Under the agreement, we received an upfront cash payment of US$650 million from Novartis. In December 2021, we expanded our collaboration with Novartis by entering into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize our investigational TIGIT inhibitor ociperlimab in the Novartis Territory. In addition, we and Novartis entered into an agreement granting us rights to market, promote and detail five approved Novartis oncology products. Under the terms of the agreement, we received an upfront cash payment of US$300 million in January 2022, which is not included in our cash balance at December 31, 2021.

The following table provides information regarding our cash flows for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(US dollars in thousands)	
Cash, cash equivalents and restricted cash at beginning of period	**1,390,005**	620,775
Net cash used in operating activities	**(1,298,723)**	(1,283,461)
Net cash provided by (used in) investing activities	**640,659**	(3,168,366)
Net cash provided by financing activities	**3,636,911**	5,202,826
Net effect of foreign exchange rate changes	**14,035**	18,231
Net increase in cash, cash equivalents and restricted cash	**2,992,882**	769,230
Cash, cash equivalents and restricted cash at end of period	**4,382,887**	1,390,005

Operating Activities

Cash flows from operating activities is net income adjusted for certain non-cash items and changes in assets and liabilities.

Operating activities used US$1.3 billion of cash for the year ended December 31, 2021, which resulted principally from our net loss of US$1.4 billion and an increase in our net operating assets and liabilities of US$118.3 million, partially offset by non-cash charges and adjustments of US$233.0 million. The non-cash charges and adjustments were primarily driven by share-based compensation expense, charges for acquired in-process research and development costs, and depreciation and amortization expense, offset by amortization of the research and development cost share liability and deferred income tax benefits. The increase in working capital was driven largely by increases in accounts receivable, inventory and prepaid expenses, offset by increases in accounts payable, accrued expenses and other liabilities and deferred revenue resulting from the upfront option payment from Novartis.

Operating activities used US$1.3 billion of cash for the year ended December 31, 2020, which resulted principally from our net loss of US$1.6 billion, partially offset by non-cash charges and adjustments of US$166.5 million and a decrease in our net operating assets and liabilities of US$150.6 million. The non-cash charges and adjustments were primarily driven by share-based compensation expense, offset by amortization of the research and development cost share liability. The decrease in working capital was driven largely by increases in accounts payable, accrued expenses and other liabilities, offset by increases in inventory and prepaid expenses.

Investing Activities

Cash flows from investing activities consist primarily of capital expenditures, investment purchases, sales, maturities, and disposals, and upfront payments related to our collaboration agreements.

Investing activities provided US$640.7 million of cash for the year ended December 31, 2021, consisting of US$2.1 billion in purchases of short-term investment securities, US$262.9 million of capital expenditures, US$43.4 million in purchases of intangible assets, US$43.5 million in purchases of long-term investments and US$8.5 million upfront collaboration payments, all of which were offset by sales and maturities of investment securities of US$3.1 billion.

Investing activities used US$3.2 billion of cash for the year ended December 31, 2020, consisting of US$5.7 billion in purchases of investment securities, US$117.5 million of capital expenditures, and US$109.5 million upfront collaboration payments, all of which were offset by sales and maturities of investment securities of US$2.8 billion.

Financing Activities

Cash flows from financing activities consist primarily of sale of ordinary shares, RMB Shares, and ADSs through equity offerings, issuance and repayment of short-term and long-term debt, and proceeds from the sale of ADSs through employee equity compensation plans.

Financing activities provided US$3.6 billion of cash for the year ended December 31, 2021, consisting primarily of US$3.4 billion of net proceeds from our STAR Offering in December 2021, US$406.4 million from proceeds of short-term loans, US$92.8 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan, US$50.0 million from the sale of our shares to Amgen, and US$16.8 million from proceeds of long-term bank loans. These inflows were partially offset by US$321.8 million of repayment of short-term loans.

Financing activities provided US$5.2 billion of cash for the year ended December 31, 2020. This consisted primarily of US$2.8 billion received from our collaboration with Amgen and US$2.1 billion from a registered direct offering of ordinary shares to certain existing investors. Other inflows included US$93.1 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan, and US$433.9 million from loan proceeds. These inflows were partially offset by US$144.3 million of repayment of principal under the loan between Guangzhou High-tech Zone Technology Holding Group Co., Ltd. (“GET”) BeiGene Biologics (the “Shareholder Loan”) and US$28.7 million of cash consideration paid for the acquisition of the remaining 5% minority interest in our subsidiary BeiGene Biologics Co., Ltd. (“BeiGene Biologics”).

Effects of Exchange Rates on Cash

We have substantial operations in the PRC, which generate a significant amount of RMB-denominated cash from product sales and require a significant amount of RMB-denominated cash to pay our obligations. Additionally, on December 15, 2021, we received RMB21.7 billion in net proceeds from the STAR Offering. Since the reporting currency of the Company is the U.S. dollar, periods of volatility in exchange rates may have a significant impact on our consolidated cash balances.

Future Liquidity and Material Cash Requirements

Until such time, if ever, as we can generate substantial product revenue sufficient to cover our costs and capital investments, we may be required to finance our cash needs through a combination of equity offerings, debt financings, collaboration agreements, strategic alliances, licensing arrangements, government grants, and other available sources. Under the rules of the SEC, we currently qualify as a "well-known seasoned issuer," which allows us to file shelf registration statements to register an unspecified amount of securities that are effective upon filing. In May 2020, we filed such a shelf registration statement with the SEC for the issuance of an unspecified amount of ordinary shares (including in the form of ADSs), preferred shares, various series of debt securities and/or warrants to purchase any of such securities, either individually or in units, from time to time at prices and on terms to be determined at the time of any such offering. This registration statement was effective upon filing and will remain in effect for up to three years from filing, prior to which time we may file another shelf registration statement that will be effective for up to three years from filing.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of ADSs, ordinary shares, or RMB Shares. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends, and may require the issuance of warrants, which could potentially dilute your ownership interest. If we raise additional funds through collaboration agreements, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our medicines or drug candidates, future revenue streams or research programs, or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings, collaborations or other sources when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market products or drug candidates that we would otherwise prefer to develop and market ourselves.

Our material cash requirements in the short- and long-term consist of the following operational, capital, and manufacturing expenditures, a portion of which contain contractual or other obligations. We plan to fund our material cash requirements with our current financial resources together with our anticipated receipts of accounts receivable, product sales and royalty revenues, and reimbursements we expect to receive under our existing collaboration and license agreements.

CONTRACTUAL AND OTHER OBLIGATIONS

The following table summarizes our significant contractual obligations as of December 31, 2021:

	Payments Due by Period		
	Total	Short-term	Long-term
	(US dollars in thousands)		
Contractual obligations:			
Operating lease commitments	70,218	24,225	45,993
Purchase commitments	168,687	110,345	58,342
Debt obligations	629,678	427,565	202,113
Interest on debt	57,299	24,336	32,963
Co-development funding commitment	791,059	244,800	546,259
Funding commitment	12,750	4,250	8,500
Research and development commitment	27,985	5,659	22,326
Pension plan	7,814	1,604	6,210
Capital commitments	42,394	42,394	–
Total	1,807,884	885,178	922,706

Operating Lease Commitments

We lease office or manufacturing facilities in Beijing, Shanghai, Suzhou and Guangzhou in China; office facilities in California, Massachusetts, Maryland, and New Jersey in the United States; and in Basel, Switzerland under non-cancelable operating leases expiring on various dates. Payments under operating leases are expensed on a straight-line basis over the respective lease terms. The aggregate future minimum payments under these non-cancelable operating leases are summarized in the table above.

Purchase Commitments

As of December 31, 2021, purchase commitments amounted to US$168.7 million, of which US$76.0 million related to minimum purchase requirements for supply purchased from CMOs and US$92.7 million related to binding purchase order obligations of inventory from BMS and Amgen. We do not have any minimum purchase requirements for inventory from BMS or Amgen.

Debt Obligations and interest

Total debt obligations coming due in the next twelve months is US$427.6 million. Total long-term debt obligations are US$202.1 million. See Note 15 in the Notes to the Financial Statements for further detail of our debt obligations.

Interest on bank loans and the Related Party Loan is paid quarterly until the respective loans are fully settled. For the purpose of contractual obligations calculation, current interest rates on floating rate obligations were used for the remainder contractual life of the outstanding borrowings.

Co-Development Funding Commitments

Under our collaboration with Amgen, we are responsible for co-funding global clinical development costs for the licensed oncology pipeline assets, up to a total cap of US$1.25 billion. We are funding our portion of the co-development costs by contributing cash and/or development services. As of December 31, 2021, our remaining co-development funding commitment was US$0.8 billion.

Funding Commitment

Funding commitment represents our committed capital related to one of our equity method investments in the amount of US$15.0 million. As of December 31, 2021, our remaining capital commitment was US$12.8 million and is expected to be paid from time to time over the investment period.

Research and Development Commitment

We entered into long-term research and development agreements, which includes obligations to make upfront payments and fixed quarterly payments over the next five years. As of December 31, 2021, the total research and development commitment amounted to US$28.0 million.

Pension Plan

We maintain a defined benefit pension plan in Switzerland. Funding obligations under the defined benefit pension plan are equivalent to US$1.6 million per year based on annual funding contributions in effect as of December 31, 2021 to achieve fully funded status where the market value of plan assets equals the projected benefit obligations. Future funding requirements will be subject to change as a result of future changes in staffing and compensation levels, various actuarial assumptions and actual investment returns on plan assets.

Capital Commitments

We had capital commitments amounting to US$42.4 million for the acquisition of property, plant and equipment as of December 31, 2021, which were mainly for our biologics manufacturing facility in Guangzhou, China, small molecule manufacturing facility in Suzhou, China, and research and development operations at the Changping facility in Beijing, China.

Other Obligations

We expect to make a significant investment in our future manufacturing facility in the United States, a 42-acre site that will be constructed in Hopewell, NJ, and for which we purchased for US$75.2 million. We expect significant capital expenditures as we build out the Hopewell facility over the next several years.

We also enter into agreements in the ordinary course of business with CROs to provide research and development services. These contracts are generally cancellable at any time by us with prior written notice.

We also enter into collaboration agreements with institutions and companies to license intellectual property. We may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with these agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on our balance sheet because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in our financial statements. Future milestone payments potentially owed related to in-licensed technology totaled US$5.7 billion as of December 31, 2021.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Certain of these estimates are considered critical as they involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our consolidated financial statements. Our critical accounting estimates are summarized below. See Note 2 to our consolidated financial statements included in this Annual Report for a description of our significant accounting policies.

Revenue Recognition

We recognize revenue when we transfer control of goods or services to our customers. Revenue is measured as the amount of consideration we expect to receive in exchange for goods and services. We generate revenue from product sales and revenue transactions with our collaboration partners.

Product Revenue

To determine the appropriate transaction price for our product sales at the time we recognize a sale to a direct customer, we estimate any rebates, chargebacks or discounts that ultimately will be due to the direct customer and other customers in the distribution chain under the terms of our contracts. Significant judgments are required in making these estimates. We include variable consideration in the transaction price to the extent it is probable that a significant reversal will not occur and estimate variable consideration from rebates, chargebacks, trade discounts and allowances, sales returns allowances, and other incentives using the expected value method.

Estimates for variable consideration for which reserves are established at the time of sale include government and commercial rebates, provisions for acceptance of NRDL pricing, chargebacks, trade discounts and allowances, sales returns allowances and other incentives that are offered within contracts between the Company and our customers, health care providers and other indirect customers. Where appropriate, these estimates take into consideration a range of possible outcomes that are probability-weighted for relevant factors such as our historical experience, current contractual and statutory requirements, channel inventory levels, specific known market events and trends, industry data and forecasted customer buying and payment patterns.

We base our sales returns allowance on estimated distributor inventories, customer demand as reported by third-party sources, and actual returns history, as well as other factors, as appropriate. For newly launched products where actual returns history is not yet available, the sales returns allowance is initially calculated based on benchmarking data from similar products and industry experience. If the historical or benchmarking data we use to calculate these estimates do not properly reflect future returns, then a change in the allowance would be made in the period in which such a determination is made and revenues in that period could be materially affected. Any changes from the historical trend rates are considered in determining the current sales return allowance. To date, sales returns have not been significant.

Actual amounts of consideration ultimately received may differ from our estimates. We will reassess estimates for variable consideration periodically. If actual results in the future vary from our estimates, we will adjust these estimates, which would affect net product revenue and earnings in the period such variances become known.

Collaboration Revenue

Our collaborative arrangements may contain more than one unit of account, or performance obligation, including grants of licenses to intellectual property rights, agreements to provide research and development services and other deliverables. As part of the accounting for these arrangements, we must develop assumptions that require significant judgments to determine the standalone selling price for each performance obligation identified in the contract.

Standalone selling prices for licenses of intellectual property and the right to access and use intellectual property during an option period performance obligations are determined based on the probability-weighted present value of forecasted cash flows associated with the intellectual property. Stand-alone selling prices for research and development services performance obligations are based on the present value of estimated clinical trial costs plus a reasonable margin.

The estimates of standalone selling prices involve management's key assumptions such as revenue growth rate, estimated clinical trial costs, mark-up rate, probability of technical and regulatory success, and discount rates. These significant assumptions are forward looking and could be affected by future economic, regulatory and market conditions.

Research and Development Expenses

Clinical trial costs are a significant component of our research and development expenses. We have a history of contracting with third parties that perform various clinical trial activities on behalf of us in the ongoing development of our product candidates. Expenses related to clinical trials are accrued based on our estimates of the actual services performed by the third parties for the respective period. If the contracted amounts are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), we will modify the related accruals accordingly on a prospective basis. Revisions in the scope of a contract are charged to expense in the period in which the facts that give rise to the revision become reasonably certain.

The process of estimating our external research and development expenses involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated costs incurred for the services when we have not yet been invoiced or otherwise notified of the actual costs. The majority of our service providers invoice us in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advanced payments. We make estimates of our expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting expenses that are too high or too low in any particular period. To date, we have not made any material adjustments to our prior estimates of research and development expenses.

Income Taxes

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as from net operating losses and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates that are based on a number of factors, including historical experience and short-range and long-range business forecasts. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to our consolidated financial statements included in this Annual Report for information regarding recent accounting pronouncements.

INTEREST AND CREDIT RISK

Financial instruments that are potentially subject to credit risk consist of cash and cash equivalents, restricted cash, short term investments and accounts receivable.

We had cash and cash equivalents of US$4.4 billion and US$1.4 billion, restricted cash of US$7.2 million and US$8.1 million, and short-term investments of US$2.2 billion and US$3.3 billion, at December 31, 2021 and 2020, respectively. Our cash and cash equivalents are deposited with various major reputable financial institutions located within or without the PRC. The deposits placed with these financial institutions are not protected by statutory or commercial insurance. In the event of bankruptcy of one of these financial institutions, we may be unlikely to claim our deposits back in full. We believe that these financial institutions are of high credit quality, and we continually monitor the credit worthiness of these financial institutions. At December 31, 2021, our short-term investments consisted primarily of U.S. treasury securities. We believe that U.S. treasury securities are of high credit quality and continually monitor the credit worthiness of these institutions.

The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significant increasing risk. Our primary exposure to market risk relates to fluctuations in the interest rates, which are affected by changes in the general level of PRC and U.S. interest rates. Given the short-term nature of our cash equivalents, we believe that a sudden change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operation. We estimate that a hypothetical 100-basis point increase or decrease in market interest rates would result in a decrease of US$15.1 million or increase of US$6.7 million, respectively, in the fair value of our investment portfolio as of December 31, 2021.

We do not believe that our cash, cash equivalents, and short-term investments have significant risk of default or illiquidity. While we believe our cash, cash equivalents, and short-term investments do not contain excessive risk, we cannot provide absolute assurance that in the future investments will not be subject to adverse changes in market value.

We had accounts receivable, net of US$483,113,000 and US$60,403,000 at December 31, 2021 and 2020, respectively. Accounts receivable, net represent amounts arising from product sales and amounts due from the our collaboration partners. We monitor economic conditions to identify facts or circumstances that may indicate receivables are at risk of collection. To date, we have not experienced any significant losses with respect to the collection of our accounts receivable.

CURRENCY CONVERTIBILITY RISK

A significant portion of our expenses, assets, and liabilities are denominated in RMB. In 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the PBOC). However, the unification of exchange rates does not imply that the RMB may be readily convertible into U.S. dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approvals of foreign currency payments by the PBOC or other institutions require submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

FOREIGN CURRENCY EXCHANGE RATE RISK

We are exposed to foreign exchange risk arising from various currency exposures. Our reporting currency is the U.S. dollar, but a portion of our operating transactions and assets and liabilities are in other currencies, such as RMB, Euro, and Australian dollar.

RMB is not freely convertible into foreign currencies for capital account transactions. The value of RMB against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange prices. Since 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The RMB compared to the U.S. dollar appreciated approximately 2.3% and appreciated approximately 6.3% for the years ended December 31, 2021 and 2020, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for capital expenditures, working capital and other business purposes, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us.

In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our foreign cash balances and trade receivables. Further, volatility in exchange rate fluctuations may have a significant impact on the foreign currency translation adjustments recorded in other comprehensive income (loss). We have not used derivative financial instruments to hedge exposure to foreign exchange risk.

EFFECTS OF INFLATION

Inflation generally affects us by increasing our cost of labor and clinical development costs. We do not believe that inflation has had a material effect on our results of operations during the year ended December 31, 2021.

GEARING RATIO

The gearing ratio of the Company, which was calculated by dividing total interest-bearing loans by total equity as of the end of the year, was 10.1% as of December 31, 2021, representing a decrease from 13.4% as of December 31, 2020. The decrease was primarily due to the net proceeds from the STAR Market offering on December 15, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD

Except as disclosed in notes to the consolidated financial statements, we did not hold any other significant investments as of December 31, 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2021, we expect to make a significant investment in our future manufacturing facility in the United States, a 42-acre site that will be constructed in Hopewell, NJ, and for which we purchased for US$75.2 million. We expect significant capital expenditures as we build out the Hopewell facility over the next several years.

Except as disclosed above, we did not have other plans for material investments and capital assets as of December 31, 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended December 31, 2021, we did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

EMPLOYEE AND REMUNERATION POLICY

As of December 31, 2021, we had a global team of approximately 8,000 employees, which increased from 5,100 employees as of December 31, 2020. Most of our employees are full-time.

The remuneration policy and package of the Company's employees are periodically reviewed. In addition to cash compensation and benefits, we may issue share options, share appreciation rights, restricted shares, restricted share units, unrestricted shares, performance share awards, cash-based awards and dividend equivalent rights to our employees in accordance with our equity plans. We also provide external and internal training programs to our employees. The packages were set by benchmarking with companies in similar industries and companies of similar size. The total remuneration cost incurred by the Company for the year ended December 31, 2021 was US$1.0 billion (2020: US$663.8 million).

PLEDGE OF ASSETS

As of December 31, 2021, we pledged a restricted deposit of US$7.2 million primarily consist of RMB-denominated cash deposits held in designated bank accounts for collateral for letters of credit (December 31, 2020: US$8.1 million) and BeiGene Guangzhou Factory's land use right and certain BeiGene Guangzhou Factory fixed assets of the first phase of the Guangzhou manufacturing facility build out with a total carrying amount of US$145.8 million (December 31, 2020: US$148.6 million) were secured for long-term bank loans.

CONTINGENT LIABILITIES

As of December 31, 2021, we did not have any material contingent liabilities (as of December 31, 2020: nil).

FINAL DIVIDEND

The Board does not recommend any final dividend for the year ended December 31, 2021.

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors (the "Board") consists of 12 Directors, comprising one executive Director, two non-executive Directors, and nine independent non-executive Directors. The following table provides certain information about our Directors as of April 20, 2022:

Name	Age	Position
Mr. John V. Oyler	54	Executive Director, Chairman and Chief Executive Officer
Dr. Xiaodong Wang	59	Non-executive Director
Mr. Anthony C. Hooper	67	Non-executive Director
Mr. Timothy Chen	65	Independent non-executive Director
Dr. Margaret Han Dugan	65	Independent non-executive Director
Mr. Donald W. Glazer	77	Independent non-executive Director
Mr. Michael Goller	47	Independent non-executive Director
Mr. Ranjeev Krishana	48	Independent non-executive Director
Mr. Thomas Malley	53	Independent non-executive Director
Dr. Alessandro Riva	61	Independent non-executive Director
Dr. Corazon (Corsee) D. Sanders	65	Independent non-executive Director
Mr. Qingqing Yi	50	Independent non-executive Director

EXECUTIVE DIRECTOR

Mr. John V. Oyler, aged 54, is our Co-Founder, Chief Executive Officer and Chairman of the Board. He has served as a member of our Board since October 2010. From 2005 to 2009, Mr. Oyler served as President and Chief Executive Officer of BioDuro, LLC, a drug discovery outsourcing company, which was acquired by Pharmaceutical Product Development Inc. From 2002 to 2004, Mr. Oyler served as Chief Executive Officer of Galenea Corp., a biopharmaceutical company dedicated to the discovery of novel therapies for central nervous system diseases, which initially were developed at Massachusetts Institute of Technology. From 1998 to 2002, Mr. Oyler was a Founder and the President of Telephia, Inc. which was bought by The Nielsen Company in 2007. From 1997 to 1998, Mr. Oyler served as Co-Chief Executive Officer of Genta Incorporated, an oncology-focused biopharmaceutical company that was listed on the NASDAQ. Mr. Oyler began his career as a management consultant at McKinsey & Company. Mr. Oyler received his B.S. from the Massachusetts Institute of Technology in June 1990 and an MBA from Stanford University in January 1996. We believe that Mr. Oyler's extensive leadership, executive, managerial, business and pharmaceutical and biotechnology company experience, along with his years of industry experience in the development of pharmaceutical products qualifies him to serve as a member of the Board.

NON-EXECUTIVE DIRECTORS

Xiaodong Wang, Ph.D., aged 59, is our Co-Founder and has served as a member of the Board since February 2016. He has also served as the Chairman of our Scientific Advisory Board since 2011. Dr. Wang has served as the founding Co-Director of the National Institute of Biological Sciences in Beijing since 2003 and became its Director and Investigator in 2010. In addition, Dr. Wang has served as a Chair Professor at Tsinghua University since 2020. Previously, he was a Howard Hughes Medical Institute Investigator from 1997 to 2010 and held the position of the George L. MacGregor Distinguished Chair Professor in Biomedical Sciences at the University of Texas Southwestern Medical Center in Dallas, Texas from 2001 to 2010. In 2004, Dr. Wang founded Joyant Pharmaceuticals, Inc., a venture capital-backed biotechnology company focused on the development of small molecule therapeutics for cancer. Dr. Wang serves as a non-executive director and member of the compensation committee of Clover Biopharmaceuticals, Ltd. (HKEX: 2197). Dr. Wang received his B.S. in Biology from Beijing Normal University in July 1984 and his Ph.D. in Biochemistry from the University of Texas Southwestern Medical Center in May 1991. Dr. Wang has been a member of the National Academy of Science, USA since 2004 and a foreign associate of the Chinese Academy of Sciences since 2013. We believe that Dr. Wang's extensive experience in cancer drug research, combined with his experience in the biotech industry, qualifies him to serve as a member of the Board.

Mr. Anthony C. Hooper, aged 67, has served as a member of the Board since January 2020. Mr. Hooper retired from Amgen in January 2020, where he was Executive Vice President from September 2018 to January 2020, and Executive Vice President, Global Commercial Operations from 2011 to August 2018. From 2010 to 2011, Mr. Hooper was Senior Vice President, Commercial Operations and President, U.S., Japan and Intercontinental of Bristol Myers Squibb Company (BMS). From 2009 to 2010, Mr. Hooper was President, Americas of BMS. From 2004 to 2009, Mr. Hooper was President, U.S. Pharmaceuticals, Worldwide Pharmaceuticals Group, a division of BMS. Prior to that, Mr. Hooper held various senior leadership positions at BMS. Prior to joining BMS, Mr. Hooper was Assistant Vice President of Global Marketing for Wyeth Laboratories. Mr. Hooper earned law and MBA degrees from the University of South Africa in 1978 and 1988 respectively. Mr. Hooper serves on the board of MannKind Corporation, a company listed on the NASDAQ (ticker symbol: MNKD). Mr. Hooper is a consultant of Amgen. We believe Mr. Hooper's extensive experience and knowledge in the healthcare sector and broad international experience in pharmaceutical commercial operations qualify him to serve on, and contributes to the diversity of, the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Timothy Chen, aged 65, has served as a member of the Board since February 2016. Mr. Chen has served as the Deputy Chairman and a member of the board of directors of Suirui Technology Group Limited since January 2019. From January 2018 to November 2018, Mr. Chen served as the Chairman of Foxconn Industrial Internet Company, a company listed on the Shanghai Stock Exchange since June 2018. From January 2016 to March 2018, he served as the President and Chief Executive Officer of Asia Pacific Telecom and as the Corporate Vice President of Hon Hai Technology Group. He served as the President of Telstra International Group and Advisor to Telstra Chief Executive Officer from November 2012 to December 2015. He was also the Chairman of Autohome, a company listed on the NASDAQ and a director of Qingdao Haier Co., Ltd., a company listed on the Shanghai Stock Exchange. He was a Non-Executive Director on the board of Telstra Corporation Limited, a company listed on the Australian Securities Exchange between April 2012 and November 2012, and an Independent Director of Guiyang Longmaster Information and Technology Company Limited, a company listed on the Shenzhen Stock Exchange from October 2010 to October 2013. Previously, Mr. Chen was a partner of a China Opportunities Fund within GL Capital Group. He was the Chief Executive Officer of National Basketball Association China from 2007 to 2010; the Corporate Vice President of Microsoft and the Chief Executive Officer of its Greater China Region from 2003 to 2007; and the Corporate Vice President of Motorola and the Chairman and President of Motorola (China) Electronics from 2001 to 2003. Before Motorola, he was the Chief Executive Officer of 21CN Cybernet, a company listed on the HKEX from 2000 to 2001. Prior to 2000, Mr. Chen spent eight years in China with Motorola, including serving as the General Manager responsible for the sales and marketing for the Greater China Cellular Infrastructure Division. He also spent nine years with AT&T Bell Laboratories in the United States. Mr. Chen currently serves as an Independent Non-Executive Director of CCID Consulting Company Limited, a company listed on the HKEX. Mr. Chen also serves as a Director of Asia Pacific Telecom, a company listed on the Taiwan Stock Exchange. Mr. Chen earned an MBA Degree from the University of Chicago in August 1991 and a master's degree in both computer science and mathematics from Ohio State University in June 1982. We believe that Mr. Chen's extensive business expertise in Asia and globally qualifies him to serve as a member of the Board.

Margaret Han Dugan, M.D., aged 65, has served as a member of the Board since February 1, 2022. Dr. Dugan is currently Chief Medical Officer at Dracen Pharmaceuticals, Inc., a privately held pharmaceutical company based in New York that leverages immuno-metabolism in oncology. She joined Dracen in 2018 with more than 20 years of experience in oncology and previously held senior leadership roles at Novartis Oncology, including Senior Vice President and Global Program Head, developing innovative medicines for patients. Dr. Dugan also held several development positions at Schering-Plough (now Merck & Co.) and American Cyanamid (now Pfizer). Dr. Dugan received her B.A. and medical degrees and training in hematology and oncology from New York University. We believe that Dr. Dugan's extensive scientific and leadership experience in the healthcare sector qualifies her to serve on, and contributes to the diversity of, the Board.

Mr. Donald W. Glazer, aged 77, has served as a member of the Board since February 2013. Mr. Glazer has served as a member of the Board of Trustees of GMO Trust, a mutual fund group, since 2000 and as the Chairman of the board of GMO Trust since 2005. Mr. Glazer was a Co-Founder and Secretary, and from 2002 until 2010, Vice Chairman, of Provant, Inc., a provider of performance improvement training solutions. From 1992 to 1995 Mr. Glazer was President of Mugar/Glazer Holdings and from 1992 to 1993 served as Vice Chairman-Finance of New England Television Corp. and WHDH-TV, Inc. From 1997 to the present, Mr. Glazer has served as Advisory Counsel to the law firm Goodwin Procter LLP. From 1970 to 1978 Mr. Glazer was an associate and from 1978 to 1992 a partner at the law firm Ropes & Gray LLP. At Ropes & Gray, Mr. Glazer chaired the firm's Emerging Companies Group. Mr. Glazer was also a Lecturer in Law at Harvard Law School from 1978 to 1991, teaching a course called The Business Lawyer. In addition to Provant, Inc. and New England Television Corp., Mr. Glazer is a former member of the boards of directors of Environics Inc.; Kronos Incorporated; Reflective Technologies, Inc.; and Teleco Oilfield Services Inc. Mr. Glazer received his A.B. from Dartmouth College in June 1966; J.D. from Harvard Law School in June 1969, where he was an editor of the Harvard Law Review; and L.L.M. from the University of Pennsylvania Law School in May 1970. Additionally, Mr. Glazer is a co-author of both Glazer and FitzGibbon on Legal Opinions, Third Edition (Aspen Publishers) and Massachusetts Corporation Law & Practice, Second Edition (Aspen Publishers). We believe that Mr. Glazer's qualifications to serve on the Board include his extensive leadership, executive, managerial, business, and corporate legal experience.

Mr. Michael Goller, aged 47, has served as a member of the Board since April 2015. Mr. Goller is a Partner at Baker Brothers Investments. Prior to joining Baker Brothers in 2005, Mr. Goller was as an Associate of JPMorgan Partners, LLC, where he focused on venture investments in the life sciences sector from 1999 to 2003. Mr. Goller began his career as an investment banker with Merrill Lynch and Co. from 1997 to 1999. Mr. Goller serves on the board of directors of DBV Technologies SA, a company listed on the NASDAQ and on Euronext Paris. From 2017 to 2019, he served on the board of directors of Levo Therapeutics, Inc. Mr. Goller received a B.S. in Molecular and Cell Biology from The Pennsylvania State University in May 1997, and a Master's in both Biotechnology (School of Engineered and Applied Sciences) and Business Administration (Wharton School) from the University of Pennsylvania in May 2005. We believe that Mr. Goller is qualified to serve on the Board based on his experience in the life sciences industry and for his knowledge in financial and corporate development matters.

Mr. Ranjeev Krishana, aged 48, has served as a member of the Board since October 2014 and as our Lead Director since February 2020. Mr. Krishana has worked at Baker Bros. Advisors LP, from 2011 to the present and currently serves as Head of International Investments. Prior to joining Baker Bros, Mr. Krishana held a series of commercial, strategy, and business development leadership roles for Pfizer, Inc.'s pharmaceutical business across a variety of international regions and markets, including Asia, Eastern Europe, and Latin America. Mr. Krishana was at Pfizer from 2003 to 2007 and from 2008 to 2011. From 2008 to 2010, Mr. Krishana was based in Beijing, China, where he served as a Senior Director and a member of the Pfizer China Leadership Team. Mr. Krishana began his career as a strategy consultant at Accenture plc. Mr. Krishana received a B.A. in Economics and Political Science from Brown University in May 1995, and a Master's of Public Policy from Harvard University in June 2001. We believe Mr. Krishana's knowledge of the healthcare sector across international markets qualifies him to serve on the Board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Thomas Malley, aged 53, has served as a member of the Board since January 2016. Mr. Malley has served as president of Mossrock Capital, LLC, a private investment firm, since May 2007. Mr. Malley worked for Janus Mutual Funds in positions of increasing responsibility from April 1991 to May 2007. From January 1999 to May 2007, Mr. Malley served as the portfolio manager of the Janus Global Life Sciences Fund and also led the Janus healthcare team of analysts. From 1991 to 1998, Mr. Malley served as an equity analyst for Janus covering, among others, healthcare and biotechnology stocks. Mr. Malley received a B.S. in Biology from Stanford University in June 1991. Mr. Malley has held directorships in the following listed companies: Kura Oncology, Inc., a company listed on the NASDAQ, as a director since 2015; Kiniksa Pharmaceuticals, Ltd., a company listed on the NASDAQ, as a director since 2016; OvaScience, Inc., a company listed on the NASDAQ prior to its merger with Millendo Therapeutics, Inc. in December 2018, as a director from 2012 to 2017; Synageva BioPharma Corp., a Company listed on the NASDAQ prior to its delisting in May 2015 in connection with the sale of the company, as a director from 2006 to 2015; Puma Biotechnology, Inc., a company listed on the NASDAQ, as a director from 2011 to 2015; and Cougar Biotechnology, Inc., a company listed on the NASDAQ prior to its delisting in July 2009 in connection with the sale of the company, as a director from 2007 to 2009. We believes that Mr. Malley's experience in the biopharmaceutical industry, including serving on other boards of directors, and his financial and executive experience qualify him to serve on the Board.

Corazon (Corsee) D. Sanders, Ph.D., aged 65, has served as a member of the Board since August 2020. Dr. Sanders most recently served as an Interim Transition Advisor to the Global Development Group of Bristol Myers Squibb Corporation from November 2019, following its acquisition of Celgene Corporation, until February 2020. Previously, Dr. Sanders served as a Strategic Advisor to the Office of the Celgene Chief Medical Officer from March 2018 to November 2019. From January 2017 to March 2018, she was a member of the Juno Therapeutics Executive Committee as Executive Vice President of Development Operations, with responsibilities for strategic operations, quantitative sciences, biosample and clinical operations. From 1994 to 2017, Dr. Sanders held leadership positions at Genentech/Roche, including as a member of the Genentech/Roche Late Stage Portfolio Committee, Global Head of the Genentech/Roche Late Stage Clinical Operations, Global Head of the Genentech/Roche Biometrics group, and Genentech Head of DATA (Design, Analysis, Technology & Administration) prior to the Roche acquisition. Dr. Sanders currently serves as a member of the Board of Trustees of the Fred Hutchinson Cancer Research Center in Seattle, WA, and as a director of the following biotechnology companies: Molecular Templates Inc. (NASDAQ: MTEM), Legend Biotech Corporation (NASDAQ: LEGN), AltruBio Inc. (formerly AbGenomics) (privately held), and Ultragenyx Pharmaceutical Inc. (NASDAQ: RARE). Dr. Sanders earned her B.S. and M.S. in statistics, graduating Magna Cum Laude from the University of the Philippines, and her M.A. and Ph.D. in statistics from the Wharton Doctoral Program at the University of Pennsylvania. We believe that Dr. Sanders' extensive experience and knowledge in the healthcare sector and her scientific and leadership experience qualify her to serve on, and contributes to the diversity of, the Board.

Alessandro Riva, M.D., aged 61, has served as a member of the Board since February 1, 2022. Dr. Riva is currently Chief Executive Officer of Intima Bioscience, Inc., a privately held clinical stage gene and cell therapy company. From 2019 to 2021, he served as Chief Executive Officer at privately held Ichnos Sciences, where he built a biotechnology company focused on bi- and tri-specific antibodies in oncology and biologics in autoimmune diseases. From 2017 to 2019, he was Executive Vice President and Global Head of Oncology Therapeutics and Cell & Gene Therapy at Gilead Sciences, where he was instrumental in the acquisition of Kite Pharma. Prior to Gilead, from 2005 to 2016, Dr. Riva was Executive Vice President and Global Head of Oncology Development and Medical Affairs at Novartis Pharmaceuticals, where he contributed significantly to the Oncology Business Unit and the Cell and Gene Therapy Unit. He was also interim President of Novartis Oncology during the acquisition of GSK Oncology. Dr. Riva is currently on the board of directors of Century Therapeutics, Inc., a NASDAQ-listed biotechnology company developing innovative iPSC-derived NK and T cell therapies. He previously held roles at Farmitalia Carlo Erba, Rhône-Poulenc Rorer and Aventis and co-founded the Breast Cancer International Research Group (BCIRG) and the Cancer International Research Group (CIRG), where he served as Chief Executive Officer. He received his M.D. in medicine and surgery from the University of Milan and a certificate board in oncology and hematology from the same institution. We believe that Dr. Riva's extensive scientific and management experience in the healthcare sector qualifies him to serve on, and contributes to the diversity of, the Board.

Mr. Qingqing Yi, aged 50, has served as a member of the Board since October 2014. Mr. Yi is a Partner at Hillhouse Capital. He has worked with Hillhouse since the inception of the firm in 2005. Prior to joining Hillhouse, Mr. Yi was an Equity Research Analyst at China International Capital Corporation. Mr. Yi's work at Hillhouse includes investments in the healthcare and consumer sectors in both its public and private equity portfolios. Mr. Yi received a B.S. degree in Engineering from Shanghai Maritime University in July 1995 and an MBA from University of Southern California in May 2003. We believe Mr. Yi's extensive experience in capital markets and knowledge of the healthcare sector qualifies him to serve on the Board.

SENIOR MANAGEMENT

The following table provides information about members of our senior management, as of April 20, 2022, other than Mr. John Oyler, who is included above as an executive Director:

Name	Age	Position
Xiaobin Wu, Ph.D.	60	President, Chief Operating Officer and General Manager of China
Julia Wang*	51	Chief Financial Officer
Lai Wang, Ph.D.	45	Global Head of R&D

* Dr. Howard Liang retired from the Company on June 30, 2021, at which time Julia Wang, Senior Vice President, Enterprise Optimization and Deputy Chief Financial Officer of the Company, became Chief Financial Officer.

** On March 2, 2022, Dr. Jane Huang, Chief Medical Officer, Hematology, provided notice of her resignation from the Company effective April 3, 2022.

Xiaobin Wu, Ph.D., aged 60, joined our Company in April 2018 as our President and General Manager of China and has been appointed to an additional position of Chief Operating Officer, effective April 1, 2021. He has more than 25 years of experience in the pharmaceutical industry, including 17 years leading China operations of multinational companies, with expertise in research and development, strategy, commercialization and general management. Before joining the Company in April 2018, Dr. Wu served as the Country Manager of Pfizer China from 2009 to April 2018 and Regional President of Pfizer Essential Health in the Greater China Region from 2017 to April 2018. Under his leadership, Pfizer China experienced significant growth to become a leading multinational pharmaceutical company in China. Prior to Pfizer, Dr. Wu served as President and Managing Director of Wyeth China and Hong Kong from 2004 to 2009. Before joining Wyeth, Dr. Wu served as the General Manager of Bayer Healthcare in China from 2001 to 2004. He started his career in 1992 in sales and marketing with Bayer in Germany. Dr. Wu served as a Vice Chairman of the R&D Based Pharmaceutical Association Committee (RDPAC) in China from 2008 to 2018. Dr. Wu currently serves on the board of directors of Clover Biopharmaceuticals, Ltd., a company listed on the HKEX. He also serves as Vice Chairman of the Pharmaceutical Chamber of Commerce of China's National Association of Industry & Commerce. He is also a research fellow at the Research Center of National Drug Policy and Ecosystem (NDPE) of China Pharmaceutical University in Nanjing, China. In addition to his duties in industry associations, Dr. Wu has received numerous industry awards, including most recently "Person of the Year" in Healthy China Awards 2017, "2017 Top 10 Most Influential Persons in the Chinese Healthcare Industry" and the "2017 Social Responsibility Eminent Person Award." Dr. Wu earned a Ph.D. in Biochemistry and Pharmacology and a Diploma in Biology in April 1993 and January 1990, respectively, from the University of Konstanz in Germany.

Julia Wang, aged 51, has served as our Chief Financial Officer since June 2021. Ms. Wang joined our Company in June 2020 as Senior Vice President, Enterprise Optimization and Deputy CFO. Prior to joining BeiGene, from 2018 to 2020, Ms. Wang served as Senior Vice President, Global Business Finance and Corporate Planning at Alexion Pharmaceuticals, a rare disease biopharmaceutical company operating in more than 50 countries. From 2015 to 2018, she held leadership positions at Quest Diagnostics, including Vice President of U.S. Regional Finance and Enterprise Commercial, and Vice President of Finance, Value Creation. From 2007 to 2012, Ms. Wang held senior leadership roles at Johnson & Johnson (J&J) as CFO of various operating businesses, including Xian-Janssen, J&J's pharmaceutical business in China. Previously, she also led finance initiatives at PepsiCo. Ms. Wang received an MBA from Fuqua School of Business at Duke University in 1999 and a BA in British Language and Literature from Shandong Normal University in 1992.

Lai Wang, Ph.D., aged 45, has served as our Global Head of R&D since April 2021. Dr. Wang joined our Company in May 2011 with increasing responsibilities over the years and most recently as Senior Vice President, Head of Global Research, Clinical Operation & Biometrics and APAC Clinical Development. Dr. Wang has over 20 years of experience in the oncology field and over 10 years of experience in the pharmaceutical industry in both research and development. Prior to joining us, Dr. Wang was the director of research at Joyant Pharmaceuticals, a biotech company based in Dallas, Texas. Dr. Wang received his B.S. from Fudan University in 1996 and Ph.D. from University of Texas Health Science Center at San Antonio in 2001.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51(B) (1) OF THE HK LISTING RULES

Upon specific inquiry by the Company and following confirmations from Directors, except as disclosed hereunder, there is no change in information for any of the Directors which would require disclosure pursuant to Rule 13.51(B) (1) of the HK Listing Rules during the year ended December 31, 2020. The change of Director's information is set out below.

Directors	Changes in Positions held with the Company
Dr. Corazon (Corsee) D. Sanders	Appointed as a member of the commercial and medical affairs advisory committee of the Board (the "Commercial and Medical Affairs Advisory Committee") and Co-Charis of the scientific advisory committee of the Board (the "Scientific Advisory Committee") effective February 24, 2021.
Mr. Jing-Shyh (Sam) Su *(Note)*	Appointed as a member of the Nominating and Corporate Governance Committee effective February 24, 2021.
Mr. Anthony C. Hooper	Appointed as a member of the Nominating and Corporate Governance Committee effective February 24, 2021.

(Note) Mr. Jing-Shyh (Sam) Su resigned as an independent non-executive director on January 31, 2022.

The Commercial Advisory Committee was established on February 26, 2020 and was renamed the Commercial and Medical Affairs Advisory Committee effective February 24, 2021.

REPORT OF THE DIRECTORS

The Board is pleased to present this Directors' report, together with the consolidated financial statements of the Group for the year ended December 31, 2021.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on October 28, 2010 as an exempted limited liability company under the laws of the Cayman Islands. The Company's Shares have been listed on the Main Board of the HKEX since August 8, 2018 under the stock code 06160. The Company's ADSs have been listed on the NASDAQ Global Select Market since February 3, 2016 under the symbol "BGNE". The Company's ordinary shares traded in Renminbi (RMB Shares) have been publicly traded on the Science and Technology Innovation Board of the Shanghai Stock Exchange in China under the stock code "688235" since December 15, 2021.

PRINCIPAL ACTIVITIES

The Company is a commercial-stage biotechnology company focused on developing and commercializing innovative medicines worldwide. The Company has built substantial commercial capabilities in China and the United States and commercial capabilities in Europe, Canada and Australia. The Company currently market three internally discovered oncology medicines and also market or plan to market additional oncology products in China licensed from Amgen, Novartis, BMS, and EUSA Pharma; and have entered collaborations with Novartis Pharma AG for Novartis to develop, manufacture and commercialize tislelizumab and ociperlimab in North America, Europe and Japan. The analysis of the Group's revenues and contribution to results are set out in Note 3 and Note 16 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group is set out in the sections headed "Management Discussion and Analysis" of this annual report. A description of principal risks and uncertainties that the Group may be facing can be found on page 198 of this annual report. In addition, a discussion on relationships with key stakeholders will be included in our "Environmental, Social and Governance Report" to be published. The review and discussion form part of this Directors' report.

SHARE CAPITAL

Details of movements in the share capital of the Company for the year ended December 31, 2021 are set out in the consolidated statements of shareholders' equity.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 1 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the consolidated results and financial position of the Group is set out on page 152 of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2021 are set out in the consolidated statements of comprehensive loss on page 280 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2021, the Group's sales to its five largest customers accounted for approximately 73.6% of the Group's product revenue and the Group's single largest customer accounted for approximately 26.0% of the Group's product revenue. For the year ended December 31, 2021, the Company's collaboration revenue consisted entirely of revenue recognized under its out-licensing collaboration agreements with Novartis. For the year ended December 31, 2020, the Group's sales to its five largest customers accounted for approximately 82.6% of the Group's product revenue and the Group's single largest customer accounted for approximately 38.7% of the Group's product revenue.

For the year ended December 31, 2021 and 2020, the five largest suppliers of the Group accounted for approximately 29.4% and 45.3% of the Group's total purchases, respectively, while the largest supplier of the Group accounted for approximately 16.2% and 21.8% of the Group's total purchases, respectively.

During the year ended December 31, 2021, none of our Directors, their close associates or any of our shareholders, who, to the knowledge of our Directors, owns more than 5% of our issued share capital had any interest in any of the above customers or suppliers.

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. Details of these commitments will be set out in the Company's "Environmental, Social and Governance Report" to be published.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended December 31, 2021, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Mr. Jing-Shyh (Sam) Su resigned as an independent non-executive director on January 31, 2022. On February 1, 2022, the Board was enlarged from 11 to 12 members. Effective February 1, 2022, Dr. Margaret Han Dugan and Dr. Alessandro Riva have been appointed to the Board as independent non-executive directors to fill the two vacancies arising from the resignation of Mr. Su and the enlargement of the size of the Board. In addition, effective February 1, 2022, Dr. Dugan has been appointed to serve as a member of the Scientific Advisory Committee of the Board and Dr. Riva has been appointed to serve as a member of the Nominating and Corporate Governance Committee and the Scientific Advisory Committee of the Board.

Effective February 25, 2022, Dr. Dugan, an independent non-executive director of the Company, has been appointed as a member of the Commercial and Medical Affairs Advisory Committee of the Board.

Except as disclosed above, there were no important events affecting the Group which occurred after the Reporting Period and up to the date of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

As further disclosed in the section headed "Risks Factors" in this annual report, the following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control:

- Our medicines may fail to achieve and maintain the degree of market acceptance by physicians, patients, third-party payors, and others in the medical community necessary for commercial success.

- We have limited experience in launching and marketing our internally developed and in-licensed medicines. If we are unable to further develop marketing and sales capabilities or enter into agreements with third parties to market and sell our medicines, we may not be able to generate substantial product sales revenue.

- If we are not able to continue to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our medicines and drug candidates, and our ability to generate revenue will be materially impaired.

- We face substantial competition, which may result in others discovering, developing, or commercializing competing medicines before or more successfully than we do.

- The market opportunities for our medicines may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

- We have limited manufacturing capability and must rely on third-party manufacturers to manufacture some of our commercial products and clinical supplies, and if they fail to meet their obligations, the development and commercialization of our medicines and drug candidates could be adversely affected.

- If we or any third parties with which we may collaborate to market and sell our medicines are unable to achieve and maintain coverage and adequate level of reimbursement, our commercial success and business operations could be adversely affected.

- We depend substantially on the success of the clinical development of our medicines and drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals and commercialize our medicines and drug candidates, or experience significant delays in doing so, our business will be materially harmed.

- Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

- 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.

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

- All material aspects of the research, development, manufacturing and commercialization of pharmaceutical products are heavily regulated, and we may face difficulties in complying with or be unable to comply with such regulations, which could have a material adverse effect on our business.

- The approval processes of regulatory authorities in the United States, China, Europe and other comparable regulatory authorities are lengthy, time consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

- Our medicines and any future approved drug candidates will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our medicines and drug candidates.

- Even if we are able to commercialize our medicines and any approved drug candidates, the medicines may become subject to unfavorable pricing regulations or third-party reimbursement practices or healthcare reform initiatives, which could harm our business.

- We have incurred significant net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future and may not become profitable.

- We have limited experience in obtaining regulatory approvals and commercializing pharmaceutical products, which may make it difficult to evaluate our current business and predict our future performance.

- We may need to obtain additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development of our drug candidates or achieve profitability.

- If we are unable to obtain and maintain patent protection for our medicines and drug candidates through intellectual property rights, or if the scope of such intellectual property rights is not sufficiently broad, third parties may compete against us.

- If we fail to maintain an effective distribution channel for our medicines, our business and sales could be adversely affected.

- We rely on third parties to manufacture some of our commercial and clinical drug supplies. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

- If third-party manufacturers fail to comply with manufacturing regulations, our financial results and financial condition could be adversely affected.

- We have entered into licensing and collaboration arrangements and may enter into additional collaborations, licensing arrangements, or strategic alliances in the future, and we may not realize the benefits of such arrangements.

- If we are not able to successfully develop and/or commercialize Amgen's oncology products, the expected benefits of the collaboration will not materialize.

- We have significantly increased and expect to continue to increase our research, development, manufacturing, and commercial capabilities, and we may experience difficulties in managing our growth.

- Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

- Our business is subject to complex and evolving industry-specific laws and regulations regarding the collection and transfer of personal data. These laws and regulations can be complex and stringent, and many are subject to change and uncertain interpretation, which could result in claims, changes to our data and other business practices, significant penalties, increased cost of operations, or otherwise adversely impact our business.

- We manufacture some of our medicines and intend to manufacture some of our drug candidates, if approved. Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

- Changes in the political and economic policies of the PRC government or in relations between China and the United States or other governments may materially and adversely affect our business, financial condition, and results of operations and may result in our inability to sustain our growth and expansion strategies.

- The audit report included in our Annual Report on Form 10-K filed with the SEC is prepared by auditors who are not inspected fully by the Public Company Accounting Oversight Board, and as such, investors are deprived of the benefits of such inspection.

- The trading prices of our ordinary shares, ADSs and/or RMB shares can be volatile, which could result in substantial losses to you.

USE OF NET PROCEEDS FROM AMGEN

On January 2, 2020, the Company sold 15,895,001 ADSs, representing 206,635,013 ordinary shares of the Company and approximately 20.5% ownership stake in the Company's outstanding shares as at the same date, to Amgen for aggregate cash proceeds of US$2,779,241,000, or US$174.85 per ADS, pursuant to the Amgen SPA (as amended) executed in connection with the Amgen Collaboration Agreement. The subscription price represents: (a) a 36% premium to the 30-day volume weighted average price of the Company's ADSs as of October 30, 2019, the day prior to the date of the Amgen SPA; (b) assuming a conversion rate of US$1.00: HK$7.84, a 26% premium to the closing price of the Company's ordinary shares as quoted on the HKEX on October 31, 2019, the date of the Amgen SPA; (c) a 26% premium to the closing price of the Company's ADSs on the NASDAQ on October 31, 2019.

The net proceeds from the sale of the shares have been and will be utilized in accordance with the purposes set out in the proxy statement/circular of the Company dated November 29, 2019. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2021:

Purposes of use of proceeds	Planned applications (US dollars in thousands)	Percentage of total net proceeds (%)	Actual usage up to December 31, 2020 (US dollars in thousands)	Actual usage up to December 31, 2021 (US dollars in thousands)	Unutilized net proceeds as of December 31, 2021 (US dollars in thousands)
To fund business operations[a]	2,779,241	100%	1,095,499	1,869,643	909,598

Note (a): To fund the Company's development obligations under the Amgen Collaboration Agreement by contributing cash and development services up to a total cap of approximately US$1.25 billion, the development, manufacturing and commercialization of the Company's internally developed drug candidates, expansion of the Company's commercialization activities, and for future capacity expansion and general corporate use, as appropriate, as previously disclosed in the Company's proxy statement/circular dated November 29, 2019.

The Company plans to gradually utilize the remaining net proceeds in accordance with such intended purposes depending on actual business, which is expected to be fully utilized by the end of 2025. For further details, please refer to the announcements of the Company dated November 1, 2019, December 9, 2019, and January 3, 2020.

On September 24, 2020, the Company entered into the Restated Second Amendment to amend the Amgen SPA. Pursuant to the Restated Second Amendment, the Company granted Amgen the Direct Purchase Option to subscribe for Additional Shares in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of the Company's outstanding share capital. The Direct Purchase Option is exercisable on a monthly basis but only if Amgen's interest in the outstanding share capital of the Company at the monthly reference date drops below 20.4% solely as a result of dilution arising from issuance of new shares by the Company under its equity incentive plans from time to time. The aggregate number of Additional Shares shall not exceed 75,000,000 shares during the term of the Direct Purchase Option.

The purchase price for the Additional Shares will be the volume-weighted average price of the Company's ADSs for the 90 days preceding the last trading day of the prior month. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen owns less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) the third anniversary of the date on which the exercise period of the Direct Purchase Option commences. The Direct Purchase Option has no vesting period.

For further details, please refer to the announcements of the Company dated March 18, 2020, September 25, 2020 and the Company's proxy statement/circular dated October 9, 2020.

In September 2021, upon Amgen's exercise of its Direct Purchase Option, the Company issued an aggregate of 165,529 ADSs, representing 2,151,877 ordinary shares, to Amgen for a total consideration of US$50,000,000 in a private placement pursuant to the Restated Second Amendment. As of December 31, 2021, none of the proceeds of approximately US$50,000,000 had been utilized, and the Company plans to gradually utilize the net proceeds in accordance with such intended purposes as described above depending on actual business needs, which is expected to be fully utilized in the next three years.

USE OF NET PROCEEDS FROM JULY SHARE SUBSCRIPTION

On July 15, 2020, the Company allotted and issued 145,838,979 ordinary shares of the Company to eight existing investors for an aggregate cash consideration of approximately US$2.08 billion at a purchase price of US$14.2308 per ordinary share of the Company (equivalent to US$185 per ADS), in accordance with a share purchase agreement dated July 12, 2020 pursuant to the general mandate granted to the Board pursuant to an ordinary resolution of the shareholders passed at the 2020 annual general meeting of shareholders to allot, issue and deal with up to 202,995,338 ordinary shares.

The net proceeds from the sale of the shares are being used to: (a) fund the Company's research and clinical development activities, including expanding indications of its approved products, advancing its pipeline assets, including both internally developed molecules and in-licensed compounds, and progressing and expanding its preclinical programs; (b) advance business development activities to expand the Company's commercial and development-stage portfolio through in-licensing or acquisitions, as applicable, of additional technologies, drugs or drug candidates, other assets or businesses, both within oncology and outside of oncology, or for other strategic investments or opportunities; (c) invest in the commercialization of the Company's approved products in China, the United States and potentially other geographical markets; and (d) expand and further build out the Company's global organization and capabilities in areas including commercialization, manufacturing, and research and development. For further details, please refer to the announcements of the Company dated July 13, 2020 and July 16, 2020.

As of December 31, 2021, net proceeds amounting to approximately US$1.09 billion had been utilized, and the remaining US$0.98 billion will be gradually utilized in accordance with such intended purposes depending on actual business needs, and are expected to be fully utilized in the next three years.

USE OF NET PROCEEDS FROM STAR OFFERING

On December 15, 2021, the Company completed STAR Offering on the STAR Market of the SSE. The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in China in Renminbi (RMB Shares) pursuant to the general mandate to issue shares, which was approved by the shareholders at the Company's 2021 annual general meeting of shareholders held on June 16, 2021. The public offering price of the RMB Shares was RMB192.60 per RMB Share, which equates to HK$234.89 per ordinary share and US$391.68 per ADS. In this offering, the Company sold 115,055,260 RMB Shares. The RMB Shares are not fungible with the ordinary shares of the Company listed on the HKEX or with the ADSs representing the Company's ordinary shares listed on the NASDAQ Global Select Market. Net proceeds after deducting underwriting commission and offering expenses were US$3,392,616,000. We expect to use the net proceeds from the STAR Offering for (i) clinical development and research project, (ii) research and development center construction, (iii) bio-manufacturing plant construction, (iv) sales and marketing force expansion, and (v) working capital and general corporate purposes. As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in strict compliance with the planned uses as disclosed in the PRC prospectus as well as the Company's proceeds management policy for the STAR Offering approved by the Board.

For details, please refer to the Company's announcements dated November 16, 2020, January 29, 2021, April 20, 2021, May 14, 2021, June 1, 2021, June 21, 2021, June 28, 2021, June 30, 2021, July 9, 2021, July 28, 2021, October 15, 2021, November 16, 2021, November 23, 2021, November 24, 2021, November 29, 2021, November 30, 2021, December 2, 2021, December 6, 2021, December 7, 2021, December 13, 2021, December 21, 2021, December 28, 2021 and the circular dated April 30, 2021 of the Company.

As of December 31, 2021, none of the net proceeds of approximately US$3.4 billion had been utilized, and the Company plans to gradually utilize the net proceeds in accordance with such intended purposes depending on actual business needs, which is expected to be fully utilized in the next three to five years.

DIVIDEND POLICY AND RESERVES

The Board has adopted a dividend policy which provides that we currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Subject to applicable law and our Articles, any future determination to pay dividends will be made at the discretion of our Board and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant. This dividend policy reflects the Board's current views on our financial and cash flow position. We intend to continue to review our dividend policy from time to time, and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

We have never declared or paid any dividends on our ordinary shares or any other securities. If we pay dividends in the future, in order for us to distribute dividends to our shareholders and holders of ADSs, we may rely to some extent on dividends distributed by our PRC subsidiaries. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us, and such distributions will be subject to PRC withholding tax. In addition, PRC regulations currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits, as determined in accordance with our Articles and the accounting standards and regulations in the PRC.

The Board does not recommend any final dividend for the year ended December 31, 2021.

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2021 are set out in the consolidated statement of shareholders' equity on page 283 and in Note 30 to the consolidated financial statements, respectively, among which the information of the distributable reserves is set forth in Note 30 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2021 are set out in Note 10 to the consolidated financial statements.

BORROWINGS

The Group had US$629.7 million in outstanding borrowings from banks and other financial institutions as of December 31, 2021 (2020: US$518.7 million).

DONATION

During the year ended December 31, 2021, the Group made charitable donations of approximately US$0.7 million (2020: approximately US$0.7 million).

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended December 31, 2021.

EQUITY-LINKED AGREEMENTS

On March 17, 2020, the Company and Amgen entered into an Amendment No. 2 (the "Second Amendment") to the Amgen SPA as amended, by and between the Company and Amgen Inc. The Second Amendment was restated in its entirety on September 24, 2020 (the "Restated Second Amendment"). Pursuant to the Restated Second Amendment, Amgen has an option (the "Direct Purchase Option") to subscribe for additional ADSs in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of our outstanding shares. In September 2021, upon Amgen's exercise of its Direct Purchase Option, the Company issued an aggregate of 165,529 ADSs, representing 2,151,877 ordinary shares, to Amgen for a total consideration of US$50,000, in a private placement pursuant to the Restated Second Amendment.

Except as disclosed above and in the section headed "Share Option and Award Schemes", no equity-linked agreements were entered into by the Group or existed during the year ended December 31, 2021.

DIRECTORS

The Directors who held office during the year ended December 31, 2021 and up to the date of this annual report are:

Executive Director

Mr. John V. Oyler *(Chairman and Chief Executive Officer)*

Non-Executive Directors

Mr. Anthony C. Hooper
Dr. Xiaodong Wang

Independent Non-Executive Directors

Mr. Timothy Chen
Dr. Margaret Han Dugan *(Note 1)*
Mr. Donald W. Glazer
Mr. Michael Goller
Mr. Ranjeev Krishana
Mr. Thomas Malley
Dr. Alessandro Riva *(Note 1)*
Dr. Corazon (Corsee) D. Sanders
Mr. Qingqing Yi

Note:

(1) Effective February 1, 2022, Dr. Margaret Han Dugan and Dr. Alessandro Riva were appointed to the Board as non-executive Directors

* On January 31, 2022, Mr. Jing-Shyh (Sam) Su resigned from the Board. In connection with his resignation from the Board, Mr. Su also resigned from the Nominating and Corporate Governance Committee and the Commercial and Medical Affairs Advisory Committee of the Board.

Our Articles provide that our Board is divided into three groups designated as Class I, Class II and Class III, with as nearly equal a number of Directors in each group as possible. Each Director in each class shall serve for a three-year term and until such Director's successor has been duly elected. Upon the expiration of his or her term, each Director shall be eligible for re-election at the next annual general meeting to hold office for another three-year term and until such Director's successor has been duly elected. The terms of the Class I Directors are scheduled to expire on the date of our 2023 annual general meeting, the terms of the Class II Directors are scheduled to expire on the date of our 2024 annual general meeting, and the terms of the Class III Directors are scheduled to expire on the date of our 2022 annual general meeting, in each case subject to such Director's earlier resignation or removal. Based on the recommendation of the Nominating and Corporate Governance Committee, the Board's nominees for election by the shareholders at the 2022 annual general meeting are the current Class III members: Dr. Xiaodong Wang, Mr. Anthony C. Hooper, Mr. Ranjeev Krishana and Qingqing Yi. Additionally, Dr. Margaret Han Dugan and Dr. Alessandro Riva were appointed to the Board in February 2022 by the Board through the filling of two vacancies, as permitted by our Articles. Based on the recommendation of the Nominating and Corporate Governance Committee, the Board nominates Dr. Margaret Han Dugan and Dr. Alessandro Riva for election by the shareholders at the 2022 annual general meeting of shareholders to serve as Class I Directors. If elected, Dr. Margaret Han Dugan and Dr. Alessandro Riva will serve as a Director until the annual general meeting of shareholders in 2023 and until her or his successor is duly elected and qualified, subject to her or his earlier resignation or removal.

For the year ended December 31, 2021, the Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the HK Listing Rules and considers each of the independent non-executive Directors are independent.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

Mr. John V. Oyler, our Co-Founder, Chief Executive Officer and Chairman of the Board, receives no compensation for his service as a Director. Dr. Xiaodong Wang, our Co-Founder and Chairman of our Scientific Advisory Board, also receives no compensation for his service as a Director. As set out below, pursuant to our Independent Director Compensation Policy, Mr. Anthony C. Hooper receives compensation for his service as an independent director as defined under NASDAQ Listing Rules.

We have adopted an Independent Director Compensation Policy, which was most recently amended on February 17, 2022 by the Board. The amended Independent Director Compensation Policy is part of a total compensation package designed to enable us to attract and retain, on a long-term basis, high caliber independent Directors as defined under the listing rule of NASDAQ (the "NASDAQ Listing Rules"). Under the amended Independent Director Compensation Policy, all independent Directors, as defined under NASDAQ Listing Rules, are paid cash compensation as set forth below, including an annual cash retainer of US$60,000, which is same as the existing annual retainer adopted in 2021, and additional fees for service as a member or chair of each committee of the Board of Directors on which they serve, in each case, as noted below, each of which are paid quarterly. The changes for the cash retainers for committee chairs, are effective commencing April 1, 2022. There are no changes in the amount or composition of the equity award compared to the policy adopted in 2021.

	Annual Retainer (US$)
Board of Directors:	
All independent directors	60,000
Audit Committee:	
Chairperson	25,000 (1)
Non-Chairperson members	12,500
Compensation Committee:	
Chairperson	20,000 (1)
Non-Chairperson members	10,000
Nominating and Corporate Governance Committee:	
Chairperson	15,000 (1)
Non-Chairperson members	7,500
Commercial and Medical Affairs Advisory Committee:	
Chairperson	18,000 (2)
Non-Chairperson members	9,000
Scientific Advisory Committee:	
Chairperson	18,000 (2)
Non-Chairperson members	9,000

Notes:

(1) Increased by US$2,500 from 2021.

(2) Increased by US$2,500 from 2021.

Consistent with the current policy, under the amended Independent Director Compensation Policy, each independent director, as defined under NASDAQ Listing Rules, are granted equity awards in the form of share options valued at US$400,000 in connection with their initial election or appointment to the Board, pro-rated for the portion of the year served leading up to the first anniversary of the last annual meeting of shareholders, and annual equity awards valued at US$400,000 on the date of each annual meeting of shareholders, which reflects no changes from the existing annual equity awards adopted in 2021. Each of the awards will consist of 50% share options and 50% RSUs; provided, however, that to the extent that a grant of RSUs is subject to shareholder approval pursuant to applicable listing rules (as is currently the case under the HK Listing Rules), (i) the initial grant shall consist of 100% share options and (ii) the annual grant shall include RSUs only upon shareholder approval and, in the absence of such shareholder approval, the annual grant shall consist of 100% share options. As under the current policy, the equity awards will vest in full on the earlier of the first anniversary of date of grant or the date of the next annual general meeting, and in full upon death, disability or the occurrence of specified events in connection with a change of control of the Company. Subject to specific terms and conditions designed for compliance with applicable tax and other regulations, Directors generally may elect to defer settlement of their RSUs until six months following the date that the Director ceases to serve as a Director. The options have an exercise price equal to the higher of (i) the fair market value of the Company's ordinary shares on the date of grant and (ii) the average fair market value of the Company's ordinary shares over the five trading days immediately preceding the date of grant, in each case as determined in reference to the closing price of the Company's ADSs on the NASDAQ. The equity awards are granted under the 2016 Plan and form of award agreement thereunder. In addition, under the terms of the 2016 Plan, the value of all equity awards and other cash compensation paid to each independent Director for their service as an independent Director may not exceed US$1,000,000 in any calendar year (except in a Director's first year of service). We also reimburse all reasonable out-of-pocket expenses incurred by independent Directors in attending board and committee meetings.

In February 2019, our Compensation Committee adopted share ownership guidelines applicable to our non-employee Directors and our executive officers, including our Chief Executive Officer, to further align the interests of the leadership of our Company with those of our shareholders. The share ownership guidelines are as follows: our Chief Executive Officer must hold equity worth at least six times his annual base salary; our President must hold equity worth at least three times his annual based salary; each of our other executive officers must hold equity worth at least one times his or her base salary; and each of our non-employee Directors must hold equity worth at least five times the annual Board cash retainer. Covered individuals and newly appointed or elected persons have five years to achieve the ownership guideline.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for our Directors for the financial years ended December 31, 2020 and 2021 was approximately US$18.9 million and US$21.2 million, respectively. Details of the remuneration of Mr. John V. Oyler as chief executive officer of the Company, Dr. Xiaodong Wang as the Company's consultant, the Directors, senior management and the five highest paid individuals are set out in Note 25, Note 26 and Note 27, respectively, to the consolidated financial statements.

Except as disclosed in this annual report, none of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Employee Agreements with Mr. John V. Oyler

Mr. John V. Oyler and the Company and certain of our subsidiaries entered into employment agreements on April 25, 2017, pursuant to which Mr. Oyler serves as our Chief Executive Officer. Mr. Oyler currently receives a base salary of US$800,000, which is subject to review and adjustment in accordance with the Company's policy and subject to Board approval. Mr. Oyler's base salary is allocated between the Company and certain of our subsidiaries. Mr. Oyler is eligible for an annual merit increase and an annual bonus, with a current target level of 100% of his base salary, based on performance as recommended by the Compensation Committee and determined by the Board of Directors. Mr. Oyler's employment agreements also provide for certain transportation and international travel benefits and tax preparation and equalization payments. His employment agreements have an initial three-year term and automatically renew for additional one-year terms unless either party provides written notice of nonrenewal. Mr. Oyler's employment can be terminated by the Company at any time. Mr. Oyler may resign upon 60 days advance notice; so long as his resignation is not due to his employment with a competing business, he may receive payment in lieu of notice. Upon termination of Mr. Oyler's employment for any reason, we will pay (i) accrued but unpaid base salary during the final payroll period of employment; (ii) unpaid vacation time; (iii) unpaid annual bonus from the previous calendar year; and (iv) any business expenses incurred, documented and substantiated but not yet reimbursed (collectively, the "Final Compensation"). If Mr. Oyler's employment is terminated by us other than for "cause" (as defined in his employment agreements) or if Mr. Oyler terminates his employment for "good reason" (as defined in his employment agreements), Mr. Oyler is entitled to (i) the Final Compensation, (ii) a lump sum equal to the base salary divided by 12, then multiplied by the Severance Period (as defined below), (iii) the post-termination bonus calculated based on the target bonus for the year and the number of days passed through the date of termination, (iv) a US$20,000 one-time bonus and (v) acceleration by 20 months of the vesting of his initial equity award in 2015 and all of his awards granted commencing in 2017, when he signed his employment agreement (the "accelerated awards"). The "Severance Period" is 20 months; provided that if Mr. Oyler's employment terminates during the 12-month period following a "change in control" (as defined in his employment agreements), then the Severance Period will be 24 months. His employment agreement provides that the unvested portion of his awards will immediately vest upon a "change in control." Mr. Oyler's employment agreements also prohibit him from engaging in certain competitive and solicitation activities during his employment and for 18 months after the termination of his employment.

Consulting Agreement with Dr. Xiaodong Wang

Dr. Xiaodong Wang, our Co-Founder, Chairman of our Scientific Advisory Board and Director, has been providing scientific and strategic advisory services to us since our founding in 2010. On July 24, 2018, we entered into a Consulting Agreement with Dr. Wang for a term of three years (the "2018 Consulting Agreement"). On February 24, 2021, we entered into a new consulting agreement (the "2021 Consulting Agreement") with Dr. Wang to renew the consulting arrangement on substantially the same terms and conditions as his 2018 Consulting Agreement, for services to be performed by Dr. Xiaodong Wang during the period starting on January 1, 2021 and ending on December 31, 2023. Dr. Wang's consulting services include leading the Company's Scientific Advisory Board and providing short- and long-term strategic advice to the Company in his areas of expertise, participating in the Company's leadership team meetings from time to time and interacting with the Company's key stakeholders on behalf of the Company and will continue to receive an annual fixed consulting fee of US$100,000 (subject to review and adjustments by the Board of Directors from time to time) and such additional compensation, which, if any, shall be determined in the sole discretion of the Company, subject to compliance with the requirements of the applicable stock exchange listing rules. The 2021 Consulting Agreement is effective from January 1, 2021 and will expire on December 31, 2023. The Company may terminate the 2021 Consulting Agreement upon 30 days' prior notice to Dr. Wang, provided that Dr. Wang will be entitled to payment for services performed prior to such date.

Except as disclosed above, none of the Directors proposed for re-election at the 2022 annual general meeting of shareholders has a service contract with members of the Group that is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Except as disclosed in the sections headed "Directors' Service Contracts", "Connected Transactions and Continuing Connected Transactions", "Related Party Transaction" and Note 27 to the consolidated financial statements contained in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2021.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY

Pursuant to our Articles and subject to the applicable laws and regulations, every Director shall be indemnified and held harmless out of the assets and profits of the Company against all actions, proceedings, costs, charges, expense losses, damages or liabilities which they or any of them may incur or sustain in or about the execution of their duty in their offices, other than by reason of such person's dishonesty, willful default or fraud.

Such permitted indemnity provision has been in force for the year ended December 31, 2021. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

MANAGEMENT CONTRACTS

Except as disclosed in the section headed "Directors' Service Contracts" in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed in this annual report, at no time during the year ended December 31, 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the 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 equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2021, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the HK Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of December 31, 2021, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares ("Shares"), underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which were required (a) to be notified to the Company and the HKEX 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 under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the HKEX pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of holding[1]
John V. Oyler	Beneficial owner	23,348,966[2]	1.75%
	Settlor of a trust/Beneficiary of a trust	10,000,000[3]	0.75%
	Settlor of a trust/Interest of a minor child	102,188[4]	0.01%
	Settlor of a trust/Beneficiary of a trust	7,727,927[5]	0.58%
	Settlor of a trust/Beneficiary of a trust	29,439,115[6]	2.21%
	Settlor of a trust	510,941[7]	0.04%
	Interest of a minor child	545,597[8]	0.04%
	Other	1,584,167[9]	0.12%
Xiaodong Wang	Beneficial owner	15,471,305[10]	1.16%
	Interest of a minor child	172,372[11]	0.01%
	Interest in controlled corporation	4,253,998[12]	0.32%
	Other	1,127,542[13]	0.08%
	Interest of spouse	50[14]	0.000004%
Timothy Chen	Beneficial owner	407,638[15]	0.03%
Donald W. Glazer	Beneficial owner	3,099,445[16]	0.23%
Michael Goller	Person having a security interest in shares	361,998[17]	0.03%
Anthony C. Hooper	Beneficial owner	92,651[18]	0.01%
Ranjeev Krishana	Person having a security interest in shares	361,998[19]	0.03%
Thomas Malley	Beneficial owner	1,274,746[20]	0.10%
Corazon (Corsee) D. Sanders	Beneficial owner	52,780[21]	0.004%
Jing-Shyh (Sam) Su	Beneficial owner	198,575[22]	0.01%
Qingqing Yi	Beneficial owner	352,716[23]	0.03%

Notes:

(1) The calculation is based on the total number of 1,331,466,887 Shares in issue as of December 31, 2021.

(2) Includes (1) 1,399,809 Shares held by Mr. Oyler, (2) Mr. Oyler's entitlement to receive up to 21,612,062 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options, and (3) Mr. Oyler's entitlement to restricted share units equivalent to 337,095 Shares, subject to vesting conditions.

(3) These Shares are held in a Roth IRA PENSCO trust account for the benefit of Mr. Oyler.

(4) These Shares are held by The John Oyler Legacy Trust for the benefit of Mr. Oyler's minor child, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.

(5) These Shares are held by a grantor retained annuity trust for the benefit of Mr. Oyler, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.

(6) These Shares are held by Oyler Investment LLC, the interest of which is 99% owned by a grantor retained annuity trust for the benefit of Mr. Oyler, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.

(7) These Shares are held by The Oyler Family Legacy Trust for the benefit of Mr. Oyler's family members, of which Mr. Oyler 's father is a trustee and Mr. Oyler is the settlor.

(8) Mr. Oyler made a gift of 545,597 Shares to a trust. These Shares are held by a trust, the beneficiaries of which include Mr. Oyler's minor child and others, in which Mr. Oyler is deemed to be interested for the purpose of the SFO.

(9) These Shares are held by a private foundation of which Mr. Oyler and the other(s) serve as directors, in which Mr. Oyler is deemed to be interested for the purpose of the SFO.

(10) Includes (1) 5,660,698 Shares held by Dr. Wang, (2) Dr. Wang's entitlement to receive up to 9,748,058 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options, and (3) Dr. Wang's entitlement to restricted share units equivalent to 62,549 Shares, subject to vesting conditions.

(11) These Shares are held in a Uniform Transfers to Minors Act account for Dr. Wang's minor child, in which Dr. Wang is deemed to be interested for the purposes of the SFO.

(12) These Shares are held by Wang Investment LLC, the interest of which is 99% owned by two grantor retained annuity trusts, of which Dr. Wang's wife is a trustee and Dr. Wang is the Settlor.

(13) These Shares are held by a family trust which Dr. Wang's family members are beneficiaries, in which Dr. Wang is deemed to be interested for the purpose of the SFO.

(14) These Shares are held by Dr. Wang's spouse, in which Dr. Wang is deemed to be interested for the purposes of the SFO.

(15) Includes (1) Mr. Chen's entitlement to receive up to 399,838 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (2) Mr. Chen's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(16) Includes (1) 2,746,729 Shares held by Mr. Glazer; (2) Mr. Glazer's entitlement to receive up to 344,916 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Glazer's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(17) Includes (1) 9,282 Shares held by Mr. Goller; (2) Mr. Goller's entitlement to receive up to 344,916 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Goller's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(18) Includes (1) Mr. Hooper's entitlement to receive up to 84,851 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options.; and (2) Mr. Hooper's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(19) Includes (1) 9,282 Shares held by Mr. Krishana; (2) Mr. Krishana's entitlement to receive up to 344,916 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Krishana's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(20) Includes (1) 399,282 Shares held by Mr. Malley; (2) Mr. Malley's entitlement to receive up to 867,664 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options; and (3) Mr. Malley's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(21) Includes (1) Dr. Sanders' entitlement to receive up to 44,980 Shares pursuant to the exercise of options granted to her, subject to the conditions (including vesting conditions) of those options and (2) Dr. Sanders' entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(22) Includes (1) Mr. Su's entitlement to receive up to 190,775 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options; and (2) Mr. Su's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

(23) Includes (1) Mr. Yi's entitlement to receive up to 344,916 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (2) Mr. Yi's entitlement to restricted share units equivalent to 7,800 Shares, subject to vesting conditions.

Except as disclosed above, as of December 31, 2021, so far as was known to the Directors and chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to be interested under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the HKEX pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of December 31, 2021, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares/ underlying shares	Approximate percentage of holding[1]
Amgen Inc.	Beneficial owner	246,269,426	18.50%
Julian C. Baker[2]	Beneficial owner/Interest in controlled corporations/ Person having a security interest in shares	152,875,363	11.48%
Felix J. Baker[2]	Beneficial owner/Interest in controlled corporations/ Person having a security interest in shares	152,875,363	11.48%
Baker Bros. Advisors (GP) LLC[2]	Investment manager/Other	152,419,703	11.45%
Baker Bros. Advisors LP[2]	Investment manager/Other	152,419,703	11.45%
Baker Brothers Life Sciences Capital, L.P.[2]	Interest in controlled corporations/Other	139,823,423	10.50%
Gaoling Fund, L.P.[3]	Beneficial owner	129,433,059	9.72%
Hillhouse Capital Advisors, Ltd.[3]	Investment manager	133,587,655	10.03%
The Capital Group Companies, Inc.[5]	Interest in controlled corporations	103,974,393	7.81%
JPMorgan Chase & Co.[4]	Interest in controlled corporations	11,433,347	0.86%
		9,952,323 (S)	0.75% (S)
	Investment manager	1,656,684	0.12%
		36,465 (S)	0.003% (S)
	Person having a security interest in shares	886,447	0.07%
	Trustee	14,532	0.001%
	Approved lending agent	88,526,135	6.65%

Notes:

Unless otherwise specified, the above Shares are long position. (S) denotes short position.

(1) The calculation is based on the total number of 1,331,466,887 Shares in issue as of December 31, 2021.

(2) Julian C. Baker and Felix J. Baker are the managing members of Baker Bros. Advisors (GP) LLC. Baker Bros. Advisors (GP) LLC is the general partner of Baker Bros. Advisors LP ("BBA"). BBA is the manager for securities held by 667, L.P. and Baker Brothers Life Sciences, L.P.. Also, Baker Brothers Life Sciences Capital, L.P. is the general partner of Baker Brothers Life Sciences, L.P. (the "Funds"). Unlisted derivatives include stock options and restricted stock received as compensation by two BBA employees (Michael Goller and Ranjeev Krishana) for their service on the Board of Directors of BeiGene, Ltd. and are controlled by BBA, with the Funds entitled to the pecuniary interest.

According to the corporate substantial shareholder notice for the date of relevant event of December 15, 2021 submitted by Baker Brothers Life Sciences Capital, L.P. to HKEX on December 15, 2021,140,543,649 Shares held by Baker Brothers Life Sciences, L.P. directly. For the purposes of the SFO, Julian C. Baker, Felix J. Baker, Baker Bros. Advisors (GP) LLC and BBA are deemed to be interested in the 11,152,058 Shares held by 667, L.P. and the 140,543,649 Shares held by Baker Brothers Life Sciences, L.P., and 723,996 Shares which unlisted derivatives are controlled by BBA, with the Funds entitled to the pecuniary interest. In addition, for the purposes of the SFO, Baker Brothers Life Sciences Capital, L.P. is deemed to be interested in the 140,543,649 Shares held by Baker Brothers Life Sciences, L.P., and 723,996 Shares which unlisted derivatives are controlled by BBA, with the Funds entitled to the pecuniary interest.

Outside the Funds, each of Julian C. Baker and Felix J. Baker further interests in (in the form of ADSs) 270,868Shares personally and 151,004 Shares through FBB3 LLC, a controlled corporation.

(3) (i) 133,587,655 Shares are held by Gaoling Fund, L.P. and YHG Investment, L.P.; and (ii) 13,447,603 Shares are held by Hillhouse BGN Holdings Limited. Hillhouse Capital Advisors, Ltd. acts as the sole general partner of YHG Investment, L.P. and the sole management company of Gaoling Fund, L.P.. Hillhouse Capital Management, Ltd. is the sole management company of Hillhouse Fund II, L.P., which owns Hillhouse BGN Holdings Limited. Under the SFO, Hillhouse Capital Advisors, Ltd. is deemed to be interested in the 133,587,655 Shares held by Gaoling Fund, L.P. and YHG Investment, L.P. and Hillhouse Capital Management, Ltd. is deemed to be interested in the 13,447,603 Shares held by Hillhouse BGN Holdings Limited. Under the SFO, Hillhouse Fund II, L.P. is deemed to be interested in the 13,447,603 Shares held by Hillhouse BGN Holdings Limited.

(4) (i) 13,037,674 Shares are held by Capital International, Inc.; (ii) 623,415 Shares held by Capital International Limited; (iii) 2,090,794 Shares are held by Capital International Sarl; and (iv) 86,161,42 Shares are held by Capital Research and Management Company; and (v) 8,645 Shares are held by Capital Bank and Trust Company and (vi) 2,052,440 Shares are held by Capital Group Private Client Services, Inc.

Capital Group International, Inc. is wholly owned by Capital Research and Management Company. Capital International, Inc., Capital International Limited, Capital International Sarl and Capital Group Private Client Services, Inc. are wholly owned by Capital Group International, Inc. Capital Bank and Trust Company is wholly owned by The Capital Group Companies, Inc. For the purposes of the SFO, Capital Research and Management Company and Capital Group International, Inc. are deemed to be interested in the 17,804,323 Shares held by Capital International, Inc., Capital International Limited, Capital International Sarl, and Capital Group Private Client Services, Inc., and The Capital Group Companies, Inc. is deemed to be interested in the 8,645 Shares held by Capital Bank and Trust Company.

Capital Research and Management Company is wholly owned by The Capital Group Companies Inc. For the purposes of the SFO, The Capital Group Companies Inc. is deemed to be interested in the 103,965,748 Shares held by Capital Research and Management Company directly and indirectly.

(5) According to the shareholding disclosures notice regarding the relevant event dated December 16, 2021 submitted by JPMorgan Chase & Co. to HKEX, an aggregated 102,715,610 shares (long position), 10,131,330 shares (short position) and 88,529,432 shares (lending pool) of the Company are held by JPMorgan Chase & Co. indirectly through its certain subsidiaries. Among them, 567,315 shares (long position) and 323,028 (short position) are cash settled unlisted derivatives.

Except as disclosed above, as of December 31, 2021, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION AND AWARD SCHEMES

1. 2011 Option Plan

The 2011 Plan was approved by the Board on April 15, 2011 and most recently amended on April 17, 2015. The terms of the 2011 Plan are not subject to the provisions of Chapter 17 of the HK Listing Rules, as our Board determined not to grant any further options under the 2011 Plan after February 2, 2016 when the 2016 Plan became effective.

As of December 31, 2021, the Company had conditionally granted options to 240 participants under the 2011 Plan. All of the options under the 2011 Plan were granted between May 20, 2011 and January 31, 2016 (both days inclusive). The exercise price of all of the options granted under the 2011 Plan is between US$0.01 and US$1.85 per Share.

Further details of the 2011 Plan are set out in the prospectus of the Company dated July 30, 2018 (the "Prospectus").

As of January 1, 2021, 5,671,104 Shares were outstanding pursuant to options granted under the 2011 Plan, and as of December 31, 2021, 2,908,297 Shares were outstanding under the 2011 Plan. Details of the movements of the options granted under the 2011 Plan from January 1, 2021 to December 31, 2021 are as follows:

					Number of options				
Name of grantee	Role	Date of grant	Option period	Exercise price	Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Directors of the Company								
Xiaodong Wang	Non-executive Director	May 20, 2011[1]	10 years from the date of grant	US$0.01	88,235	–	88,231	4	–
		April 3, 2013[1]	10 years from the date of grant	US$0.01	879,267	–	–	–	879,267
		June 29, 2015[1]	10 years from the date of grant	US$0.50	500,000	–	–	–	500,000
Thomas Malley	Independent Non-executive Director	January 25, 2016[2]	10 years from the date of grant	US$1.85	552,752	–	–	–	552,752
	Senior Management of the Company								
Howard Liang	Former Chief Financial Officer and Chief Strategy Officer	June 29, 2015[3]	10 years from the date of grant	US$0.50	831,000	–	830,999	–	1
Lai Wang	Global Head of R&D	July 6, 2012[4]	10 years from the date of grant	US$0.01	12	–	–	–	12
		April 3, 2013[4]	10 years from the date of grant	US$0.01	103,778	–	103,766	–	12
		June 29, 2015[4]			259,569	–	259,558	–	11
	Other grantees								
In aggregate		Between May 20, 2011 and January 31, 2016[4]	10 years from the date of grant	Between US$0.01 to US$1.85	2,456,491	–	1,473,654	6,595	976,242
Total					5,671,104	–	2,756,208	6,599	2,908,297

(1) 20% of the options become exercisable on the first anniversary of the grant date. The remaining 80% become exercisable in 48 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 20%.

(2) One-third of the options become exercisable on each anniversary of the grant date.

(3) 25% of the options become exercisable on July 15, 2016, and the remaining 75% become exercisable in 36 successive equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 25%. Certain options may be subject to accelerated vesting upon change in control and/or termination.

(4) 20%/25% of the options become exercisable on the first anniversary of the grant date. The remaining 80%/75% become exercisable in 48/36 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 20%/25%. Certain options may be subject to accelerated vesting upon change in control and/or termination.

2. Second Amended and Restated 2016 Share Option and Incentive Plan

The 2016 Plan was approved by our Board on November 7, 2018 and by our shareholders on December 7, 2018 to amend and restate the 2016 Share Option and Incentive Plan originally adopted by the Company on January 14, 2016. As of December 31, 2021, the total number of Shares available for option grants under the 2016 Plan was 50,886,939 Shares (including the additional Shares added as further described below), representing 3.82% of the issued share capital of the Company. As of April 19, 2022, the total number of Shares available for option grants under the 2016 Plan was 48,505,794 Shares (including the additional Shares added as further described below), representing 3.64% of the issued share capital of the Company as of April 19, 2022.

In order to continue to provide incentive opportunities under the 2016 Plan, an amendment to the 2016 Plan (the "Amendment No. 1", and the 2016 Plan as amended by the Amendment No. 1, the "Amended 2016 Plan") to increase the number of authorized Shares available for issuance under the 2016 Plan by 57,200,000 Shares, and to extend the term of the 2016 Plan through 2030, was approved by our Board on April 13, 2020 and by our shareholders on June 17, 2020.

Purpose

The Amended 2016 Plan provides the Company with the flexibility to use various equity-based incentive and other awards as compensation tools to attract, retain and motivate our (and our subsidiaries') workforce. These tools include share options, share appreciation rights, restricted shares, restricted share units, unrestricted shares, performance share awards, cash-based awards and dividend equivalent rights.

Eligible Participants

Full-time and part-time officers, employees, non-employee Directors and other key persons (including consultants) as selected from time to time by our Compensation Committee are eligible to participate in the Amended 2016 Plan.

Maximum Number of Shares

The maximum number of Shares reserved and available for issuance under the Amended 2016 Plan and our other equity plans may not exceed 10% of the Shares issued and outstanding as of June 17, 2020 and the aggregate number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Amended 2016 Plan and outstanding options granted and yet to be exercised under any other plan of the Company at any time may not exceed 30% of the Shares in issue from time to time.

Limit of Each Grantee

Unless approved by our shareholders in a general meeting, the total number of Shares issued and to be issued upon the exercise of share options granted and to be granted under the 2016 Plan and any other equity plans of the Company to a grantee within any 12-month period shall not exceed 1% of the Shares in issue at the date of any grant.

Option Period

Our Compensation Committee may determine at the time of grant any minimum period(s) for which a share option must be held and/or any minimum performance target(s) that must be achieved, before the share option can be exercised in whole or in part, and may include at the discretion of our Compensation Committee such other terms either on a case by case basis or generally.

The term of each share option will be fixed by our Compensation Committee and may not exceed 10 years from the date of grant. Any share option granted but not exercised by the end of its option term will automatically lapse and be cancelled. Our Compensation Committee will determine at what time or times each option may be exercised.

Exercise Price

The exercise price of each share option will be determined by our Compensation Committee but may not be less than the higher of: (i) 1/13th of the closing price of one ADS on the NASDAQ on the date of grant; and (ii) 1/13th of the average closing price of one ADS on the NASDAQ for the five business days immediately preceding the date of grant.

Consideration

No consideration is required to be paid by the grantees for the grant of options under the 2016 Plan.

Expiration of the 2016 Plan

The 2016 Plan will expire on April 13, 2030.

Movements in the 2016 Plan

As of December 31, 2021, the Company has conditionally granted options to 1,020 participants under the Amended 2016 Plan. All of the options under the Amended 2016 Plan were granted between February 8, 2016 and December 31, 2021 (both days inclusive). The exercise price of all the options granted under the 2016 Plan is between US$0.5 and US$28.81 per Share.

Further details of the 2016 Plan are set out in Note 19 to the consolidated financial statements.

As of January 1, 2021, 64,082,595 Shares were outstanding pursuant to options granted under the 2016 Plan, and as of December 31, 2021, 54,065,073 Shares were outstanding under the 2016 Plan. Details of the movements of the options granted during the Reporting Period were as follows:

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Directors of the Company										
John V. Oyler	Executive Director, Chairman and Chief Executive Officer	November 16, 2016[3]	10 years from the date of grant	US$2.79	N/A	US$2.84	2,047,500	–	–	–	2,047,500
		September 27, 2017[3]	10 years from the date of grant	US$6.73	N/A	US$7.70	935,000	–	–	–	935,000
		April 30, 2018[3]	10 years from the date of grant	US$13.37	N/A	US$13.04	996,810	–	–	–	996,810
		June 26, 2018[3]	10 years from the date of grant	US$12.70	N/A	US$12.34	1,310,088	–	–	–	1,310,088
		June 5, 2019[3]	10 years from the date of grant	US$9.25	N/A	US$9.23	2,193,282	–	–	–	2,193,282
		June 17, 2020[3]	10 years from the date of grant	US$13.33	N/A	US$13.42	1,821,976	–	–	–	1,821,976
		June 16, 2021[3]	10 years from the date of grant	US$25.54	N/A	US$26.53	–	906,906	–	–	906,906
Xiaodong Wang	Non-executive Director	November 16, 2016[3]	10 years from the date of grant	US$2.79	N/A	US$2.84	1,613,430	–	–	–	1,613,430
		September 27, 2017[3]	10 years from the date of grant	US$6.73	N/A	US$7.70	750,000	–	–	–	750,000
		June 26, 2018[3]	10 years from the date of grant	US$12.70	N/A	US$12.34	655,044	–	–	–	655,044
		June 5, 2019[3]	10 years from the date of grant	US$9.25	N/A	US$9.23	747,708	–	–	–	747,708
		June 17, 2020[3]	10 years from the date of grant	US$13.33	N/A	US$13.42	560,599	–	–	–	560,599
		June 16, 2021[3]	10 years from the date of grant	US$25.54	N/A	US$26.53	–	241,839	–	–	241,839

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
Anthony C. Hooper	Non-executive Director	March 3, 2020[5]	10 years from the date of grant	US$12.62	N/A	US$12.22	21,970	–	–	–	21,970
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$26.53	–	17,498	–	–	17,498
Timothy Chen	Independent Non-executive Director	February 8, 2016[4]	10 years from the date of grant	US$2.61	US$27.05	US$2.42	266,926	–	78,000	–	188,926
		June 2, 2017[5]	10 years from the date of grant	US$2.94	N/A	US$3.15	65,988	–	–	–	65,988
		June 6, 2018[5]	10 years from the date of grant	US$15.73	N/A	US$16.15	17,442	–	–	–	17,442
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498
Donald W. Glazer	Independent Non-executive Director	April 19, 2017[4]	10 years from the date of grant	US$2.84	N/A	US$2.83	199,992	–	–	–	199,992
		June 6, 2018[5]	10 years from the date of grant	US$15.73	N/A	US$16.15	17,442	–	–	–	17,442
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498

							Number of options				
Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
Michael Goller	Independent Non-executive Director	April 19, 2017[4]	10 years from the date of grant	US$2.84	N/A	US$2.83	199,992	–	–	–	199,992
		June 6, 2018[5]	10 years from the date of grant	US$15.73	N/A	US$16.15	17,442	–	–	–	17,442
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498
Ranjeev Krishana	Independent Non-executive Director	April 19, 2017[4]	10 years from the date of grant	US$2.84	N/A	US$2.83	199,992	–	–	–	199,992
		June 6, 2018[5]	10 years from the date of grant	US$15.73	N/A	US$16.15	17,442	–	–	–	17,442
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498
Thomas Malley	Independent Non-executive Director	June 2, 2017[5]	10 years from the date of grant	US$2.94	N/A	US$3.15	169,988	–	–	–	169,988
		June 6, 2018[5]	10 years from the date of grant	US$15.73	N/A	US$16.15	17,442	–	–	–	17,442
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
Corazon D. Sanders	Independent Non-executive Director	August 24, 2020[5]	10 years from the date of grant	US$18.50	N/A	US$18.26	27,482	–	–	–	27,482
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498
Jing-Shyh (Sam) Su	Former Independent Non-executive Director	April 1, 2018[4]	10 years from the date of grant	US$12.92	N/A	US$12.72	63,290	–	–	–	63,290
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498
Qingqing Yi	Independent Non-executive Director	April 19, 2017[4]	10 years from the date of grant	US$2.84	N/A	US$2.83	199,992	–	–	–	199,992
		June 6, 2018[5]	10 years from the date of grant	US$15.73	N/A	US$16.15	17,442	–	–	–	17,442
		June 5, 2019[5]	10 years from the date of grant	US$9.25	N/A	US$9.23	64,610	–	–	–	64,610
		June 17, 2020[5]	10 years from the date of grant	US$13.33	N/A	US$13.42	45,383	–	–	–	45,383
		June 16, 2021[5]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	17,498	–	–	17,498
	Senior Management of the Company										
Xiaobin Wu	President, Chief Operating Officer and General Manager of China	April 30, 2018[6]	10 years from the date of grant	US$13.37	N/A	US$13.04	766,599	–	–	–	766,599
		June 5, 2019[3]	10 years from the date of grant	US$9.25	N/A	US$9.23	797,550	–	–	–	797,550
		June 17, 2020[3]	10 years from the date of grant	US$13.42	N/A	US$13.33	756,821	–	–	–	756,821
		June 16, 2021[3]	10 years from the date of grant	US$25.54	N/A	US$25.63	–	483,678	–	–	483,678

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
Julia Wang	Chief Financial Officer	June 30, 2020	10 years from the date of grant	US$14.55	N/A	US$14.66	104,754	–	–	–	104,754
		June 16, 2021	10 years from the date of grant	US$25.54	N/A	US$26.53	–	177,853	–	–	177,853
Howard Liang	Former Chief Financial Officer and Chief Strategy Officer	November 16, 2016[3]	10 years from the date of grant	US$2.79	US$24.66	US$2.84	1,752,500	–	1,752,500	–	–
		June 29, 2017[3]	10 years from the date of grant	US$3.50	US$23.98	US$3.45	1,250,000	–	1,250,000	–	–
		June 26, 2018[3]	10 years from the date of grant	US$12.70	US$25.11	US$12.34	364,208	–	303,264	60,944	–
		June 5, 2019[3]	10 years from the date of grant	US$9.25	US$26.76	US$9.23	558,285	–	325,520	232,765	–
		June 17, 2020[3]	10 years from the date of grant	US$13.33	US$21.36	US$13.42	315,341	–	105,092	210,249	–
Lai Wang	Global Head of R&D	July 13, 2016[3]	10 years from the date of grant	US$2.27	US$23.63	US$2.29	824,993	–	591,045	–	233,948
		June 27, 2017[3]	10 years from the date of grant	US$3.50	N/A	US$3.49	999,999	–	–	–	999,999
		June 26, 2018[3]	10 years from the date of grant	US$12.70	N/A	US$12.34	364,208	–	–	–	364,208
		June 5, 2019[3]	10 years from the date of grant	US$9.25	N/A	US$9.23	558,285	–	–	–	558,285
		June 17, 2020[3]	10 years from the date of grant	US$13.33	N/A	US$13.42	525,564	–	–	–	525,564
		June 16, 2021[3]	10 years from the date of grant	US$25.54	N/A	US$26.53	–	332,527	–	–	332,527

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
Jane Huang	Former Chief Medical Officer, Hematology	September 2, 2016[3]	10 years from the date of grant	US$2.26	US$26.04	US$2.27	324,575	–	117,000	–	207,575
		June 27, 2017[3]	10 years from the date of grant	US$3.50	N/A	US$3.49	850,465	–	–	–	850,465
		June 26, 2018[3]	10 years from the date of grant	US$12.70	US$25.57	US$12.34	212,680	–	89,882	–	122,798
		June 5, 2019[3]	10 years from the date of grant	US$9.25	US$27.34	US$9.23	462,579	–	251,303	–	211,276
		June 17, 2020[3]	10 years from the date of grant	US$13.33	US$25.57	US$13.42	273,286	–	68,315	–	204,971
		June 16, 2021[3]	10 years from the date of grant	US$25.54	N/A	US$26.53	–	157,196	–	–	157,196
	Other grantees										
In Aggregate		July 13, 2016[3]	10 years from the date of grant	US$2.27	US$24.43	US$2.29	3,705,717	–	442,858	24	3,262,835
		July 22, 2016[3]	10 years from the date of grant	US$2.13	US$24.03	US$2.10	285,394	–	179,907	–	105,487
		July 22, 2016[6]	10 years from the date of grant	US$2.13	US$24.81	US$2.10	1,538,927	–	547,703	9,899	981,325
		July 29, 2016[3]	10 years from the date of grant	US$2.11	US$21.25	US$2.02	78	–	52	–	26
		August 9, 2016[3]	10 years from the date of grant	US$2.04	US$25.94	US$2.10	55,552	–	55,549	3	–
		August 22, 2016[3]	10 years from the date of grant	US$2.28	N/A	US$2.24	–	–	–	–	–
		September 12, 2016[3]	10 years from the date of grant	US$2.33	US$26.92	US$2.42	3,468	–	3,458	10	–

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		September 19, 2016[3]	10 years from the date of grant	US$2.51	US$22.44	US$2.38	41,331	–	41,327	4	–
		September 26, 2016[3]	10 years from the date of grant	US$2.35	US$22.34	US$2.27	2,097	–	2,093	4	–
		October 12, 2016[3]	10 years from the date of grant	US$2.48	US$25.55	US$2.42	199,498	–	65,000	–	134,498
		October 12, 2016[6]	10 years from the date of grant	US$2.48	N/A	US$2.42	1,020	–	–	–	1,020
		October 17, 2016[3]	10 years from the date of grant	US$2.42	US$27.75	US$2.55	89,999	–	28,600	–	61,399
		November 1, 2016[3]	10 years from the date of grant	US$2.56	N/A	US$2.57	–	–	–	–	–
		November 7, 2016[3]	10 years from the date of grant	US$2.43	N/A	US$2.46	–	–	–	–	–
		November 8, 2016[3]	10 years from the date of grant	US$2.46	N/A	US$2.51	–	–	–	–	–
		November 16, 2016[3]	10 years from the date of grant	US$2.79	US$25.85	US$2.84	18,434	–	18,434	–	–
		November 21, 2016[3]	10 years from the date of grant	US$2.46	US$23.55	US$2.42	32,890	–	32,890	–	–
		November 28, 2016[3]	10 years from the date of grant	US$2.49	US$28.38	US$2.38	68,471	–	29,471	–	39,000
		November 30, 2016[3]	10 years from the date of grant	US$2.43	N/A	US$2.44	1,274	–	–	–	1,274
		December 1, 2016[3]	10 years from the date of grant	US$2.44	US$24.63	US$2.37	43,771	–	43,771	–	–
		December 9, 2016[3]	10 years from the date of grant	US$2.07	N/A	US$2.09	34,099	–	–	–	34,099
		January 3, 2017[3]	10 years from the date of grant	US$2.34	US$26.92	US$2.39	39,039	–	22,074	–	16,965

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		January 5, 2017[3]	10 years from the date of grant	US$2.44	US$28.32	US$2.39	244,998	–	181,337	–	63,661
		January 9, 2017[3]	10 years from the date of grant	US$2.37	US$26.75	US$2.43	184,496	–	26,000	–	158,496
		January 17, 2017[3]	10 years from the date of grant	US$2.51	US$26.23	US$2.53	7,644	–	7,644	–	–
		January 17, 2017[6]	10 years from the date of grant	US$2.51	US$25.14	US$2.53	119,782	–	31,226	–	88,556
		January 23, 2017[3]	10 years from the date of grant	US$2.46	US$24.59	US$2.49	157,040	–	48,165	–	108,875
		January 30, 2017[3]	10 years from the date of grant	US$2.80	US$25.81	US$2.62	6,201	–	6,201	–	–
		February 1, 2017[3]	10 years from the date of grant	US$2.68	US$27.14	US$2.77	296,998	–	144,300	7,709	144,989
		February 6, 2017[3]	10 years from the date of grant	US$2.76	US$27.02	US$2.76	53,001	–	20,800	–	32,201
		February 8, 2017[3]	10 years from the date of grant	US$2.67	US$23.71	US$2.78	1,924	–	1,924	–	–
		February 13, 2017[3]	10 years from the date of grant	US$2.77	US$25.78	US$2.77	191,269	–	119,626	–	71,643
		February 27, 2017[3]	10 years from the date of grant	US$2.97	US$26.37	US$2.93	67,418	–	67,418	–	–
		March 6, 2017[3]	10 years from the date of grant	US$3.14	US$24.91	US$3.06	28,613	–	28,613	–	–
		March 13, 2017[3]	10 years from the date of grant	US$3.08	N/A	US$3.02	142,701	–	–	–	142,701
		March 20, 2017[3]	10 years from the date of grant	US$3.04	US$28.90	US$3.04	205,517	–	120,549	–	84,968
		March 27, 2017[3]	10 years from the date of grant	US$2.79	US$23.30	US$2.79	82,498	–	82,498	–	–

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		March 31, 2017[6]	10 years from the date of grant	US$2.81	US$24.55	US$2.82	197,366	–	88,062	23,621	85,683
		April 3, 2017[3]	10 years from the date of grant	US$2.82	US$26.51	US$2.82	9,581	–	3,653	–	5,928
		April 10, 2017[3]	10 years from the date of grant	US$2.86	US$24.90	US$2.91	39,962	–	39,962	–	–
		April 11, 2017[3]	10 years from the date of grant	US$2.91	US$28.43	US$2.95	22,022	–	12,480	9,542	–
		April 17, 2017[3]	10 years from the date of grant	US$2.92	US$26.14	US$2.95	258,154	–	138,697	9,867	109,590
		April 24, 2017[3]	10 years from the date of grant	US$2.82	US$24.07	US$2.89	88,257	–	88,257	–	–
		April 26, 2017[3]	10 years from the date of grant	US$3.01	US$26.25	US$3.09	73,177	–	73,177	–	–
		May 1, 2017[3]	10 years from the date of grant	US$3.14	US$27.07	US$3.13	731,380	–	197,782	2,353	531,245
		May 2, 2017[6]	10 years from the date of grant	US$3.13	US$25.31	US$3.12	271,063	–	154,856	858	115,349
		May 3, 2017[3]	10 years from the date of grant	US$3.12	US$25.59	US$3.12	31,239	–	19,240	–	11,999
		May 8, 2017[3]	10 years from the date of grant	US$3.02	US$25.18	US$2.98	73,320	–	73,320	–	–
		May 10, 2017[3]	10 years from the date of grant	US$2.88	US$26.01	US$2.92	21,281	–	21,281	–	–
		May 15, 2017[3]	10 years from the date of grant	US$2.81	US$27.90	US$2.90	153,491	–	144,391	–	9,100
		May 30, 2017[3]	10 years from the date of grant	US$2.88	US$27.55	US$2.88	60,060	–	39,000	–	21,060
		June 1, 2017[6]	10 years from the date of grant	US$2.83	US$27.16	US$2.94	1,230,593	–	72,748	7,800	1,150,045

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		June 12, 2017[3]	10 years from the date of grant	US$2.99	US$27.83	US$3.00	44,070	–	31,226	–	12,844
		June 14, 2017[3]	10 years from the date of grant	US$3.04	US$25.70	US$3.05	1,138,475	–	349,115	12,779	776,581
		June 15, 2017[6]	10 years from the date of grant	US$3.05	US$26.01	US$3.04	5,014,906	–	851,617	133,393	4,029,896
		June 21, 2017[3]	10 years from the date of grant	US$3.31	US$26.08	US$3.45	39,234	–	21,450	–	17,784
		June 23, 2017[3]	10 years from the date of grant	US$3.41	N/A	US$3.45	–	–	–	–	–
		June 27, 2017[3]	10 years from the date of grant	US$3.50	US$27.20	US$3.49	2,692,170	–	458,861	–	2,233,309
		June 29, 2017[3]	10 years from the date of grant	US$3.50	US$24.24	US$3.45	50,323	–	6,669	–	43,654
		July 10, 2017[3]	10 years from the date of grant	US$5.40	US$26.94	US$5.45	216,229	–	59,605	–	156,624
		July 17, 2017[3]	10 years from the date of grant	US$5.67	US$27.08	US$4.19	81,874	–	40,768	–	41,106
		July 17, 2017[6]	10 years from the date of grant	US$5.67	US$26.24	US$4.19	469,677	–	103,311	–	366,366
		July 24, 2017[3]	10 years from the date of grant	US$5.95	US$25.96	US$5.65	2,340	–	2,340	–	–
		July 31, 2017[3]	10 years from the date of grant	US$5.58	US$27.25	US$5.42	158,574	–	39,000	–	119,574
		July 31, 2017[6]	10 years from the date of grant	US$5.58	US$27.00	US$5.42	476,710	–	103,402	2,236	371,072
		August 1, 2017[3]	10 years from the date of grant	US$5.42	US$23.11	US$5.58	845,000	–	371,800	–	473,200
		August 2, 2017[6]	10 years from the date of grant	US$5.58	US$24.17	US$5.45	83,460	–	46,592	36,868	–

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		August 3, 2017[3]	10 years from the date of grant	US$5.45	N/A	US$5.51	19,994	–	–	–	19,994
		August 7, 2017[3]	10 years from the date of grant	US$5.56	US$26.83	US$5.95	318,747	–	204,438	–	114,309
		August 8, 2017[3]	10 years from the date of grant	US$5.95	N/A	US$6.03	12,649	–	–	–	12,649
		August 10, 2017[3]	10 years from the date of grant	US$5.95	US$27.35	US$5.59	31,356	–	31,356	–	–
		August 11, 2017[3]	10 years from the date of grant	US$5.59	N/A	US$5.46	–	–	–	–	–
		August 17, 2017[3]	10 years from the date of grant	US$5.39	US$27.61	US$5.32	77,870	–	59,553	–	18,317
		August 25, 2017[3]	10 years from the date of grant	US$5.38	N/A	US$5.29	–	–	–	–	–
		August 28, 2017[3]	10 years from the date of grant	US$5.29	US$22.88	US$5.28	34,463	–	10,296	–	24,167
		August 31, 2017[3]	10 years from the date of grant	US$5.30	US$25.67	US$5.30	–	–	–	–	–
		August 31, 2017[6]	10 years from the date of grant	US$5.30	US$25.19	US$5.30	367,744	–	72,748	13,754	281,242
		September 5, 2017[3]	10 years from the date of grant	US$5.78	US$23.46	US$5.68	282,867	–	12,870	–	269,997
		September 12, 2017[3]	10 years from the date of grant	US$5.39	US$25.15	US$5.43	20,722	–	6,864	13,858	–
		September 13, 2017[3]	10 years from the date of grant	US$5.43	N/A	US$5.82	–	–	–	–	–
		September 18, 2017[3]	10 years from the date of grant	US$6.22	US$27.31	US$6.37	26,169	–	3,900	–	22,269
		September 22, 2017[3]	10 years from the date of grant	US$6.53	US$28.36	US$6.55	187,005	–	96,850	–	90,155

							Number of options				
Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		September 25, 2017[3]	10 years from the date of grant	US$6.55	US$26.65	US$6.56	180,869	–	27,300	–	153,569
		September 26, 2017[3]	10 years from the date of grant	US$6.56	US$24.78	US$8.71	62,751	–	62,751	–	–
		September 29, 2017[3]	10 years from the date of grant	US$7.49	US$26.80	US$7.96	199,992	–	162,500	–	37,492
		November 1, 2017[3]	10 years from the date of grant	US$7.10	US$27.00	US$6.84	284,310	–	50,414	7,540	226,356
		November 30, 2017[3]	10 years from the date of grant	US$6.38	US$27.28	US$6.15	36,231	–	17,277	8,190	10,764
		January 5, 2018[3]	10 years from the date of grant	US$7.72	US$24.87	US$7.58	112,788	–	93,717	–	19,071
		January 31, 2018[3]	10 years from the date of grant	US$9.52	US$27.04	US$10.44	111,490	–	27,105	–	84,385
		February 28, 2018[3]	10 years from the date of grant	US$11.61	US$26.95	US$11.04	32,604	–	24,700	–	7,904
		April 30, 2018[3]	10 years from the date of grant	US$13.37	US$26.01	US$13.04	38,727	–	21,320	–	17,407
		June 26, 2018[3]	10 years from the date of grant	US$12.70	US$24.37	US$12.34	1,584,726	–	600,288	48,477	935,961
		June 29, 2018[3]	10 years from the date of grant	US$11.90	US$25.53	US$11.83	32,214	–	20,111	–	12,103
		August 31, 2018[3]	10 years from the date of grant	US$13.67	US$25.00	US$13.66	21,203	–	7,462	–	13,741
		August 31, 2018[7]	10 years from the date of grant	US$13.67	N/A	US$13.66	108,537	–	–	–	108,537
		September 28, 2018[3]	10 years from the date of grant	US$13.28	N/A	US$13.25	65,433	–	–	–	65,433
		September 28, 2018[8]	10 years from the date of grant	US$13.28	N/A	US$13.25	39,260	–	–	–	39,260

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		November 30, 2018[3]	10 years from the date of grant	US$11.07	US$27.08	US$11.79	43,827	–	32,799	–	11,028
		December 31, 2018[3]	10 years from the date of grant	US$10.53	US$25.47	US$10.79	287,157	–	110,539	32,565	144,053
		December 31, 2018[8]	10 years from the date of grant	US$10.53	US$26.10	US$10.79	47,996	–	35,269	–	12,727
		January 25, 2019[3]	10 years from the date of grant	US$9.62	US$25.22	US$10.44	73,021	–	34,372	–	38,649
		February 28, 2019[3]	10 years from the date of grant	US$10.77	US$29.63	US$10.54	222,326	–	91,572	–	130,754
		March 5, 2019[3]	10 years from the date of grant	US$11.68	US$26.84	US$11.51	98,735	–	20,241	–	78,494
		May 10, 2019[3]	10 years from the date of grant	US$9.33	N/A	US$10.32	44,213	–	–	–	44,213
		June 5, 2019[3]	10 years from the date of grant	US$9.25	US$25.53	US$9.23	4,162,067	–	850,265	237,640	3,074,162
		June 28, 2019[3]	10 years from the date of grant	US$9.67	US$23.26	US$9.53	155,584	–	53,417	63,453	38,714
		August 30, 2019[3]	10 years from the date of grant	US$11.14	US$25.23	US$11.06	138,476	–	41,275	–	97,201
		November 29, 2019[3]	10 years from the date of grant	US$15.71	N/A	US$15.83	39,221	–	–	–	39,221
		December 31, 2019[3]	10 years from the date of grant	US$12.80	US$25.47	US$12.92	54,431	–	24,908	–	29,523
		March 3, 2020[3]	10 years from the date of grant	US$12.62	US$26.27	US$12.19	36,244	–	15,587	–	20,657
		March 31, 2020[3]	10 years from the date of grant	US$9.65	US$29.63	US$9.67	404,235	–	109,460	–	294,775
		May 12, 2020[3]	10 years from the date of grant	US$12.56	N/A	US$12.18	38,597	–	–	–	38,597

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		May 29, 2020[3]	10 years from the date of grant	US$12.49	N/A	US$12.73	21,281	–	–	–	21,281
		June 17, 2020[3]	10 years from the date of grant	US$13.33	US$26.01	US$13.42	2,880,566	–	453,505	206,921	2,220,140
		June 30, 2020[3]	10 years from the date of grant	US$14.55	N/A	US$14.66	212,771	–	–	–	212,771
		August 7, 2020[3]	10 years from the date of grant	US$17.24	N/A	US$16.99	40,248	–	–	–	40,248
		August 31, 2020[3]	10 years from the date of grant	US$18.69	N/A	US$18.85	14,040	–	–	–	14,040
		September 30, 2020[3]	10 years from the date of grant	US$21.65	N/A	US$22.03	8,021	–	–	–	8,021
		November 6, 2020[3]	10 years from the date of grant	US$23.08	N/A	US$23.07	175,708	–	–	–	175,708
		November 30, 2020[3]	10 years from the date of grant	US$21.99	N/A	US$20.99	33,319	–	–	6,357	26,962
		January 22, 2021[3]	10 years from the date of grant	US$27.46	N/A	US$28.81	–	64,441	–	–	64,441
		February 26, 2021[3]	10 years from the date of grant	US$25.36	N/A	US$25.81	–	6,331	–	–	6,331
		March 31, 2021[3]	10 years from the date of grant	US$25.61	N/A	US$26.78	–	158,834	–	–	158,834
		May 7, 2021[3]	10 years from the date of grant	US$24.15	N/A	US$24.78	–	84,240	–	–	84,240
		May 28, 2021[3]	10 years from the date of grant	US$27.00	N/A	US$27.58	–	121,485	–	–	121,485
		June 16, 2021[3]	10 years from the date of grant	US$25.54	N/A	US$26.53	–	2,714,413	–	380,458	2,333,955
		June 30, 2021[3]	10 years from the date of grant	US$27.48	N/A	US$27.28	–	88,829	–	–	88,829

Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise (Grant) price	Number of options: Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled /Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Other grantees										
		August 6, 2021[3]	10 years from the date of grant	US$25.84	N/A	US$25.61	–	164,151	–	5,889	158,262
		August 31, 2021[3]	10 years from the date of grant	US$23.22	N/A	US$23.72	–	153,322	–	–	153,322
		September 30, 2021[3]	10 years from the date of grant	US$27.81	N/A	US$28.73	–	61,230	–	–	61,230
		November 5, 2021[3]	10 years from the date of grant	US$28.38	N/A	US$28.08	–	45,786	–	–	45,786
		November 30, 2021[3]	10 years from the date of grant	US$26.40	N/A	US$26.85	–	64,649	–	–	64,649
		December 31, 2021[3]	10 years from the date of grant	US$21.03	N/A	US$20.84	–	59,332	–	–	59,332
Total							64,082,595	6,244,524	14,471,093	1,790,953	54,065,073

(1) The stated price was the closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the grant date.

(2) The stated price was the weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the options were exercised.

(3) 25% of the options become exercisable on the first anniversary of the grant date or, for new employees, the first anniversary of the last trading day of the month following the date on which such grantee starts his or her service relationship with the Company or its subsidiaries. The remaining 75% become exercisable in 36 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 25%. Certain options may be subject to accelerated vesting upon change in control and/or termination.

(4) One-third of the options become exercisable on each anniversary of the grant date.

(5) 100% of the options become exercisable on the earlier of the 1st anniversary of the grant date or the date of the next annual general meeting. Certain options may be subject to accelerated vesting upon change in control and/or termination.

(6) 20% of the options become exercisable on the first anniversary of the grant date. The remaining 80% become exercisable in 48 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 20%. Certain options may be subject to accelerated vesting upon change in control and/or termination.

(7) The options become exercisable in 48 equal monthly installments, beginning on the last day of the first month after grant.

(8) The options become exercisable upon satisfaction of specified performance targets.

Grants of RSU to Directors under the 2016 Plan

On June 16, 2021, the Company also granted RSUs to the Directors. As previously disclosed in the Company's announcement dated April 20, 2021 in relation to the proposed grants of RSU to the Directors and following the approval of the independent shareholders at the 2021 annual general meeting held on June 16, 2021, the Board granted RSUs representing 11,250 ADSs to Mr. John V. Oyler, RSUs representing 3,000 ADSs to Dr. Xiaodong Wang, and RSUs representing 600 ADSs to each of the non-executive Director and independent non-executive Directors, namely, Mr. Anthony C. Hooper, Mr. Timothy Chen, Mr. Donald W. Glazer, Mr. Michael Goller, Mr. Ranjeev Krishana, Mr. Thomas Malley, Dr. Corazon (Corsee) D. Sanders, Mr. Jing-Shyh (Sam) Su and Mr. Qingqing Yi, the total number of such underlying Shares amounting to 255,450 Shares.

3. Third Amended and Restated 2018 Employee Share Purchase Plan

The 2018 ESPP was approved by our Board on November 7, 2018 and by our shareholders on December 7, 2018 to amend and restate the 2018 Employee Share Purchase Plan originally adopted by the Company on June 6, 2018. On June 5, 2019, the Board approved Amendment No. 1 to the 2018 ESPP. In June 2021, our Board adopted the third amended and restated 2018 ESPP to include some technical amendments under U.S. tax rules and to consolidate the changes in the prior amendment, which became effective on September 1, 2021. The 2018 ESPP is not a share option scheme subject to the provisions of Chapter 17 of the HK Listing Rules.

As of December 31, 2021, 2,160,769 Shares had been granted, exercised, cancelled or lapsed pursuant to the 2018 ESPP.

Summary

The 2018 ESPP allows eligible employees to purchase our Shares (including in the form of ADSs) at a 15% discount to the market price of our Shares or ADSs. Employees would purchase our Shares or ADSs at the end of an offering period using funds deducted from their payroll during the offering period.

The 2018 ESPP is administered under the direction of our Compensation Committee, which has the authority to interpret the provisions of the 2018 ESPP and to make all other determinations necessary or advisable in administering it.

All employees of our Company and participating subsidiaries who are employed as of the first day of the applicable offering and have been employed as of the commencement of the enrollment period for such offering are eligible to participate in the 2018 ESPP, other than employees who would own 5% or more of the voting power of our Shares after exercising their rights to purchase Shares under the 2018 ESPP.

To participate in the 2018 ESPP, an eligible employee authorizes payroll deductions in an amount not less than 1% nor greater than 10% of his or her "eligible earnings" (i.e., gross cash compensation, including regular base pay (including overtime pay and commissions, to the extent determined by our Compensation Committee) to a maximum of US$25,000 per year, but excluding incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gain on the exercise of share options, and similar items) for each full payroll period in the offering period.

Eligible employees enroll in an offering period (which generally will begin on each March 1 and September 1 and last for six months unless otherwise determined by our Compensation Committee in advance) during the open enrollment period prior to the start of that offering period. Shares are purchased at a price equal to 85% of the fair market value of our ordinary shares on either the first local business day of the offering period or the last local business day of the offering period, whichever is lower.

If a participating employee voluntarily resigns or is terminated by us prior to the last day of an offering period, the employee's option to purchase terminates and the cash amount in the employee's account is returned to the employee.

In the event of a recapitalization, reclassification, share split, reverse split, combination of shares, exchange of shares, share dividend, or similar event, the number and kind of shares that may be purchased under the 2018 ESPP will be adjusted proportionately such that the proportionate interest of participating employees remains the same, to the extent practicable. In the event of a change in control, each outstanding option will be assumed or an equivalent option will be substituted. In the event outstanding options are not assumed or substituted, the offering period with respect to which such outstanding option relates will be shortened by setting a new exercise date prior to the date of the change in control.

4. Amended and Restated 2018 Inducement Equity Plan

On June 6, 2018, the Company adopted the 2018 Inducement Plan and reserved 12,000,000 Shares to be used exclusively for grants of awards to individuals that were not previously employees of the Company or its subsidiaries, as an inducement to the individual's entry into employment with the Company or its subsidiaries. The 2018 Inducement Plan was approved by the Board upon recommendation of our Compensation Committee. On August 7, 2018, the Company amended the 2018 Inducement Plan to comply with Chapter 17 of the HK Listing Rules.

As of December 31, 2021, the Company has conditionally granted options to 2 participants under the 2018 Inducement Plan. All the options under the 2018 Inducement Plan were granted on August 31, 2018. The exercise price of all the options granted under the 2018 Inducement Plan was US$13.66. As of December 31, 2021, the total number of Shares available for option grants under the 2018 Inducement Plan was 9,334,659 Shares, representing 0.7% of the issued capital of the Company. As of April 19, 2022, the total number of Shares available for option grants under the 2018 Inducement Plan was 9,366,629 Shares, representing 0.7% of the issued share capital of the Company as of April 19, 2022.

Further details of the 2018 Inducement Plan are set out in Note 19 to the consolidated financial statements.

As of January 1, 2021, 37,453 Shares were outstanding pursuant to options granted under the 2018 Inducement Plan, and as of December 31, 2021, 30,901 Shares were outstanding pursuant to options granted under the 2018 Inducement Plan. Details of the movements of the options granted during the Reporting Period were as follows:

							Number of options				
Name of grantee	Role	Date of grant	Option period	Price on day prior to grant[1]	Price on day prior to exercise date[2]	Exercise price	Outstanding as of January 1, 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as of December 31, 2021
	Grantees										
In aggregate		August 31, 2018[3]	10 years from the date of grant	US$13.67	US$25.49	US$13.66	37,453	–	6,552	–	30,901
Total							37,453	–	6,552	–	30,901

(1) The stated price was the closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the grant date.

(2) The stated price was the weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the options were exercised.

(3) 25% of the options become exercisable on the first anniversary of the last trading day of the month following the date on which such grantee starts his or her service relationship with the Company or its subsidiaries. The remaining 75% become exercisable in 36 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 25%.

Purpose

The 2018 Inducement Plan provides the Company with the flexibility to grant equity awards to induce highly-qualified prospective officers and employees who are not currently employed by the Company or its subsidiaries to accept employment and to provide them with a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company will assure a closer identification of their interests with those of the Company and its shareholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

Eligible Participants

Full-time and part-time employees of the Company and its subsidiaries for whom the Company may issue securities without shareholder approval in accordance with Rule 5635 (c) (4) of the Marketplace Rules of the NASDAQ Stock Market, Inc., as selected from time to time by our Compensation Committee, are eligible to participate in the 2018 Inducement Plan.

Maximum Number of Shares

The maximum number of Shares reserved and available for issuance under the 2018 Inducement Plan is 12,000,000.

Expiration of the 2018 Inducement Plan

The 2018 Inducement Plan remains in effect until discontinued by the Board.

Limit of Each Grantee

Unless approved by our shareholders in a general meeting, the total number of Shares issued and to be issued upon the exercise of share options granted and to be granted under the 2018 Inducement Plan and any other equity plans of the Company to a grantee within any 12-month period shall not exceed 1% of the Shares in issue at the date of any grant.

Option Period

Our Compensation Committee may determine at the time of grant any minimum period(s) for which a share option must be held and/or any minimum performance target(s) that must be achieved, before the share option can be exercised in whole or in part, and may include at the discretion of our Compensation Committee such other terms either on a case by case basis or generally.

The term of each share option will be fixed by our Compensation Committee and may not exceed 10 years from the date of grant. Any share option granted but not exercised by the end of its option term will automatically lapse and be cancelled. Our Compensation Committee will determine at what time or times each option may be exercised.

Exercise Price

The exercise price of each share option will be determined by our Compensation Committee but may not be less than the higher of: (i) 1/13th of the closing price of one ADS on the NASDAQ on the date of grant; and (ii) 1/13th of the average closing price of one ADS on the NASDAQ for the five business days immediately preceding the date of grant.

Consideration

No consideration is required to be paid by the grantees for the grant of options under the 2018 Inducement Plan.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under our Articles or the laws of the Cayman Islands that 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 shareholders by reason of their holding of the Company's securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices. Details about the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" contained in this annual report.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the HKEX. As disclosed in Note 21 to the consolidated financial statements and the paragraph headed "Use of Net Proceeds from STAR Offering", on December 15, 2021, the Company completed the STAR Offering on the STAR Market of the SSE. The Company sold 115,055,260 RMB Shares in this offering. The RMB Shares are not listed on the HKEX and are not fungible with the ordinary shares of the Company listed on the HKEX.

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the HKEX.

AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Audit Committee reviews the adequacy of our internal controls to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee currently consists of three members, namely Mr. Thomas Malley, Mr. Anthony C. Hooper and Dr. Corazon (Corsee) D. Sanders. Mr. Thomas Malley and Dr. Corazon (Corsee) D. Sanders are independent non-executive Directors and Mr. Anthony C. Hooper is a non-executive Director. Mr. Thomas Malley is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements and annual results of the Company for the year ended December 31, 2021. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of senior management and the external auditor of the Company, Ernst & Young.

REPORT OF THE DIRECTORS

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HK LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the HK Listing Rules.

PUBLIC FLOAT

As at April 20, 2022 and based on the information that is publicly available to the Company and to the knowledge of the Directors of the Company, the Company has maintained the minimum public float required by the HKEX.

AUDITORS

The Company's shares have been listed on the Main Board of the HKEX since August 8, 2018, and there has been no change in auditors in 2021.

The consolidated financial statements of the Group for Hong Kong financial reporting and United States financial reporting have been audited by Ernst & Young and Ernst & Young Hua Ming LLP respectively. Ernst & Young will retire and, being eligible, offer itself for respective re-appointment at the 2022 annual general meeting of shareholders of the Company. Effective on March 23, 2022, Ernst & Young Hua Ming LLP resigned as the Company's independent registered public accounting firm for the audits of the Company's financial statements for United States financial reporting. Ernst & Young LLP has been appointed as the Company's independent registered public accounting firm for the audits of the Company's financial statements for United States financial reporting for the fiscal year ending December 31, 2022.

On behalf of the Board
John V. Oyler
Chairman

Hong Kong
April 20, 2022

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2021.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations, and to enhance the transparency and accountability of the Board to the Company's shareholders.

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 and formulate its business strategies and policies.

In 2021, the Company has applied the principles in the Corporate Governance Code as set out in Appendix 14 to the HK Listing Rules (the "Corporate Governance Code") (in effect during the relevant period) which are applicable to the Company.

Pursuant to code provision A.2.1 of the Corporate Governance Code (re-arranged as code provision C.2.1 since 1 January 2022), companies listed on the HKEX are expected to comply with, but may choose to deviate from, the requirement that the responsibilities of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman and Chief Executive Officer and Mr. John V. Oyler currently performs these two roles. Our Board believes that Mr. John V. Oyler is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as a Co-Founder and our Chief Executive Officer. Our Board also believes that the combined role of Chairman and Chief Executive Officer 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 and the Chief Executive Officer at a time when it is appropriate by taking into account the circumstances of our Group as a whole. Our Corporate Governance Guidelines provide the Board with the flexibility to choose the appropriate Board leadership structure of the Company based upon its view of what is in the best interest of the Company. Our Corporate Governance Guidelines also provide that if the same person holds the Chairman and Chief Executive Officer roles or if the Chairman does not otherwise qualify as independent, the independent Directors may elect a lead director. Mr. Ranjeev Krishana, an independent non-executive Director of the Company, currently serves as the lead director. The Board believes our current Board leadership structure will help ensure continuity of strong and effective leadership. The Lead Director has responsibilities that are set forth in our Corporate Governance Guidelines, including presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the independent Directors; consulting with management regarding Board meeting schedules, locations, agendas and materials; and calling meetings of the independent and non-management Directors, when appropriate.

Our Audit Committee is in compliance with Rule 3.21 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. However, the Charter of our Audit Committee complies with the NASDAQ Listing Rules and the rules of the SEC. The primary duties of the Audit Committee are, among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions for potential conflict of interest situations and approving all such transactions. As of the date of this annual report, the Audit Committee comprises two independent non-executive Directors, namely Mr. Thomas Malley and Dr. Corazon (Corsee) D. Sanders and one non-executive Director, namely Mr. Anthony C. Hooper. Mr. Thomas Malley, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules.

Our Compensation Committee is in compliance with Rule 3.25 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraph B.1.2 of the Corporate Governance Code. However, the Charter of our Compensation Committee complies with the NASDAQ Listing Rules. The primary duties of the Compensation Committee are to review and make recommendations to the Board with respect to director compensation, evaluate the performance of our Chief Executive Officer, President, Chief Operating Officer and General Manager of China, and Chief Financial Officer and review and make recommendations to the Board regarding the terms of their compensation, and review and approve the compensation of our other executive officers and senior management. As of the date of this annual report, the Compensation Committee comprises three independent non-executive Directors, namely Mr. Qingqing Yi, Mr. Ranjeev Krishana and Mr. Timothy Chen. Mr. Qingqing Yi is the chairman of the Compensation Committee.

Our Nominating and Corporate Governance Committee complies with the Corporate Governance Code set out in Appendix 14 to the HK Listing Rules, except for the terms of reference required by paragraph A.5.2 of the Corporate Governance Code. However, the Charter of our Nominating and Corporate Governance Committee complies with the NASDAQ Listing Rules. The primary duties of the Nominating and Corporate Governance Committee are among other things, to develop and recommend to the Board criteria for board and committee membership, recommend to the Board the persons to be nominated for election as directors and to each of the Board's committees, and develop and recommend to the Board a set of corporate governance guidelines. As of the date of this annual report, the Nominating and Corporate Governance Committee comprises three independent non-executive Directors, namely, Mr. Donald W. Glazer, Mr. Michael Goller and Dr. Alessandro Riva and one non-executive Director, namely Mr. Anthony C. Hooper. Mr. Donald W. Glazer is the chairman of the Nominating and Corporate Governance Committee.

Except as disclosed above, the Company has complied with all of the provisions set out in the Corporate Governance Code (in effect during the relevant period) during the year ended December 31, 2021.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

Except as disclosed below, the Company has adopted its own insider dealing policies on terms no less exacting than those in the Model Code for Securities Transactions as set out in Appendix 10 to the HK Listing Rules regarding the directors' dealings in the securities of the Company.

Pursuant to Rule B.8 of the Model Code for Securities Transactions, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. Under the Company's insider dealing policies, Mr. Scott A. Samuels, Senior Vice President and General Counsel of the Company, has been designated as the insider trading compliance officer whom a director who intends to deal in the Company's securities must notify. Our Board believes that our insider trading compliance officer, despite not being a member of the Board, is able to carry out his duties properly and competently in accordance with the Company's insider dealing policies, the terms of which are otherwise no less exacting than those in the Model Code for Securities Transactions.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Company's own insider dealing policies throughout the period from January 1, 2021 up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board currently comprises twelve members, consisting of one executive Director, two non-executive Directors and nine independent non-executive Directors.

During the period from January 1, 2021 and up to the date of this annual report, the composition of the Board comprised the following Directors:

Executive Director

Mr. John V. Oyler *(Chairman and Chief Executive Officer)*

Non-executive Directors

Dr. Xiaodong Wang
Mr. Anthony C. Hooper

Independent non-executive Directors

Mr. Timothy Chen
Dr. Margaret Han Dugan
Mr. Donald W. Glazer
Mr. Michael Goller
Mr. Ranjeev Krishana
Mr. Thomas Malley
Dr. Corazon (Corsee) D. Sanders
Dr. Alessandro Riva
Mr. Qingqing Yi

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. None of the members of the Board is related to one another.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In 2021, the Board at all times met the requirements of the HK Listing Rule relating to the appointment of at least three independent non-executive Directors representing one-third of the Board, with one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received from each of the independent non-executive Directors a written annual confirmation of his or her independence pursuant to Rule 3.13 of the HK Listing Rules and considers each of them to be independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision A.4.1 of the Corporate Governance Code (deleted from the Corporate Governance Code since 1 January 2022) stipulated that non-executive directors should be appointed for a specific term, subject to re-election, and code provision A.4.2 (deleted from the Corporate Governance Code since 1 January 2022) stated that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Our Articles provide that our Board is divided into three groups designated as Class I, Class II and Class III with as nearly equal a number of Directors in each group as possible. Each Director in each class shall serve for a three-year term and until such Director's successor has been duly elected. Upon the expiration of his or her term, each Director shall be eligible for re-election at the next annual general meeting to hold office for another three-year term and until such Director's successor has been duly elected. The terms of the Class I Directors are scheduled to expire on the date of our 2023 annual general meeting, the terms of the Class II Directors are scheduled to expire on the date of our 2024 annual general meeting, and the terms of the Class III Directors are scheduled to expire on the date of our 2022 annual general meeting, in each case subject to such Director's earlier resignation or removal.

We undertook to the HKEX to require Directors appointed to fill a casual vacancy to retire and seek re-election at the next annual general meeting following their appointment. For details, please refer to our Prospectus.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible 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 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 decision 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 actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

BOARD COMMITTEES

The Board has established five committees, namely the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Scientific Advisory Committee and the Commercial and Medical Affairs Advisory Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with a charter which is available on the websites of the Company and the HKEX.

Audit Committee

The Audit Committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firms;
- approving auditing and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firms;
- reviewing the internal audit plan with the independent registered public accounting firms and members of management responsible for preparing our financial statements;
- reviewing and discussing with management and the independent registered public accounting firms our annual and quarterly financial statements and related disclosures as well as critical accounting policies and practices used by us;
- reviewing the adequacy of our internal control over financial reporting;
- establishing policies and procedures for the receipt and retention of financial and accounting-related complaints and concerns;

- recommending, based upon the Audit Committee's review and discussions with management and the independent registered public accounting firms, whether our audited financial statements shall be included in our Annual Report on Form 10-K filed with the SEC and our annual results announcement filed with the HKEX and SSE;

- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters;

- preparing the Audit Committee report;

- reviewing all related party transactions for potential conflict of interest situations and approving all such transactions; and

- reviewing our earnings releases and unaudited financial statements to be included in our quarterly and interim filings with the SEC, HKEX and SSE;

- overseeing and managing the use of proceeds from STAR Offering.

Currently, the Audit Committee consists of three members, namely Mr. Thomas Malley, Mr. Anthony C. Hooper and Dr. Corazon (Corsee) D. Sanders. Mr. Thomas Malley and Dr. Corazon (Corsee) D. Sanders are independent non-executive Directors and Mr. Anthony C. Hooper is a non-executive Director. Mr. Thomas Malley, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules. Dr. Corazon (Corsee) D. Sanders is an independent non-executive Director appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules.

The Audit Committee held twelve meetings during the year ended December 31, 2021. Individual attendance of each committee member is set out on page 256 of this annual report. During the meetings, among other things, the Audit Committee reviewed the financial results of the Group and the internal control and risk management systems of the Group. The Audit Committee operates under a written charter that satisfies the applicable standards of the SEC, the NASDAQ and the HKEX. A copy of the Audit Committee charter is available on our website at www.beigene.com under "Investors — HKEX investors — Corporate Governance" and the website of the HKEX. During 2021, the Audit Committee's major work included reviewing the 2020 annual report as well as the related results announcement, the 2021 interim report and interim results announcement, and the 2021 quarterly financial reports, financial results prepared for the purpose of STAR Offering, reviewing the external auditors' plans, reports, fees, involvement in non-audit services and their terms of engagement, and reviewing the effectiveness of the Company's financial reporting system, internal control systems and associated procedures.

Compensation Committee

The Compensation Committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer, President, Chief Operating Officer and General Manager of China, and Chief Financial Officer;
- evaluating the performance of our Chief Executive Officer, President, Chief Operating Officer and General Manager of China, and Chief Financial Officer in light of such corporate goals and objectives and recommending to the Board for approval their compensation based on that evaluation;
- reviewing and approving the compensation of our other executive officers and key officers;
- developing and implementing our overall management compensation and policy to align the interests of management with our shareholders';
- overseeing and administering our compensation and similar plans;
- evaluating and assessing potential current compensation advisors in accordance with the independence standards;
- retaining and approving the compensation of any compensation advisors;
- reviewing and approving our policies and procedures for the grant of equity-based awards;
- reviewing and making recommendations to the Board with respect to director compensation;
- preparing the compensation committee report;
- reviewing and discussing with management the compensation discussion and analysis; and
- reviewing and discussing with the Board corporate succession plans for the Chief Executive Officer and other key officers.

Currently, the Compensation Committee comprises Mr. Qingqing Yi, Mr. Ranjeev Krishana and Mr. Timothy Chen. Mr. Qingqing Yi is the chairman of the Compensation Committee.

Details of the remuneration payable to each Director of the Company for the year ended December 31, 2021 are set out in Note 25 to the consolidated financial statements. The remuneration payable to each of our senior management ranges from HK$35,000,000 to HK$85,000,000.

The Compensation Committee held seven meetings during the year ended December 31, 2021. Individual attendance of each committee member is set out on page 256 of this annual report. During the meetings, the Compensation Committee reviewed the compensation structure and made recommendations to the Board on determining the annual compensation packages of the Directors and the senior management. The Compensation Committee operates under a written charter adopted by the Board, which is available on our website at www.beigene.com under "Investors — HKEX investors — Corporate Governance" and the website of the HKEX. During 2021, the Compensation Committee's major work included reviewing and recommending to the Board in respect of the compensation policy and structure by benchmarking peer companies with a similar scale to ensure that the Company's compensation packages are competitive to recruit the best talents in the industry and to retain key staff; reviewing and recommending to the Board on the compensation packages for the directors; assessing performance; and reviewing and approving adjustments to the compensation packages for the senior managements.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include:

- developing and recommending to the Board criteria for board and committee membership;
- establishing procedures for identifying and evaluating board of director candidates, including nominees recommended by shareholders;
- identifying individuals qualified to become members of the Board;
- recommending to the Board the persons to be nominated for election as directors and to each of the board's committees;
- developing and recommending to the Board a set of corporate governance guidelines; and
- overseeing the evaluation of the Board and management.

Currently, the Nominating and Corporate Governance Committee comprises Mr. Donald W. Glazer, Mr. Michael Goller, Mr. Anthony C. Hooper and Dr. Alessandro Riva. Mr. Donald W. Glazer is the chairman of the Nominating and Corporate Governance Committee. Effective February 24, 2021, Mr. Anthony C. Hooper and Mr. Jing-Shyh (Sam) Su have been appointed as members of the Nominating and Corporate Governance Committee. On January 31, 2022, Mr. Su resigned from the Board. In connection with his resignation from the Board, Mr. Su also resigned from the Nominating and Corporate Governance Committee. Effective February 1, 2021, Dr. Alessandro Riva has been appointed as a member of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee held three meetings during the year ended December 31, 2021. Individual attendance of each committee member is set out on page 256 of this annual report. During the meetings, the Nominating and Corporate Governance Committee reviewed the criteria for Board and committee membership and corporate governance matters. The Nominating and Corporate Governance Committee operates pursuant to a written charter adopted by the Board, which is available on our website at www.beigene.com under "Investors — HKEX investors — Corporate Governance" and the website of the HKEX. During 2021, the Nominating and Corporate Governance Committee reviewed the structure, size and composition of the Board, considered and made recommendations to the Board on the director appointment, the re-election of the directors at the 2021 annual general meeting and the board committee membership. The Nominating and Corporate Governance Committee has also assessed the independence of the Directors, taking into account of the independence guidelines set out in Rule 3.13 of the HK Listing Rules and the NASDAQ Listing Rules.

Scientific Advisory Committee

The Scientific Advisory Committee's responsibilities include:

- receiving and discussing reports from management regarding the Company's research and development plans and programs;

- assisting, to the extent it deems helpful, the Board and the Compensation Committee in setting and evaluating any research or development performance goals under the Company's incentive compensation programs; and

- assisting, to the extent it deems helpful, the Board and the Compensation Committee in assessing the capabilities of and evaluating the performance of the Company's key scientific and technical personnel and the depth and breadth of the Company's scientific resources.

The Scientific Advisory Committee may meet at such times as it deems appropriate. The Scientific Advisory Committee held four meetings during the year ended December 31, 2020. Individual attendance of each committee member is set out on page 256 of this annual report. The Scientific Advisory Committee currently comprises Dr. Xiaodong Wang, Dr. Margaret Han Dugan, Mr. Michael Goller, Mr. Thomas Malley, Dr. Alessandro Riva, Dr. Corazon (Corsee) D. Sanders and Mr. Qingqing Yi. Dr. Xiaodong Wang and Dr. Corazon (Corsee) D. Sanders serve as the co-chairs of the Scientific Advisory Committee. The Scientific Advisory Committee operates under a written charter adopted by the Board, which is available on our website at www.beigene.com under "Investors — HKEX investors — Corporate Governance" and the website of the HKEX.

Commercial and Medical Affairs Advisory Committee

The Commercial and Medical Affairs Advisory Committee's responsibilities include:

- receiving and discussing reports from management regarding the Company's commercial strategy and plans and competitiveness of the Company's commercial programs;
- receiving and discussing reports from management regarding the Company's medical affairs strategy and plans and competitiveness of the Company's medical affairs programs
- assisting, to the extent it deems helpful, the Board and the Compensation Committee in setting and evaluating any commercial and medical affairs performance goals under the Company's incentive compensation programs; and
- assisting, to the extent it deems helpful, the Board and the Compensation Committee in assessing the capabilities of and evaluating the performance of the Company's key commercial and medical affairs personnel and the depth and breadth of the Company's commercial and medical affairs resources.

The Commercial Advisory Committee was established on February 26, 2020 and has been renamed the Commercial and Medical Affairs Advisory Committee effective February 24, 2021. The Commercial and Medical Affairs Advisory Committee may meet at such times as it deems appropriate. The Commercial and Medical Affairs Advisory Committee held five meetings during the year ended December 31, 2021. Individual attendance of each committee member is set out on page 256 of this annual report. The Commercial and Medical Affairs Advisory Committee currently comprises Mr. Anthony C. Hooper, Mr. Timothy Chen, Dr. Margaret Han Dugan, Mr. Ranjeev Krishana, Dr. Corazon (Corsee) D. Sanders and. Mr. Anthony C. Hooper is the chairman of the Commercial and Medical Affairs Advisory Committee. The Commercial Medical Affairs Advisory Committee operates under a written charter adopted by the Board, which is available on our website at www.beigene.com under "Investors — HKEX investors — Corporate Governance" and the website of the HKEX.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company's Board Diversity Policy sets out the Company's approach to diversity on the Board. Pursuant to the Board Diversity Policy, our Nominating and Corporate Governance Committee will review annually the structure, size and composition of the Board and, where appropriate, make recommendations on changes to the Board. In reviewing the Board's composition, our Nominating and Corporate Governance Committee will consider, among other characteristics, the nationality, ethnicity, gender, age, skills, expertise, and industry and regional experience of board members and nominees. The Board Diversity Policy further provides that our Nominating and Corporate Governance Committee will discuss and, where necessary, agree on measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Board intends to rate its composition against the factors identified above and to recruit a Director or Directors to address any factors that could bear improvement. The Board Diversity Policy is available on our website at www.beigene.com under "Investors — HKEX investors — Corporate Governance."

NOMINATION POLICY

As set forth in the Nominating and Corporate Governance Committee Charter, the Corporate Governance Guidelines and the Board Diversity Policy, the Board will consider and approve from time to time the criteria that it deems necessary or advisable for director candidates. The Board has full authority to modify such criteria as it deems necessary or advisable. The Board has delegated to the Nominating and Corporate Governance Committee the responsibility for developing and recommending to the Board for its consideration and approval criteria for director candidates. The Company has adopted policies and procedures for director candidates. The Board may, however, rescind its delegation and assume the responsibilities it previously delegated to the Nominating and Corporate Governance Committee.

The Board has delegated to the Nominating and Corporate Governance Committee the responsibility to identify candidates for nomination to the Board (including candidates to fill vacancies) and assess their qualifications in light of the policies and principles in our Corporate Governance Guidelines, the Diversity Policy and the Nominating and Corporate Governance Committee Charter. The Nominating and Corporate Governance Committee will recommend director candidates for the Board's consideration and review the candidates' qualifications with the Board. The Board retains the authority to nominate a candidate for election by the shareholders as a director and to fill vacancies. From time to time, the Nominating and Corporate Governance Committee utilizes third-party search firms to identify director candidates. For example, in 2021, the Nominating and Corporate Governance Committee engaged a third-party search firm to identify director candidates. In identifying director candidates, the Nominating and Corporate Governance Committee may consider all facts and circumstances it deems appropriate, including, among other things, the skills of the candidate, his or her depth and breadth of business experience and other background characteristics, his or her independence and the needs of the Board.

Our Nominating and Corporate Governance Committee has not adopted a formal policy with respect to a fixed set of specific minimum qualifications for its candidates for membership on the Board of Directors. Our Nominating and Corporate Governance Committee and Board may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity as set forth in the Board Diversity Policy. Our Nominating and Corporate Governance Committee's and Board's priority in selecting board members is identification of persons who will further the interests of our shareholders through their established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business, understanding of the competitive landscape, and professional and personal experiences and relevant expertise.

Any shareholder wishing to recommend a director candidate for consideration by the Nominating and Corporate Governance Committee should provide the following information within the timeframe set forth by our Articles and SEC rules to BeiGene, Ltd., c/o Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108, Cayman Islands, Attention: Secretary: (a) the name and address of record of the shareholder; (b) a representation that the shareholder is a record holder of our securities or, if the shareholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b) (2) of the Securities Exchange Act of 1934, as amended; (c) the candidate's name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the past five years; (d) a description of the qualifications and background of the candidate that addresses the criteria for board membership approved by our Board of Directors; (e) a description of all arrangements or understandings between the shareholder and the candidate; (f) the consent of the candidate (i) to be named in the proxy statement/circular for our next general meeting and (ii) to serve as a director if elected at that meeting; and (g) any other information regarding the candidate that is required to be included in a proxy statement/circular filed pursuant to SEC rules and HK Listing Rules. The Nominating and Corporate Governance Committee may seek further information from or about the shareholder making the recommendation, the candidate, or any such other beneficial owner, including information about all business and other relationships between the candidate and the shareholder and between the candidate and any such other beneficial owner.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision D.3.1 of the Corporate Governance Code (re-arranged as code provision A.2.1 since January 1, 2022).

The Board 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 Company's securities dealing policies, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS, COMMITTEE MEETINGS AND SHAREHOLDER MEETINGS

The attendance records of each Director at Board meetings, committee meetings and shareholder meetings during the year ended December 31, 2021 are set out below.[1]

	Attendance/Number of Meeting(s)						
Name of Director	Board	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Scientific Advisory Committee	Commercial and Medical Affairs Advisory Committee	Shareholder Meetings
Executive Director:							
Mr. John V. Oyler	9/9	N/A	N/A	N/A	N/A	N/A	1/1
Non-executive Directors:							
Mr. Anthony C. Hooper[3]	9/9	12/12	N/A	3/3	N/A	5/5	1/1
Dr. Xiaodong Wang	9/9	N/A	N/A	N/A	3/4	N/A	1/1
Independent Non-executive Directors:							
Mr. Timothy Chen	9/9	N/A	6/7	N/A	N/A	5/5	1/1
Mr. Donald W. Glazer	9/9	N/A	N/A	3/3	N/A	N/A	1/1
Mr. Michael Goller	9/9	N/A	N/A	3/3	4/4	N/A	1/1
Mr. Ranjeev Krishana	9/9	N/A	7/7	N/A	N/A	5/5	1/1
Mr. Thomas Malley	9/9	12/12	N/A	N/A	4/4	N/A	1/1
Dr. Corazon (Corsee) D. Sanders[2]	9/9	11/12	N/A	N/A	4/4	3/5	1/1
Mr. Jing-Shyh (Sam) Su[3][4]	8/9	N/A	N/A	3/3	N/A	5/5	1/1
Mr. Qingqing Yi	9/9	N/A	6/7	N/A	4/4	N/A	1/1

Notes:

(1) Effective February 1, 2022, Dr. Margaret Han Dugan and Dr. Alessandro Riva were appointed to the Board and Dr. Dugan was appointed to serve as a member of the Scientific Advisory Committee of the Board and Dr. Riva was appointed to serve as a member of the Nominating and Corporate Governance Committee and the Scientific Advisory Committee of the Board. Effective February 25, 2022, Dr. Dugan was appointed to serve as a member of the Commercial and Medical Affairs Advisory Committee of the Board.

(2) Effective February 24, 2021, Dr. Sanders has been appointed as a member of the Commercial and Medical Affairs Advisory Committee and Co-chair of the Scientific Advisory Committee of the Board.

(3) Effective February 24, 2021, Mr. Anthony C. Hooper and Mr. Jing-Shyh (Sam) Su have been appointed as members of the Nominating and Corporate Governance Committee of the Board.

(4) On January 31, 2022, Mr. Su resigned from the Board. In connection with his resignation from the Board, Mr. Su also resigned from the Nominating and Corporate Governance Committee and the Commercial and Medical Affairs Advisory Committee of the Board.

In accordance with code provision A.2.7 of the Corporate Governance Code (re-arranged as code provision C.2.7 since January 1, 2022), Mr. John V. Oyler, the Chairman of the Board and our only executive Director, also held meetings with the independent non-executive Directors without the presence of other Directors during the year ended December 31, 2021.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for supervising management's preparation of the financial statements of the Company for the year ended December 31, 2021.

The Directors of the Company are responsible for the preparation of the consolidated financial statements for the year ended December 31, 2021 that give a true and fair view in accordance with U.S. generally accepted accounting principles 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.

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 auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report contained in this annual report.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors intend to keep abreast of their responsibilities as directors of the Company and of the conduct, business activities and development of the Company.

The Company arranges a formal and comprehensive induction to a newly appointed Director to ensure that the Director has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the HK Listing Rules and SFO, and other legal and regulatory requirements.

The Company arranges trainings to provide Directors with updates on latest development and changes in the HK Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge his or her duties. The Company also encourages the Directors to attend relevant training courses provided by legal advisors and/or any appropriate institutions.

For the year ended December 31, 2021, all Directors participated in continuing professional development regarding their duties and responsibilities as a director of a listed company which included reading materials and/or attending training.

Effective February 1, 2022, Dr. Margaret Han Dugan and Dr. Alessandro Riva were appointed to the Board. In January 2022, Drs. Dugan and Riva participated in a training session conducted by Skadden, Arps, Slate, Meagher & Flom, our legal adviser as to Hong Kong law, on directors' duties, responsibilities and obligations under the HK Listing Rules and the SFO.

AUDITORS' REMUNERATION

The remuneration paid/payable to Ernst & Young and Ernst & Young Hua Ming LLP, in respect of audit services and non-audit services for the year ended December 31, 2021 and 2020, is set out below:

Services Category	Fees paid and payable	
	2021	2020
	US$'000	US$'000
Audit services	**7,227**	3,811
Non-audit services	**–**	97
Total	**7,227**	3,908

The 2021 audit services conducted by Ernst & Young mainly included 2021 Hong Kong annual reporting audit services, and statutory audit services associated with our certain subsidiaries outside of China. The 2021 audit services conducted by Ernst & Young Hua Ming LLP mainly included the integrated audit of our 2021 U.S. GAAP consolidated financial statements and internal control over financial reporting, quarterly review of consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q, services related to the Company's STAR Offering in the PRC, annual report filings and other statutory and regulatory filings in the PRC.

Non-audit services in 2020 mainly consist of compliance and tax advisory services.

The statement of the Auditor about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Collaboration with Amgen

As disclosed in this annual report, on October 31, 2019, the Company's wholly-owned subsidiary, BeiGene Switzerland GmbH ("BeiGene Switzerland"), entered into a collaboration agreement with Amgen, which became effective on January 2, 2020 (the "Amgen Collaboration Agreement") and pursuant to which BeiGene and Amgen agreed to enter into a strategic collaboration on the commercialization of Amgen's oncology products XGEVA®, BLINCYTO® and KYPROLIS® (the "In-Line Products") in China (excluding Hong Kong, Macao and Taiwan) and the global development and commercialization of a portfolio of Amgen clinical- and late-preclinical-stage oncology pipeline products (the "Pipeline Products", together with the In-Line Products, the "Products"). Amgen is a substantial shareholder holding approximately 20.5% of the issued share capital of the Company and, therefore, a connected person of the Company under Chapter 14A of the HK Listing Rules. As a result, the transactions contemplated under the Amgen Collaboration Agreement constitute continuing connected transactions of the Company under Chapter 14A of the HK Listing Rules.

Pursuant to the terms of the Amgen Collaboration Agreement, we are responsible for commercializing Amgen's oncology products XGEVA®, BLINCYTO® and KYPROLIS® in China (excluding Hong Kong, Macao and Taiwan) for a period of five or seven years following each product's regulatory approval in China, as specified in the agreement, with the commercialization period for XGEVA® commencing following the transition of operational responsibilities for the product. In addition, as specified in the agreement, we will have the option to retain one of the three products to commercialize for as long as the product is sold in China. The parties have agreed to equally share profits and losses for the products in China during each product's commercialization period. After expiration of the commercialization period for each product, the products not retained will be transitioned back to Amgen and we will be eligible to receive tiered mid-single to low-double digit royalties on net sales in China of each product for an additional five years.

Additionally, pursuant to the terms of the Amgen Collaboration Agreement, we and Amgen have agreed to collaborate on the global development and commercialization in China of a portfolio of Amgen clinical- and late-preclinical-stage oncology pipeline products.. Starting from the commencement of the Amgen Collaboration Agreement, we and Amgen will co-fund global development costs, with BeiGene Switzerland contributing up to US$1.25 billion worth of development services and cash over the term of the collaboration. BeiGene will be eligible to receive tiered mid-single digit royalties on net sales of each product globally outside of China, other than LUMAKRAS® (sotorasib), on a product-by-product and country-by-country basis, until the latest of the expiration of the last valid patent claim, the expiration of regulatory exclusivity, or the earlier of eight years after the first commercial sale of such product in the country of sale and 20 years from the date of first commercial sale of such product anywhere in the world.

For each pipeline product that is approved in China, BeiGene will have the right to commercialize the product for seven years, with the parties sharing profits and losses for the product in China equally. In addition, depending on how many of the Pipeline Product receive approval in China, BeiGene will have the right to retain approximately one of every three approved products, up to a total of six, other than LUMAKRAS® (sotorasib), to commercialize for as long as each such product is sold in China. After the expiration of the seven-year commercialization period, each product will be transitioned back to Amgen and BeiGene will be eligible to received tiered mid-single to low-double digit royalties on net sales in China for an additional five years. The parties are subject to specified exclusivity requirements in China and the rest of the world.

Under Rule 14A.52 of the HK Listing Rules, the period of an agreement for a continuing connected transaction must be fixed. However, the term of the Amgen Collaboration Agreement is for an unspecified term as it will, unless terminated in accordance with its terms, remain in effect. Under Rule 14A.53(1) of the HK Listing Rules, an annual cap in monetary terms must be set for a continuing connected transaction. The Company applied for, and the HKEX granted, a waiver from strict compliance with Rules 14A.52 and 14A.53(1) of the HK Listing Rules, subject to the following conditions:

(a) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules if there are any material changes to the terms of the Amgen Collaboration Agreement;

(b) the Company's independent non-executive directors from time to time will ensure that the transactions in relation to the Amgen Collaboration Agreement are undertaken in accordance with its terms;

(c) the Senior Vice President, General Counsel of the Company will use his best endeavours to supervise the compliance with the terms of the Amgen Collaboration Agreements and applicable HK Listing Rules requirements to the extent not waived by the HKEX on a regular basis;

(d) the independent non-executive directors and the auditors of the Company will review the transactions in relation to the Amgen Collaboration Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rules 14A.55 and 14A.56 of the HK Listing Rules, respectively; and

(e) in the event of any future amendments to the HK Listing Rules imposing more stringent requirements than those as at the date of the announcement published by the Company on November 1, 2019 via the HKEX, the Company will take immediate steps to ensure compliance with such new requirements.

Under the Amgen Collaboration Agreement, the transaction amounts arising from the costs and revenues of the commercialization of the products and the royalties to be received by the Company shall be determined in accordance with the below formulae:

(a) Caps in relation to the profits and losses of the commercialization of the Products

The Company and Amgen will share equally in the profits and losses of the commercialization of the Products in China in accordance with the following formula:

Net profit to be received/net loss to be bore by the Company = 50% x (net revenue of the relevant Product – manufacturing actual costs – commercialization and related costs)

(b) Caps in relation to royalties

- Global Ex-China Royalties

  During the applicable Global Pipeline Royalty Term (the period beginning on the first commercial sale of a Pipeline Product in a country (other than China) and expiring on the latest of (i) the expiration of the last valid patent claim, (ii) the expiration of regulatory exclusivity, or (iii) the earlier of (x) eight years after the first commercial sale of the product in the country of sale or (y) 20 years from the date of first commercial sale of the product anywhere in the world), the Company will be eligible to receive tiered mid-single digit royalties on global net sales outside of China on a sliding scale for each Pipeline Product (other than LUMAKRAS® (sotorasib)) in accordance with the following formula:

  Royalties to be received = incremental annual global net revenue of the relevant Pipeline Product outside China x the applicable royalty rate

- China Royalties

  During the applicable five-year period beginning on the return of a Product to Amgen, the Company will be eligible to receive tiered mid-single to low-double digit royalties on net sales in China on a sliding scale for each Product returned to Amgen in accordance with the following formula:

  Royalties to be received = annual net revenue of the relevant returned Product in China x the applicable royalty rate

Under the Amgen Collaboration Agreement, the Company will receive from Amgen quarterly financial information regarding the royalty calculation and the Company is entitled to specified audit right.

Under the Amgen Collaboration Agreement, the Company's payment obligations, whether in cash or in kind, towards the development of the Pipeline Products shall be subject to an aggregate maximum of US$1.25 billion. The Company will also share in the costs of developing additional indications for the In-Line products in China, subject to an annual maximum contribution by the Company of US$12.5 million and an aggregate maximum of US$37.5 million over the term of the Amgen Collaboration Agreement.

Confirmation from Our Independent Non-executive Directors

Our independent non-executive Directors have reviewed the continuing connected transactions (the "Continuing Connected Transactions") contemplated under the Amgen Collaboration Agreement, and confirmed the Continuing Connected Transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) the terms of the Continuing Connected Transactions are fair and reasonable and in the interests of our shareholders as a whole.

Confirmation from Auditor

To comply with Rule 14A.56 of the HK Listing Rules, the Company has engaged Ernst & Young (the "Auditor") to conduct certain procedures in respect of the Continuing Connected Transactions contemplated under the Amgen Collaboration Agreement for the year ended December 31, 2021, in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the HKICPA. The Auditor has confirmed in a letter to the Board that, with respect to the Continuing Connected Transactions contemplated under the Amgen Collaboration Agreement for the year ended December 31, 2021: (a) nothing has come to their attention that causes them to believe that the Continuing Connected Transactions have not been approved by the Company's board of Directors; (b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; and (c) nothing has come to their attention that causes them to believe that the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

Direct Purchase Option

On March 17, 2020, the Company and Amgen entered into an Amendment No. 2 (the "Second Amendment") to the Amgen SPA in order to account for periodic dilution from the issuance of shares by us, which agreement was restated in its entirety on September 24, 2020 (the "Restated Second Amendment"). Pursuant to the Restated Second Amendment, Amgen has an option (the "Direct Purchase Option") to subscribe for additional ADSs in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of our outstanding shares. The Direct Purchase Option is exercisable on a monthly basis, but only if Amgen's interest in our outstanding shares at the monthly reference date is less than 20.4%. The Direct Purchase Option (i) is exercisable by Amgen solely as a result of dilution arising from issuance of new shares by us under our equity incentive plans from time to time, and (ii) is subject to annual approval by our independent shareholders each year during the term of the Restated Second Amendment. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen and its affiliates collectively own less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) December 1, 2023. The Direct Purchase Option has no vesting period.

For further details, please refer to the announcements of the Company dated March 18, 2020, September 25, 2020 and the Company's proxy statement/circular dated October 9, 2020.

In September 2021, upon Amgen's exercise of its Direct Purchase Option, the Company issued an aggregate of 165,529 ADSs, representing 2,151,877 ordinary shares, to Amgen for a total consideration of US$50,000, in a private placement pursuant to the Restated Second Amendment.

Except as disclosed hereunder, no share was issued under the Direct Purchase Option as of the date of this annual report.

Hillhouse Loan

On September 24, 2020, the Company entered into a loan agreement with Zhuhai Hillhouse Zhaohui Equity Investment Partnership for a total loan facility of US$73,640,000 (RMB500,000,000) (the "Hillhouse Loan"), of which US$14,728,000 (RMB100,000,000) could be used for general corporate purposes and US$58,912,000 (RMB400,000,000) can only be applied towards the repayment of a senior loan facility of up to US$200,000,000 provided by China Minsheng Bank (the "Senior Loan"). The Hillhouse Loan originally matured at the earlier of: (i) November 9, 2021, which is one month after the maturity date of the Senior Loan, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid. On October 8, 2021, the Company extended the maturity date of the Hillhouse Loan to the earlier of: (i) November 9, 2022, which is one month after the Senior Loan maturity date, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid.

The provision of the Hillhouse Loan was conducted on normal commercial terms or better and was not secured by the assets of the Group, and was therefore fully exempt from shareholders' approval and all disclosure requirements under Chapter 14A of the HK Listing Rules. For further details, see Note 15 to our consolidated financial statements included in this annual report.

Consulting Agreement with Dr. Xiaodong Wang

We have also entered into a consulting agreement with Dr. Xiaodong Wang, which is a fully-exempt continuing connected transaction, as disclosed in this annual report.

Except as disclosed hereunder, during the year ended December 31, 2021, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the HK Listing Rules.

RELATED PARTY TRANSACTIONS

We have established an employee participation program, which allowed certain executive officers and qualified employees of our PRC subsidiaries to indirectly participate in the STAR Offering and purchase certain RMB Shares through an asset management plan administrated by China International Capital Corporation Limited ("RMB Shares Employee Participation Plan"). The RMB Shares Employee Participation Plan participated in the STAR Offering as a strategic investor and purchased 2,069,546 RMB Shares in the STAR Offering for an aggregate purchase price of RMB399.43 million pursuant to a strategic investor placement agreement. The RMB Shares Employee Participation Plan has 137 individual participants, including two of our executive officers, Xiaobin Wu and Lai Wang. Dr. Wu and Dr. Wang invested RMB15 million and RMB10 million, respectively, in the RMB Shares Employee Participation Plan.

Details of other related party transactions of the Group for the year ended December 31, 2021 are set out in Note 27 to the consolidated financial statements contained herein.

None of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the HK Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing management's review and implementation of risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects.

Financial Reporting Risk Management

As a public company in the United States, we are subject to the Sarbanes-Oxley Act, together with the rules implemented by the SEC and applicable market regulators. The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control for financial reporting and disclosure controls and procedures. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Management is responsible for establishing and maintaining adequate internal control over our financial reporting process, and the Audit Committee oversees our financial reporting process on behalf of the Board. We perform system and process evaluations and testing of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, in order to allow management to report on the effectiveness of our internal control over financial reporting and describe any material weakness in internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. The effectiveness of our internal control over financial reporting is also tested by the Auditor.

Information System Risk Management

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, identity information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including research and development information, commercial information, and business and financial information. We have implemented relevant internal procedures and controls to ensure that such sensitive data is protected and that leakage and loss of such data is avoided.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. We regularly organize internal training sessions conducted by senior employees or outside consultants on topics of interest. The human resources team, run by senior leaders and experienced human resource professionals, create, schedule and deliver the training. The long-term goal is to further increase the number of trainings available to all employees as well as measure the success of the trainings.

In China and the U.S., we have in place employee handbooks approved by our management and distributed to all our employees, which contain internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption.

We also have in place an FCPA Policy to safeguard against corruption within our Company. The policy explains potential corruption conducts and our anti-corruption measures. We make our internal reporting channel open and available for our staff to report suspected acts of corruption, and our staff can also make anonymous reports to our compliance department. Our compliance department is responsible for investigating reported incidents and taking appropriate measures.

Investment Risk Management and Treasury Policy

With our surplus cash on hand, we make short-term investments comprised primarily of U.S. treasury securities, U.S. agency securities and time deposits with original maturities between three and twelve months. The primary objective of short-term investments is to preserve principle, provide liquidity and maximize income without significant increasing risk. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to the market conditions, the anticipated investment conditions, the investment costs, the duration of the investment and expected benefit and potential loss of the investment.

Our finance department, under the supervision of our Chief Financial Officer, is responsible for managing our short-term investment activities. Before making a proposal to invest in wealth management products, our financial department must assess our cash flow and operational needs and capital expenditures. We operate under a Board-approved Investment Policy which governs the investment of our funds. The Investment Policy is reviewed annually by the Board and is circulated to the investment advisors to ensure compliance. Our investments to date have been primarily limited to U.S. Treasury securities, U.S. agency securities, and time deposits at reputable banks. Any material deviations from the Investment Policy would require consent by the Board or the Audit Committee. There have been no cases of material deviation from our Investment Policy to date.

In assessing a proposal to invest in wealth management products, a number of criteria must be met, including but not limited to:

- investments in high risk products are prohibited;
- the primary objectives of investment activities are safety, liquidity and reasonable yield;
- the proposed investment must not interfere with our business operation or capital expenditures; and
- the wealth management products should be issued by a reputable bank.

We believe that our internal policies regarding investment in wealth management products and the related risk management mechanism are adequate. We may make investments in wealth management products that meet the above criteria, after consultation and approval by our Board or the Audit Committee, as part of our treasury management where we believe it is prudent to do so.

Audit Committee Experience and Qualification and Board Oversight

Our Audit Committee reviews the adequacy of our internal control over financial reporting to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal control and reporting to the Audit Committee on any issues identified.

Ongoing Measures to Monitor the Implementation of Risk Management Policies

Our Audit Committee, internal audit department and management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

We have adopted a Code of Conduct that governs, among other things, the handling of confidential information (including inside information). All current Directors, officers and employees are being supplied a copy of the Code of Conduct. Future Directors, officers and employees will be supplied a copy of the Code of Conduct when beginning service at the Company. All Directors, officers and employees will be expected to review and acknowledge their review and agreement to comply with the Code of Conduct on a periodic basis. Our management, under the supervision of our Board or a committee of our Board takes reasonable steps to (i) monitor compliance with the Code of Conduct, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Code of Conduct.

Review on Risk Management and Internal Control Systems

For the year ended December 31, 2021, we have conducted an annual review of the effectiveness of our risk management and internal control systems, which we consider to be effective and adequate. Such review covers the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, financial reporting functions, as well as those relating to the issuer's ESG performance and reporting, and the matters covered in code provision D.2.3 of the Corporate Governance Code.

COMPANY SECRETARY

Ms. Chau Hing Ling, of Vistra Corporate Services (HK) Limited, is our company secretary with respect to Hong Kong matters, and is responsible for advising the Board on corporate governance and company secretarial matters and ensuring that our Group complies with and applicable Hong Kong rules and regulations. Ms. Chau's primary contact person within the Company is Mr. Scott A. Samuels, Senior Vice President, General Counsel of the Company. For the year ended December 31, 2021, Ms. Chau has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the HK Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to articles 61 and 62 of our Articles, an extraordinary general meeting of our Company shall be convened on a members' requisition put forth by our shareholders holding at the date of deposit of the requisition in aggregate not less than one-tenth of the voting rights of such of the issued Shares as at that date of the deposit carries the right of voting at general meetings of our Company. The requisition must state the object of the meeting, set forth a form of any resolutions proposed by the requisitionists for consideration at the meeting and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If the Directors do not within 21 days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of 21 days from the date of the deposit of the requisition.

Putting Forward Enquiries to the Board and Contact Details

The Board provides to every shareholder the ability to communicate with the Board, as a whole, and with individual Directors through an established process for shareholder communication. For a shareholder communication directed to the Board as a whole, shareholders may send such communication to the attention of our Secretary via regular mail or expedited delivery service to: BeiGene, Ltd., c/o Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108, Cayman Islands, Attn.: Board of Directors c/o Secretary.

For a shareholder communication directed to an individual Director in his or her capacity as a member of the Board, shareholders may send such communication to the attention of the individual Director via regular mail or expedited delivery service to: BeiGene, Ltd., c/o Mourant Governance Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108, Cayman Islands, Attn.: [Name of Individual Director].

Communications will be distributed to the Board, or to any individual Director or Directors as appropriate, depending on the facts and circumstances outlined in the communications. Items that are unrelated to the duties and responsibilities of the Board may be excluded, such as junk mail and mass mailings, resumes and other forms of job inquiries, surveys and solicitations or advertisements.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming 2022 annual general meeting, Directors (or their delegates as appropriate) will be available in person or via teleconference to meet shareholders and answer their enquiries.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company was amended and restated as Fifth Amended and Restated Memorandum and Articles of Association (the "Fifth Restated Articles") with effect from February 8, 2016. A proposal was made to amend the Fifth Restated Articles at the annual general meeting held on June 16, 2021. The details of the amendments are set out in our circular dated April 30, 2021, which was published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and our Company, including the key changes summarized below. Such amendments were approved by our Shareholders at the annual general meeting.

The Sixth Amended and Restated Memorandum and Articles of Association (the "Sixth Restated Articles"), which became effective on December 15, 2021, the date on which RMB Shares of the Company were listed on the STAR Market, include the following key changes to the Fifth Restated Articles:

Transfer of Shares

To comply with the Rules Governing the Listing of Securities on the STAR Market and other applicable securities regulations in the People's Republic of China, in the Sixth Restated Articles, the Company amended the Fifth Restated Articles such that the transfer of any shares through electronic transfer as recognized by the designated stock exchanges shall be deemed to satisfy the requirement of form of instrument of transfer under the Sixth Restated Articles.

Proceedings at General Meetings

In the Sixth Restated Articles, the Company amended the Fifth Restated Articles such that the Company could hold a general meeting of shareholders as a physical meeting, as a hybrid meeting or as an electronic meeting. To the extent required by the designated stock exchange rules, the Company shall facilitate shareholders of RMB Shares to attend a general meeting through an online voting platform, and such attendance by the shareholders shall be deemed to constitute presence in person at the meeting.

Exclusive Federal Forum

In the Sixth Restated Articles, the Company amended the Fifth Restated Articles such that, unless the Company consents in writing to the selection of an alternative forum, the U.S. federal district courts shall be the sole and exclusive forum for resolving any complaints asserting a cause of action under the U.S. Securities Act of 1933, as amended.

The Sixth Restated Articles also contain certain consequential changes in connection with the key changes described above.

To the shareholders of BeiGene, Ltd.
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of BeiGene, Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 277 to 381, which comprise the consolidated statement of financial position as at 31 December 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 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") 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 International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International Ethics Standards Board for Accountants' *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
Accrual of research and development expenses	
During the year ended December 31, 2021, the Company recognized US$1,459.2 million in research and development ("R&D") expenses. The balance of accrued external R&D activities related expenses as of December 31, 2021 amounted to approximately US$213.9 million. As described in Note 2 to the consolidated financial statements, R&D expenses include costs related to clinical trials paid to third-party contract research organizations and contract manufacturing organizations (collectively referred as "Outsourced Service Providers"). Auditing the accrual of R&D expenses related to Outsourced Service Providers is complex because the clinical trial activities with the Outsourced Service Providers are typically performed over an extended period with several milestones for the services in each agreement. As a result, R&D expenses are allocated to each financial reporting period based upon the progress of the clinical trial activities. Determining the progress of the clinical trial activities requires significant estimates and judgment. These estimates are based on several factors, including management's knowledge of the clinical trial activities associated with timelines, invoicing to date and the provisions in the contracts. Changes in these estimates can have a material effect on the amount of R&D expenses recognized during the reporting period.	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the accrual of the R&D expenses. For example, we tested controls over management's review of the R&D accrual method and the estimates of the actual services performed by the Outsourced Service Providers. To test the accrual of R&D expenses, our audit procedures included, among others, reading the contracts with Outsourced Service Providers on a sample basis and understanding and testing the estimates on the progress of clinical trial activities developed by management. Testing management's estimates involved evaluating management's assumptions used in the calculation related to the clinical trial activities and associated timelines, invoicing to date and the provisions in the contracts. We then evaluated the accrual of R&D expenses by comparing it to the subsequent progress billings issued by the Outsourced Service Providers. We also assessed the accrual methodology used by the Company, including the adequacy of related disclosures in the consolidated financial statements.

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Allocation of transaction price in relation to the Novartis Tislelizumab Agreement	
As described in Notes 2 and 3 to the Company's consolidated financial statements, the Company entered into a collaboration and license agreement for tislelizumab with Novartis Pharma AG ("the Novartis Tislelizumab Agreement"), which resulted in the recognition of US$538.1 million of revenue for the year ended December 31, 2021 and US$111.9 million of deferred revenue as of December 31, 2021. The Company evaluated the Novartis Tislelizumab Agreement under ASC 606, Revenue from Contracts with Customers ("ASC 606") and identified two performance obligations within the arrangement: 1) exclusive license for Novartis to develop, manufacture, and commercialize tislelizumab in the Novartis Territory, transfer of know-how and use of the tislelizumab trademark ("PD-1 License obligation"); and 2) conducting and completing ongoing trials of tislelizumab ("R&D services obligation"). The transaction price of US$650.0 million was allocated to each performance obligation based on their relative standalone selling prices. The standalone selling price of the PD-1 License obligation is determined using the adjusted market assessment approach based on the probability-weighted present value of forecasted cash flows associated with out-licensing tislelizumab in the Novartis Territory. The standalone selling price of R&D services obligation is determined using an expected cost plus a margin approach based on the present value of estimated tislelizumab clinical trial costs plus a reasonable margin. The transaction price allocated to the PD-1 License obligation was recognized at a point in time when the license was delivered and the transfer of know-how was completed. The transaction price allocated to the R&D services obligation was deferred and recognized over time using a percentage-of-completion method.	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the allocation of the transaction price in relation to the Novartis Tislelizumab Agreement. For example, we tested controls over management's review of the valuation methodologies and significant assumptions used in determining the estimated standalone selling prices of the identified performance obligations. To test the allocation of the transaction price in relation to the Novartis Tislelizumab Agreement, our audit procedures included, among others, evaluating the valuation methodologies and the discount rates used by management to determine the standalone selling prices of the identified performance obligations, with the assistance of our internal valuation specialists. We tested the significant assumptions and the completeness and accuracy of the underlying data used by the Company in developing its projected future cashflows, including the revenue growth rate, the estimated clinical trial costs, mark-up rate and the probability of technical and regulatory success. We compared these significant assumptions to industry, business and market data and information available from third-party sources. We evaluated the sensitivity of the mark-up rate, probability of technical and regulatory success, and discount rates by assessing the changes to revenue recognition amounts from changes in these assumptions, both individually and in the aggregate. In addition, we assessed the adequacy of the related disclosures in the consolidated financial statements.

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Allocation of transaction price in relation to the Novartis Tislelizumab Agreement *(Continued)*	
Auditing the Company's allocation of the transaction price in relation to the Novartis Tislelizumab Agreement is complex due to the significant estimates and judgments involved in determining the standalone selling prices for each performance obligation identified. The estimates of the standalone selling prices involved management's key assumptions such as revenue growth rate, estimated clinical trial costs, mark-up rate, probability of technical and regulatory success, and discount rates. These significant assumptions are forward looking and could be affected by future economic, regulatory, and market conditions, which in turn led to significant auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence for these estimates.	

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 U.S. GAAP 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 ISAs 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.

As part of an audit in accordance with ISAs, 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.

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 Denis Ming Kui Cheng.

Certified Public Accountants
Hong Kong
30 March 2022

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2021 US$'000	2020 US$'000
Assets			
Current assets:			
Cash and cash equivalents		**4,375,678**	1,381,950
Short-term restricted cash	4	**328**	307
Short-term investments	5	**2,241,962**	3,268,725
Accounts receivable, net	6	**483,113**	60,403
Inventories	7	**242,626**	89,293
Prepaid expenses and other current assets	13	**270,173**	160,012
Total current assets		**7,613,880**	4,960,690
Non-current assets:			
Long-term restricted cash	4	**6,881**	7,748
Property, plant and equipment, net	10	**587,605**	357,686
Operating lease right-of-use assets	9	**117,431**	90,581
Intangible assets, net	11	**46,679**	5,000
Deferred tax assets	12	**110,424**	65,962
Other non-current assets	13	**163,049**	113,090
Total non-current assets		**1,032,069**	640,067
Total assets		**8,645,949**	5,600,757
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable	14	**262,400**	231,957
Accrued expenses and other payables	13	**558,055**	346,144
Deferred revenue, current portion	3	**187,414**	–
Tax payable	12	**21,395**	20,380
Operating lease liabilities, current portion	9	**21,925**	13,895
Research and development cost share liability, current portion	3	**120,801**	127,808
Short-term debt	15	**427,565**	335,015
Total current liabilities		**1,599,555**	1,075,199

CONSOLIDATED BALANCE SHEETS *(Continued)*

	Note	As of December 31, 2021 US$'000	2020 US$'000
Non-current liabilities:			
Long-term debt	15	**202,113**	183,637
Deferred revenue, non-current portion	3	**220,289**	–
Operating lease liabilities, non-current portion	9	**43,041**	29,417
Deferred tax liabilities	12	**14,169**	10,792
Research and development cost share liability, non-current portion	3	**269,561**	375,040
Other long-term liabilities	13	**54,234**	57,429
Total non-current liabilities		**803,407**	656,315
Total liabilities		**2,402,962**	1,731,514
Commitments and contingencies	24		
Equity:			
Ordinary shares, US$0.0001 par value per share; 9,500,000,000 shares authorized; 1,334,804,281 and 1,190,821,941 shares issued and outstanding as of December 31, 2021 and 2020, respectively		**133**	118
Additional paid-in capital		**11,191,007**	7,414,932
Accumulated other comprehensive income	20	**17,950**	6,942
Accumulated deficit		**(4,966,103)**	(3,552,749)
Total equity		**6,242,987**	3,869,243
Total liabilities and equity		**8,645,949**	5,600,757

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Year Ended December 31, 2021 US$'000	2020 US$'000
Revenues			
Product revenue, net	16	**633,987**	308,874
Collaboration revenue	3	**542,296**	–
Total revenues		**1,176,283**	308,874
Expenses			
Cost of sales – product		**164,906**	70,657
Research and development		**1,459,239**	1,294,877
Selling, general and administrative		**990,123**	600,176
Amortization of intangible assets	11	**750**	846
Total expenses		**2,615,018**	1,966,556
Loss from operations		**(1,438,735)**	(1,657,682)
Interest (expense) income, net		**(15,757)**	1,998
Other income, net	5	**15,904**	37,490
Loss before income taxes		**(1,438,588)**	(1,618,194)
Income tax benefit	12	**(25,234)**	(17,671)
Net loss		**(1,413,354)**	(1,600,523)
Less: net loss attributable to noncontrolling interests		**–**	(3,617)
Net loss attributable to BeiGene, Ltd.		**(1,413,354)**	(1,596,906)
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US$)	18	**(1.17)**	(1.47)
Weighted-average shares outstanding, basic and diluted	18	**1,206,210,049**	1,085,131,783
Net loss per American Depositary Share ("ADS"), basic and diluted (in US$)		**(15.23)**	(19.13)
Weighted-average ADSs outstanding, basic and diluted		**92,785,388**	83,471,676

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year Ended December 31, 2021 US$'000	2020 US$'000
Net loss		**(1,413,354)**	(1,600,523)
Other comprehensive income (loss), net of tax of nil:			
Foreign currency translation adjustments	20	**13,714**	23,603
Pension liability adjustments	23	**1,865**	(8,113)
Unrealized holding loss, net	20	**(4,571)**	(419)
Comprehensive loss		**(1,402,346)**	(1,585,452)
Less: comprehensive loss attributable to noncontrolling interests		**–**	(3,489)
Comprehensive loss attributable to BeiGene, Ltd.		**(1,402,346)**	(1,581,963)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year Ended December 31, 2021 US$'000	2020 US$'000
Cash flows from operating activities:			
Net loss		**(1,413,354)**	(1,600,523)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense		**46,457**	31,789
Share-based compensation expense	19	**240,712**	183,481
Acquired in-process research and development		**83,500**	109,500
Amortization of research and development cost share liability	3	**(112,486)**	(113,986)
Unrealized gains on equity investments	5	**(7,632)**	(11,826)
Deferred income tax benefits		**(41,085)**	(27,807)
Other items, net		**23,510**	(4,673)
Changes in operating assets and liabilities:			
Accounts receivable		**(423,019)**	10,363
Inventories		**(153,333)**	(58,906)
Other assets		**(107,128)**	(56,217)
Accounts payable		**20,008**	95,835
Accrued expenses and other payables		**140,044**	185,012
Deferred revenue		**407,703**	–
Other liabilities		**(2,620)**	(25,503)
Net cash used in operating activities		**(1,298,723)**	(1,283,461)
Cash flows from investing activities:			
Purchases of property and equipment		**(262,942)**	(117,508)
Purchases of short-term investments		**(2,147,881)**	(5,663,727)
Proceeds from sale or maturity of short-term investments		**3,146,891**	2,751,075
Purchase of in-process research and development		**(8,500)**	(109,500)
Purchase of intangible assets		**(43,409)**	–
Purchase of long-term investments		**(43,500)**	(26,681)
Other investing activities		**–**	(2,025)
Net cash provided by (used in) investing activities		**640,659**	(3,168,366)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

	Note	Year Ended December 31, 2021 US$'000	2020 US$'000
Cash flows from financing activities:			
Proceeds from public offering, net of cost	20	**3,392,616**	–
Proceeds from sale of ordinary shares, net of cost	20	**50,000**	4,232,017
Proceeds from research and development cost share liability	3	**–**	616,834
Payment to acquire joint venture (JV) minority interest	8	**–**	(28,723)
Proceeds from long-term loan	15	**16,838**	110,208
Repayment of long-term loan	15	**–**	(132,061)
Proceeds from short-term loans	15	**406,449**	323,697
Repayment of short-term loans	15	**(321,754)**	(12,247)
Proceeds from option exercises and employee share purchase plan		**92,762**	93,101
Net cash provided by financing activities		**3,636,911**	5,202,826
Effect of foreign exchange rate changes, net		**14,035**	18,231
Net increase in cash, cash equivalents, and restricted cash		**2,992,882**	769,230
Cash, cash equivalents, and restricted cash, beginning of year		**1,390,005**	620,775
Cash, cash equivalents, and restricted cash, end of year		**4,382,887**	1,390,005
Supplemental cash flow disclosures:			
Cash and cash equivalents		**4,375,678**	1,381,950
Short-term restricted cash		**328**	307
Long-term restricted cash		**6,881**	7,748
Income taxes paid		**15,695**	10,596
Interest paid		**29,967**	44,130
Supplemental non-cash activities:			
Acquisitions of equipment included in accounts payable		**53,197**	42,762
Purchase of in-process research and development included in accounts payable		**75,000**	–

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Attributable to BeiGene, Ltd.							
	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total	Non-Controlling Interests	Total
	Shares	Amount						
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at December 31, 2019	801,340,698	79	2,925,970	(8,001)	(1,955,843)	962,205	16,150	978,355
Proceeds from issuance of ordinary shares, net of cost	145,838,979	14	2,069,596	–	–	2,069,610	–	2,069,610
Issuance of ordinary shares in connection with collaboration	206,635,013	21	2,162,386	–	–	2,162,407	–	2,162,407
Exercise of options, ESPP and release of RSUs	38,020,892	3	93,098	–	–	93,101	–	93,101
Use of shares reserved for share option exercises and RSU releases	(1,013,641)	1	–	–	–	1	–	1
Share-based compensation	–	–	183,481	–	–	183,481	–	183,481
Deconsolidation of a subsidiary	–	–	–	–	–	–	(3,545)	(3,545)
Acquisition of joint venture (JV) minority interest	–	–	(19,599)	–	–	(19,599)	(9,116)	(28,715)
Other comprehensive income	–	–	–	14,943	–	14,943	128	15,071
Net loss	–	–	–	–	(1,596,906)	(1,596,906)	(3,617)	(1,600,523)
Balance at December 31, 2020	1,190,821,941	118	7,414,932	6,942	(3,552,749)	3,869,243	–	3,869,243
Issuance of ordinary shares in connection with STAR Offering	115,055,260	12	3,392,604	–	–	3,392,616	–	3,392,616
Proceeds from issuance of ordinary shares, net of cost	2,151,877	–	50,000	–	–	50,000	–	50,000
Exercise of options, ESPP and release of RSUs	28,778,893	3	92,759	–	–	92,762	–	92,762
Use of shares reserved for share option exercises	(2,003,690)	–	–	–	–	–	–	–
Share-based compensation	–	–	240,712	–	–	240,712	–	240,712
Other comprehensive income	–	–	–	11,008	–	11,008	–	11,008
Net loss	–	–	–	–	(1,413,354)	(1,413,354)	–	(1,413,354)
Balance at December 31, 2021	1,334,804,281	133	11,191,007	17,950	(4,966,103)	6,242,987	–	6,242,987

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

BeiGene, Ltd. (the "Company", "BeiGene", "it", "its") is a global, commercial-stage biotechnology company focused on discovering, developing, manufacturing, and commercializing innovative medicines to improve treatment outcomes and expand access for patients worldwide.

The Company currently has three approved medicines that were discovered and developed in its own labs, including BRUKINSA®, a small molecule inhibitor of Bruton's Tyrosine Kinase (BTK) for the treatment of various blood cancers, tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers, and pamiparib, a selective small molecule inhibitor of PARP1 and PARP2. The Company has obtained approvals to market BRUKINSA® in the United States, China, EU, UK, Canada, Australia and additional international markets, and tislelizumab and pamiparib in China. By leveraging its China commercial capabilities, the Company has in-licensed the rights to distribute 13 approved medicines for the China market. Supported by its global clinical development and commercial capabilities, the Company has entered into collaborations with world-leading biopharmaceutical companies such as Amgen and Novartis to develop and commercialize innovative medicines.

The Company is committed to advancing best and first-in-class clinical candidates internally or with like-minded partners to develop impactful and affordable medicines for patients across the globe. Its internal clinical development capabilities are deep, including a more than 2,200-person global clinical development team that is running more than 90 ongoing or planned clinical trials in over 30 medicines and drug candidates. This includes more than 30 pivotal or potentially registration-enabling trials across its portfolio, including its three internally discovered, approved medicines. The Company has enrolled in its clinical trials more than 14,500 subjects, of which approximately one-half have been outside of China.

The Company has built, and is expanding, its internal manufacturing capabilities, through its state-of-the-art biologic and small molecule manufacturing facilities in China to support current and potential future demand of its medicines, and plans to build a commercial-stage biologics manufacturing and clinical R&D center in New Jersey. The Company also works with high quality CMOs to manufacture its internally developed clinical and commercial products.

Since its inception in 2010, the Company has become a fully integrated global organization of over 8,000 employees in 23 countries and regions, including the United States, China, Europe, and Australia.

1. ORGANIZATION *(Continued)*

As of December 31, 2021, the Company had the following 42 subsidiaries:

Name of Company	Place of Incorporation	Particulars of issued/paid-in capital	Percentage of Ownership by the Company	Principal Activities and Place of Operation
BeiGene 101	Cayman Islands	–	100%	No substantial business activities
BeiGene AUS Pty Ltd ("BeiGene Australia")	Australia	US$56,947,230	100%	Medical, pharmaceutical research and development and commercial, Australia
BeiGene (Beijing) Co., Ltd. ("BeiGene Beijing")	PRC*	US$46,711,000	100%	Medical and pharmaceutical research and development, PRC
BeiGene Biologics Co., Ltd. ("BeiGene Biologics")	PRC*	RMB5,050,000,000	100%	Medical and pharmaceutical research and development and manufacturing, PRC
BeiGene (Canada) ULC	Canada	CAD100	100%	Medical, pharmaceutical research and development and commercial, Canada
BeiGene ESP, S.L.	Spain	EUR3,000	100%	Medical, pharmaceutical research and development and commercial, Spain
BeiGene France Sarl	France	EUR7,500	100%	Medical, pharmaceutical research and development and commercial, France
BeiGene Guangzhou Biologics Manufacturing Co., Ltd. ("BeiGene Guangzhou Factory")	PRC*	RMB3,870,000,000	100%	Medical and pharmaceutical research and development and manufacturing, PRC
BeiGene (Guangzhou) Innovation Technology Co., Ltd. ("BeiGene Guangzhou", formerly known as BeiGene (Guangzhou) Co., Ltd.)	PRC*	US$263,000,000	100%	Medical and pharmaceutical research and development, PRC
BeiGene Germany GmbH	Germany	EUR25,000	100%	Medical, pharmaceutical research and development and commercial, Germany
BeiGene (Hong Kong) Co., Limited ("BeiGene HK")	Hong Kong, China	HK$1	100%	Investment holding
Beijing Innerway Bio-tech Co., Ltd. ("Innerway")	PRC*	US$4,000,000	100%	No substantial business activities, holding property for company operations, PRC
BeiGene International GmbH	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercial, Switzerland
BeiGene (Italy) Sarl	Italy	EUR10,000	100%	Medical, pharmaceutical research and development and commercial, Italy
BeiGene Brazil Ltda.	Brazil	BRL50,000	100%	Medical, pharmaceutical research and development and commercial, Brazil
BeiGene Poland sp. z o.o.	Poland	PLN5,000	100%	Medical, pharmaceutical research and development and commercial, Poland
BeiGene Sweden AB	Sweden	SEK25,000	100%	Medical, pharmaceutical research and development and commercial, Sweden

1. ORGANIZATION *(Continued)*

Name of Company	Place of Incorporation	Particulars of issued/paid-in capital	Percentage of Ownership by the Company	Principal Activities and Place of Operation
BeiGene Turkey Medical Products Trade Limited Company	Turkey	TRY10,000	100%	Medical, pharmaceutical research and development and commercial, Turkey
BeiGene Ireland Limited ("BeiGene Ireland")	Republic of Ireland	–	100%	Medical, pharmaceutical research and development and commercial, Republic of Ireland
BeiGene Japan, Ltd.	Japan	JPY1,781,660	100%	Medical, pharmaceutical research and development and commercial, Japan
BeiGene Korea Y.H.	South Korea	KRW100,000,000	100%	Medical, pharmaceutical research and development and commercial, South Korea
BeiGene Netherlands B.V	Netherlands	–	100%	Medical, pharmaceutical research and development and commercial, Netherlands
BeiGene NZ Unlimited (formerly known as BeiGene NZ, Limited)	New Zealand	NZD100,000	100%	Medical, pharmaceutical research and development and commercial, New Zealand
BeiGene Pharmaceuticals GmbH	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercial, Switzerland
BeiGene Pharmaceuticals (Guangzhou) Co., Ltd. ("BeiGene Pharmaceutical (Guangzhou)")	PRC*	RMB3,800,000	100%	Drug commercialization, PRC
SuGene Pharmaceuticals (Suzhou) Co., Ltd. (formerly known as BeiGene Pharmaceuticals (Suzhou) Co., Ltd.)	PRC*	RMB7,000,000	100%	Drug commercialization, PRC
BeiGene Pharmaceutical (Shanghai) Co., Ltd. ("BeiGene Pharmaceutical (Shanghai)")	PRC*	US$1,000,000	100%	Drug commercialization, PRC
BeiGene (Shanghai) Co., Ltd. ("BeiGene Shanghai")	PRC*	RMB534,344,311	100%	Medical and pharmaceutical research and development, PRC
BeiGene (Shanghai) Research & Development Co., Ltd.	PRC*	RMB70,000,000	100%	Medical and pharmaceutical research, PRC
BeiGene Singapore Pte., Ltd.	Singapore	SGD1	100%	Medical, pharmaceutical research and development and commercial, Singapore
BeiGene (Suzhou) Co., Ltd. ("BeiGene Suzhou")	PRC*	US$144,000,000	100%	Medical and pharmaceutical research and manufacturing and commercial, PRC
BeiGene Switzerland GmbH ("BeiGene Switzerland")	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercial, Switzerland
BeiGene (Taiwan) Limited	Taiwan, China	TWD168,000,000	100%	Medical, pharmaceutical research and development and commercial, Taiwan, China
BeiGene UK, Ltd. ("BeiGene UK")	United Kingdom	GBP140	100%	Medical, pharmaceutical research and development and commercial, United Kingdom
BeiGene United Kingdom, Ltd.	United Kingdom	GBP100	100%	Investment holding

1. ORGANIZATION *(Continued)*

Name of Company	Place of Incorporation	Particulars of issued/paid-in capital	Percentage of Ownership by the Company	Principal Activities and Place of Operation
BeiGene USA, Inc. ("BeiGene USA")	Delaware, United States	US$1	100%	Medical, pharmaceutical research and development and commercial, U.S.
BeiGene US Holdings, LLC	Delaware, United States	–	100%	Investment holding, U.S.
BeiGene US Manufacturing Co., Inc.	Delaware, United States	US$101,000,000	100%	Medical and pharmaceutical research and development and manufacturing. U.S.
BeiGene Hopewell Urban Renewal, LLC	New Jersey, United States	US$75,000,000	100%	Medical and pharmaceutical research and development and manufacturing. U.S.
Pi Health, Ltd.	Cayman Islands	US$12,000,000	100%	Health technology research and development, Cayman Islands
Pi Health USA, LLC	Delaware, United States	US$5,000,000	100%	Health technology research and development, U.S.
Newco 101	Cayman Islands	–	100%	Medical and pharmaceutical research and development, Cayman Islands

* Limited liability company established in PRC

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances between the Company and its wholly-owned subsidiaries are eliminated upon consolidation.

Noncontrolling interests are recognized to reflect the portion of the equity of subsidiaries which are not attributable, directly or indirectly, to the controlling shareholders. Prior to 2020, the Company consolidated its interests in its joint ventures, BeiGene Biologics Co., Ltd. (BeiGene Biologics) and MapKure, LLC (MapKure), under the voting model and recognized the minority shareholders' equity interest as a noncontrolling interest in its consolidated financial statements. In June 2020, the Company deconsolidated MapKure and recorded an equity method investment for its remaining ownership interest in the joint venture (see Note 5). In November 2020, the Company acquired the remaining equity interest in BeiGene Biologics. Subsequent to the share purchase, BeiGene Biologics is a wholly owned subsidiary of the Company (see Note 8).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, estimating the useful lives of long-lived assets, estimating variable consideration in product sales and collaboration revenue arrangements, identifying separate accounting units and the standalone selling price of each performance obligation in the Company's revenue arrangements, assessing the impairment of long-lived assets, valuation and recognition of share-based compensation expenses, realizability of deferred tax assets, estimating uncertain tax positions, valuation of inventory, estimating the allowance for credit losses, determining defined benefit pension plan obligations, measurement of right-of-use assets and lease liabilities and the fair value of financial instruments. Management bases the estimates on historical experience, known trends and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

Functional Currency and Foreign Currency Translation

Functional currency

The Company uses the United States dollar ("$" or U.S. dollar) as its reporting currency. Operations in subsidiaries are recorded in the functional currency of the respective subsidiary. The determination of functional currency is based on the criteria of Accounting Standard Codification (ASC) 830, *Foreign Currency Matters*.

Foreign currency translation

For subsidiaries whose functional currencies are not the U.S. dollar, the Company uses the average exchange rate for the year and the exchange rate at the balance sheet date, to translate the operating results and financial position to U.S. dollar, the reporting currency, respectively. Translation differences are recorded in accumulated other comprehensive loss, a component of shareholders' equity. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are remeasured at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are included in the consolidated statements of comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits, which are unrestricted as to withdrawal and use. The Company considers all highly liquid investments with an original maturity date of three months or less at the date of purchase to be cash equivalents. Cash equivalents which consist primarily of money market funds are stated at fair value.

Restricted cash

Restricted cash primarily consists of RMB-denominated cash deposits pledged in designated bank accounts as collateral for bank loans and letters of credit. The Company classifies restricted cash as current or non-current based on the term of the restriction.

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at their invoiced amounts, net of trade discounts and allowances as well as an allowance for credit losses. The allowance for credit losses reflects the Company's current estimate of credit losses expected to be incurred over the life of the receivables. The Company considers various factors in establishing, monitoring, and adjusting its allowance for credit losses including the aging of receivables and aging trends, customer creditworthiness and specific exposures related to particular customers. The Company also monitors other risk factors and forward-looking information, such as country specific risks and economic factors that may affect a customer's ability to pay in establishing and adjusting its allowance for credit losses. Accounts receivable are written off after all collection efforts have ceased.

Inventory

Prior to the regulatory approval of product candidates, the Company may incur expenses for the manufacture of drug product to support the commercial launch of those products. Until the date at which regulatory approval has been received or is otherwise considered probable, all such costs are recorded as research and development expenses as incurred.

Inventories are stated at the lower of cost and net realizable value. The Company periodically analyzes its inventory levels, and writes down inventory that has become obsolete, inventory that has a cost basis in excess of its estimated realizable value and inventory in excess of expected sales requirements as cost of product sales. The determination of whether inventory costs will be realizable requires estimates by management. If actual market conditions are less favorable than projected by management, additional write-downs of inventory may be required, which would be recorded in the consolidated statements of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments

The Company's investments consist of available-for-sale debt securities, public equity securities with readily determinable fair values, private equity securities without readily determinable fair values, and equity-method investments. The classification of an investment is determined based on the nature of the investment, the Company's ability and intent to hold the investment, and the degree to which the Company may exercise influence over the investee.

- Available-for-sale debt securities are stated at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive loss. The net carrying value of debt securities classified as available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is computed using the effective interest method and included in interest income. Interest and dividends are included in interest income. Available-for-sale debt securities with original maturities greater than three months at the date of purchase and less than one year from the date of the balance sheet are classified as short-term. Available-for-sale debt securities with maturities beyond one year may be classified as short-term marketable securities due to their highly liquid nature and because they represent the Company's investments that are available for current operations.

- Public equity securities with readily determinable fair values are recorded at fair value. Subsequent changes in fair value are recorded in other income, net. Derivative financial instruments to purchase public equity securities are recorded at fair value. The estimated fair value of derivative financial instruments is determined based on the Black-Scholes valuation model. Changes in fair value of derivative instruments are recorded in other income, net.

- Private equity securities without readily determinable fair values and where the Company does not have significant influence are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Adjustments to private equity securities are recorded in other income, net.

- Equity investments in common stock or in-substance common stock where the Company has significant influence over the financial and operating policies of the investee are accounted for as equity-method investments. Equity-method investments are initially recorded at cost and subsequently adjusted based on the Company's percentage ownership in the investee's income and expenses, as well as dividends, if any. The Company records its share of the investee's results of operations in other income, net. The Company records impairment losses on our equity method investments if it deems the impairment to be other-than-temporary. The Company deems an impairment to be other-than-temporary based on various factors, including but not limited to, the length of time the fair value is below the carrying value and ability to retain the investment to allow for a recovery in fair value.

Realized gains or losses on sales of investments are determined based on the specific identification method.

The Company regularly evaluates its investments in debt and equity for impairment. The Company recognizes an allowance on available-for-sale debt securities when a portion of the unrealized loss is attributable to a credit loss and a corresponding credit loss in net income. No impairment losses or allowance for credit losses on investments were recorded for any periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and amortization. Property, plant and equipment, other than land and construction in progress, are depreciated using the straight-line method over the estimated useful lives of the respective assets as follows:

	Useful Lives
Building	20 years
Manufacturing equipment	3 to 10 years
Laboratory Equipment	3 to 5 years
Software, Electronic and Office Equipment	3 to 5 years
Leasehold Improvements	Lesser of useful life or lease term

Leases

Effective January 1, 2019, the Company adopted ASC, Topic 842, *Leases* (ASC 842) using the effective date method. The Company determines if an arrangement is a lease at inception. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component based on the Company's policy election to combine lease and non-lease components for its leases. Leases are classified as operating or finance leases in accordance with the recognition criteria in ASC 842-20-25. The Company's lease portfolio consists entirely of operating leases as of December 31, 2021. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

At the commencement date of a lease, the Company determines the classification of the lease based on the relevant factors present and records a right-of-use (ROU) asset and lease liability. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are calculated as the present value of the lease payments not yet paid. Variable lease payments not dependent on an index or rate are excluded from the ROU asset and lease liability calculations and are recognized in expense in the period which the obligation for those payments is incurred. As the rate implicit in the Company's leases is not typically readily available, the Company uses an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. This incremental borrowing rate reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. ROU assets include any lease prepayments and are reduced by lease incentives. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease terms are based on the non-cancelable term of the lease and may contain options to extend the lease when it is reasonably certain that the Company will exercise that option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheet. Lease liabilities that become due within one year of the balance sheet date are classified as current liabilities.

Leases with an initial lease term of 12 months or less are not recorded on the consolidated balance sheet. Lease expense for these leases is recognized on a straight-line basis over the lease term.

Land Use Right, Net

All land in the PRC is owned by the PRC government. The PRC government may sell land use rights for a specified period of time. Land use rights represent operating leases in accordance with ASC 842. The purchase price of land use rights represents lease prepayments to the PRC government and is recorded as an operating lease ROU asset on the balance sheet. The ROU asset is amortized over the remaining lease term.

In 2017, the Company acquired a land use right from the local Bureau of Land and Resources in Guangzhou for the purpose of constructing and operating the Company's biologics manufacturing facility in Guangzhou. In 2019, the Company acquired a second Guangzhou land use right from the local Bureau of Land and Resources. In 2021, the Company acquired two land use rights from the local Bureau of Land and Resources to expand its biologics manufacturing facility in Guangzhou. Guangzhou land use rights are being amortized over the respective terms of the land use rights, which are each 50 years.

In 2018, the Company acquired a land use right in conjunction with the acquisition of Beijing Innerway Bio-tech Co., Ltd. The land use right is being amortized over the term of the land use right, which is 36 years.

In 2020, the Company acquired a land use right from the local Bureau of Land and Resources in Suzhou to construct its research, development and manufacturing facility in Suzhou. The land use right is being amortized over the term of the land use right, which is 30 years.

Goodwill and Other Intangible Assets

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The Company allocates the cost of an acquired entity to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price for acquisitions over the fair value of the net assets acquired, including other intangible assets, is recorded as goodwill. Goodwill is not amortized, but is tested for impairment at least annually or more frequently if events or changes in circumstances would indicate a potential impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill and Other Intangible Assets *(Continued)*

The Company has elected to first assess qualitative factors to determine whether it is more likely than not that the fair value of the Company's reporting unit is less than its carrying amount, including goodwill. The qualitative assessment includes the Company's evaluation of relevant events and circumstances affecting the Company's single reporting unit, including macroeconomic, industry, and market conditions, the Company's overall financial performance, and trends in the market price of the Company's ADSs. If qualitative factors indicate that it is more likely than not that the Company's reporting unit's fair value is less than its carrying amount, then the Company will perform the quantitative impairment test by comparing the reporting unit's carrying amount, including goodwill, to its fair value. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess. For the years ended December 31, 2021 and 2020, the Company determined that there were no indicators of impairment of goodwill.

Intangible assets acquired through business combinations are recognized as assets separate from goodwill and are measured at fair value upon acquisition. Intangible assets acquired in transactions that are not business combinations are recorded at the allocated portion of total consideration transferred based on their relative fair value in relation to net assets acquired. Intangible assets associated with milestone payments made to third parties subsequent to regulatory approval are recorded at cost. Identifiable intangible assets consist of distribution rights for approved cancer therapies licensed from BMS that are amortized on a straight-line basis over the estimated useful lives of the assets, which is 10 years; post-approval milestone payments under license and commercialization agreements, that are amortized over the remainder of the product patent or the term of the commercialization agreements; and trading licenses that are amortized over the initial license term.

Intangible assets with finite useful lives are tested for impairment when events or circumstances occur that could indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Company evaluates the recoverability of the intangible assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Company recognizes an impairment loss based on the excess of the carrying amount of the assets over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. For the years ended December 31, 2021 and 2020, the Company determined that there were no indicators of impairment of its other intangible assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Long-lived assets are reported at the lower of carrying amount or fair value less cost to sell. For the years ended December 31, 2021 and 2020, there was no impairment of the value of the Company's long-lived assets.

Fair Value Measurements

Fair value of financial instruments

The Company applies ASC topic 820 (ASC 820), Fair Value Measurements and Disclosures, in measuring fair value. ASC 820 defines fair value, establishes a framework for measuring fair value and requires disclosures to be provided on fair value measurement. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair Value Measurements *(Continued)*

Financial instruments measured at fair value on a recurring basis

The following tables set forth assets measured at fair value on a recurring basis as of December 31, 2021 and 2020:

As of December 31, 2021	Quoted Price in Active Market for Identical Assets (Level 1) US$'000	Significant Other Observable Inputs (Level 2) US$'000	Significant Unobservable Inputs (Level 3) US$'000
Cash equivalents			
U.S. treasury securities	107,855	–	–
Money market funds	315,564	–	–
Short-term investments (Note 5):			
U.S. treasury securities	2,241,962	–	–
Other non-current assets (Note 5):			
Equity securities with readily determinable fair values	23,809	10,306	–
Total	2,689,190	10,306	–

As of December 31, 2020	Quoted Price in Active Market for Identical Assets (Level 1) US$'000	Significant Other Observable Inputs (Level 2) US$'000	Significant Unobservable Inputs (Level 3) US$'000
Cash equivalents			
U.S. treasury securities	286,072	–	–
Money market funds	80,838	–	–
Short-term investments (Note 5):			
U.S. treasury securities	3,268,725	–	–
Other non-current assets (Note 5):			
Equity securities	10,810	6,669	–
Total	3,646,445	6,669	–

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair Value Measurements *(Continued)*

Financial instruments measured at fair value on a recurring basis (Continued)

The Company's cash equivalents are highly liquid investments with original maturities of 3 months or less. Short-term investments represent the Company's investments in available-for-sale debt securities. The Company determines the fair value of cash equivalents and available-for-sale debt securities using a market approach based on quoted prices in active markets.

The Company's equity securities carried at fair value consist of holdings in common stock and warrants to purchase additional shares of common stock of Leap Therapeutics, Inc. (Leap), which were acquired in connection with a collaboration and license agreement entered into in January 2020 and in Leap's underwritten public offering in September 2021. The common stock investment in Leap, a publicly-traded biotechnology company, is measured and carried at fair value and classified as Level 1. The warrants to purchase additional shares of common stock in Leap are classified as a Level 2 investment and are measured using the Black-Scholes option-pricing valuation model, which utilizes a constant maturity risk-free rate and reflects the term of the warrants, dividend yield and stock price volatility, that is based on the historical volatility of similar companies. Refer to Note 5, *Investments* for details of the determination of the carrying amount of private equity investments without readily determinable fair values and equity method investments.

As of December 31, 2021 and 2020, the fair values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and short-term debt approximated their carrying values due to their short-term nature. Long-term debt approximates its fair value due to the fact that the related interest rates approximate the rates currently offered by financial institutions for similar debt instrument of comparable maturities.

Revenue Recognition

Effective January 1, 2018, the Company adopted ASC, Topic 606, *Revenue from Contracts with Customers* (ASC 606) using the modified retrospective method.

Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition *(Continued)*

Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations it must deliver and which of these performance obligations are distinct. The Company recognizes as revenue the amount of the transaction price that is allocated to each performance obligation when that performance obligation is satisfied or as it is satisfied.

Product Revenue

The Company generates product revenues in China through the sale of its internally developed drugs tislelizumab, BRUKINSA® and pamiparib, and the sale of in-licensed products through its agreements with Amgen, BMS, Bio-Thera and EUSA Pharma. Under the commercial profit share arrangement with Amgen, the Company is the principal for in-licensed product sales to customers in China during the commercialization period and recognizes 100% of net product revenue on these sales. Amounts due to Amgen for its portion of net product sales are recorded as cost of sales. In the United States, the Company generates product revenues from the sale of BRUKINSA®.

In China, the Company sells its internally developed products to multiple distributors, who in turn sell the product to hospitals or pharmacies within their authorized territories to be sold ultimately to patients. In-licensed products are sold to a first tier distributor who subsequently resells the products to second tier distributors who ultimately sell the products to health care providers and patients. In the United States, the Company distributes BRUKINSA® through specialty pharmacies and specialty distributors. The specialty pharmacies and specialty distributors subsequently resell the product to health care providers and patients.

The Company is the principal under the product sales as the Company controls the products with the ability to direct the use of, and obtain substantially all the remaining benefits from the products before they are sold to the customer. For product sales transactions, the Company has a single performance obligation which is to sell the products to its customer. The Company includes variable consideration in the transaction price to the extent it is probable that a significant reversal will not occur and estimates variable consideration from rebates, chargebacks, trade discounts and allowances, sales returns allowances and other incentives using the expected value method. Revenues for product sales are recognized at a point in time when the single performance obligation is satisfied upon delivery to the customer. The Company's payment terms are approximately 45-90 days. Actual amounts of consideration ultimately received may differ from the Company's estimates. The Company will reassess estimates for variable consideration periodically. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates, which would affect net product revenue and earnings in the period such variances become known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Product Revenue *(Continued)*

Estimates for variable consideration for which reserves are established at the time of sale include government and commercial rebates, provisions for acceptance of National Reimbursement Drug List pricing in the PRC, chargebacks, trade discounts and allowances, sales returns allowances and other incentives that are offered within contracts between the Company and its customers, health care providers and other indirect customers. Where appropriate, these estimates take into consideration a range of possible outcomes that are probability-weighted for relevant factors such as our historical experience, current contractual and statutory requirements, channel inventory levels, specific known market events and trends, industry data and forecasted customer buying and payment patterns.

The Company bases its sales returns allowance on estimated distributor inventories, customer demand as reported by third-party sources, and actual returns history, as well as other factors, as appropriate. For newly launched products where actual returns history is not yet available, the sales returns allowance is initially calculated based on benchmarking data from similar products and industry experience. If the historical or benchmarking data the Company uses to calculate these estimates do not properly reflect future returns, then a change in the allowance would be made in the period in which such a determination is made and revenues in that period could be materially affected. Any changes from the historical trend rates are considered in determining the current sales return allowance. To date, sales returns have not been significant.

Collaboration Revenue

At contract inception, the Company analyzes its collaboration arrangements to assess whether they are within the scope of ASC 808, *Collaborative Arrangements* (ASC 808) to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities. For collaboration arrangements within the scope of ASC 808 that contain multiple elements, the Company first determines which elements of the collaboration are deemed to be within the scope of ASC 808 and those that are more reflective of a vendor-customer relationship and therefore within the scope of ASC 606. For elements of collaboration arrangements that are accounted for pursuant to ASC 808, an appropriate recognition method is determined and applied consistently.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements, the Company performs the five-step model under ASC 606 noted above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Collaboration Revenue *(Continued)*

The Company's collaborative arrangements may contain more than one unit of account, or performance obligation, including grants of licenses to intellectual property rights, agreement to provide research and development services and other deliverables. The collaborative arrangements do not include a right of return for any deliverable. As part of the accounting for these arrangements, the Company must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Company considers competitor pricing for a similar or identical product, market awareness of and perception of the product, expected product life and current market trends. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied either by delivering a good or providing a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as advances from customers.

Licenses of Intellectual Property: Upfront non-refundable payments for licensing the Company's intellectual property are evaluated to determine if the license is distinct from the other performance obligations identified in the arrangement. For licenses determined to be distinct, the Company recognizes revenues from non-refundable up-front fees allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is able to use and benefit from the license.

Options to License Intellectual Property: Upfront non-refundable payments for options to license the Company's intellectual property are evaluated to determine if the option represents a material right and is distinct from the other performance obligations identified in the arrangement. For options determined to be a material right and distinct, the Company defers the non-refundable up-front fees allocated to the option and recognizes revenues at a point in time, at the earlier of when the option is exercised or the option period expires.

Right to Access Intellectual Property during the Option Period: The portion of a transaction price allocated to the other parties right to access the Company's intellectual property to generate their own data during an option period is deferred and recognized as collaboration revenue over the option period on a straight-line basis as the right to use the intellectual property is provided and the data generated.

Research and Development Services: The portion of a transaction price allocated to research and development services performance obligations is deferred and recognized as collaboration revenue over time as delivery or performance of such services occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Collaboration Revenue *(Continued)*

Milestone Payments: At the inception of each arrangement that includes development milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to the Company's development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The Company will assess whether the variable consideration is fully constrained each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognized is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty with the approval process. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Research and Development Expenses

Research and development expenses consist of the costs associated with our research and development activities, conducting preclinical studies and clinical trials, and activities related to regulatory filings, which primarily include (i) payroll and related costs (including share-based compensation) associated with research and development personnel, (ii) costs related to clinical trials and preclinical testing of the Company's technologies under development, (iii) costs to develop the product candidates, including raw materials and supplies, product testing, depreciation, and facility related expenses, (iv) expenses for research services provided by universities and contract laboratories, including sponsored research funding, and (v) other research and development expenses. Research and development expenses are charged to expense as incurred when these expenditures relate to the Company's research and development services and have no alternative future uses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Research and Development Expenses *(Continued)*

Clinical trial costs are a significant component of the Company's research and development expenses. The Company has a history of contracting with third parties that perform various clinical trial activities on behalf of the Company in the ongoing development of the Company's product candidates. Expenses related to clinical trials are accrued based on the Company's estimates of the actual services performed by the third parties for the respective period. If the contracted amounts are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), the Company will modify the related accruals accordingly on a prospective basis. Revisions in the scope of a contract are charged to expense in the period in which the facts that give rise to the revision become reasonably certain.

The process of estimating the Company's research and development expenses involves reviewing open contracts and purchase orders, communicating with its personnel to identify services that have been performed on its behalf and estimating the level of service performed and the associated costs incurred for the services when the Company has not yet been invoiced or otherwise notified of the actual costs. The majority of the Company's service providers invoice it in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advanced payments. The Company makes estimates of the expenses as of each balance sheet date in its financial statements based on facts and circumstances known to the Company at that time. Although the Company does not expect its estimates to be materially different from amounts actually incurred, the understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in the Company reporting expenses that are too high or too low in any particular period. There were no material adjustments for a change in estimate to research and development expenses in the accompanying consolidated financial statements for the years ended December 31, 2021 and 2020.

Acquired In-Process Research and Development Expense

The Company has acquired rights to develop and commercialize product candidates. Upfront payments that relate to the acquisition of a new drug compound, as well as pre-commercial milestone payments, are immediately expensed as acquired in-process research and development in the period in which they are incurred, provided that the new drug compound did not also include processes or activities that would constitute a "business" as defined under U.S. GAAP, the drug has not achieved regulatory approval for marketing and, absent obtaining such approval, has no established alternative future use. Milestone payments made to third parties subsequent to regulatory approval are capitalized as intangible assets and amortized over the estimated remaining useful life of the related product. Royalties owed on sales of the products licensed pursuant to the agreements are expensed in the period the related revenues are recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government Grants

Government financial incentives that involve no conditions or continuing performance obligations of the Company are recognized as other non-operating income upon receipt. In the event government grants or incentives involve continuing performance obligations, the Company will capitalize the payment as a liability and recognize the same financial statement caption as the performance obligation relates over the performance period.

Comprehensive Loss

Comprehensive loss is defined as the changes in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive loss be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Company's comprehensive loss includes net loss, foreign currency translation adjustments, pension liability adjustments and unrealized holding gains/losses associated with the available-for-sale debt securities, and is presented in the consolidated statements of comprehensive loss.

Share-Based Compensation

Awards granted to employees

The Company applies ASC 718, *Compensation – Stock Compensation* (ASC 718), to account for its employee share-based payments. In accordance with ASC 718, the Company determines whether an award should be classified and accounted for as a liability award or equity award. All the Company's grants of share-based awards to employees were classified as equity awards and are recognized in the financial statements based on their grant date fair values. Specifically, the grant date fair value of share options is calculated using an option pricing model. The fair value of restricted shares and restricted share units are based on the closing market price of our ADSs on the NASDAQ Global Select Market on the date of grant. The Company has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting based on service conditions provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the options that are vested at that date. The Company uses the accelerated method for all awards granted with graded vesting based on performance conditions. To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized compensation expense relating to those awards are reversed. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in the subsequent period if actual forfeitures differ from initial estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-Based Compensation *(Continued)*

Awards granted to employees (Continued)

Forfeiture rates are estimated based on historical and future expectations of employee turnover rates and are adjusted to reflect future changes in circumstances and facts, if any. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest. To the extent the Company revises these estimates in the future, the share-based payments could be materially impacted in the period of revision, as well as in following periods. The Company, with the assistance of an independent third-party valuation firm, determined the estimated fair value of the stock options granted to employees using the binomial option pricing model.

Awards granted to non-employees

The Company has accounted for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC 505, *Equity*. All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The grant date is the measurement date of the fair value of the equity instrument issued. The expense is recognized in the same manner as if the Company had paid cash for the services provided by the non-employees in accordance with ASC 505-50, *Equity-based payments to non-employees*. The Company estimated the fair value of share options granted to non-employees using the same method as employees.

Modification of awards

A change in any of the terms or conditions of the awards is accounted for as a modification of the award. Incremental compensation cost is measured as the excess, if any, of the fair value of the modified award over the fair value of the original award immediately before its terms are modified, measured based on the fair value of the awards and other pertinent factors at the modification date. For vested awards, the Company recognizes incremental compensation cost in the period the modification occurs. For unvested awards, the Company recognizes over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date. If the fair value of the modified award is lower than the fair value of the original award immediately before modification, the minimum compensation cost the Company recognizes is the cost of the original award.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using enacted tax rates that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company evaluates its uncertain tax positions using the provisions of ASC 740, *Income Taxes*, which prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements. The Company recognizes in the financial statements the benefit of a tax position which is "more likely than not" to be sustained under examination based solely on the technical merits of the position assuming a review by tax authorities having all relevant information. Tax positions that meet the recognition threshold are measured using a cumulative probability approach, at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. It is the Company's policy to recognize interest and penalties related to unrecognized tax benefits, if any, as a component of income tax expense.

Loss Per Share

Loss per share is calculated in accordance with ASC 260, *Earnings per Share*. Basic loss per ordinary share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company's restricted shares are participating securities because they have contractual rights to share in the profits of the Company.

However, the restricted shares do not have contractual rights and obligations to share in the losses of the Company. For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Company is in a net loss position.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of the ordinary shares issuable upon the conversion of the Company's convertible preferred shares, if any, using the if-converted method, and ordinary shares issuable upon the conversion of the share options and unvested restricted shares, using the treasury stock method.

Ordinary share equivalents are excluded from the computation of diluted loss per share if their effects would be anti-dilutive. Basic and diluted loss per ordinary share is presented in the Company's consolidated statements of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Segment Information

In accordance with ASC 280, *Segment Reporting*, the Company's chief operating decision maker, the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment: pharmaceutical products.

Concentration of Risks

Concentration of credit risk

Financial instruments that are potentially subject to credit risk consist of cash and cash equivalents short-term investments, and accounts receivable.

As of December 31, 2021 and 2020, US$4,375,678,000 and US$1,381,950,000 were deposited with various major reputable financial institutions located in the PRC and international financial institutions outside of the PRC, respectively. The deposits placed with financial institutions are not protected by statutory or commercial insurance. In the event of bankruptcy of one of these financial institutions, the Company may be unable to claim its deposits back in full. Management believes that these financial institutions are of high credit quality and continually monitors the credit worthiness of these financial institutions. As of December 31, 2021 and 2020, the Company had short-term investments amounting to US$2,241,962,000 and US$3,268,725,000, respectively.

At December 31, 2021, the Company's short-term investments were comprised of U.S. treasury securities. The Company believes that U.S. treasury securities are of high credit quality and continually monitors the credit worthiness of these institutions.

As of December 31, 2021 and 2020, the Company had accounts receivable, net of US$483,113,000 and US$60,403,000, respectively. Accounts receivable, net represent amounts arising from product sales and amounts due from the our collaboration partners. The Company monitors economic conditions to identify facts or circumstances that may indicate receivables are at risk of collection.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Concentration of Risks *(Continued)*

Customer concentration risk

For the year ended December 31, 2021, sales to the Company's three largest product distributors, Sinopharm, China Resources, and Shanghai Pharmaceutical represented approximately 26.0%, 19.9% and 16.7% of product revenue, respectively, and collectively, represented approximately 23.4% of trade accounts receivable as of December 31, 2021. For the year ended December 31, 2021, the Company's collaboration revenue consisted entirely of revenue recognized under its out-licensing collaboration agreements with Novartis. Receivables from Novartis represented approximately 66.4% of trade accounts receivable as of December 31, 2021, primarily due to the invoicing of the US$300,000,000 upfront fee related to the Ociperlimab option, collaboration and license agreement.

For the year ended December 31, 2020, sales to the Company's two largest product distributors, China Resources and Sinopharm, represented approximately 38.7% and 25.4% of product revenue, respectively, and collectively, represented approximately 59.6% of trade accounts receivable as of December 31, 2020.

Business, customer, political, social and economic risks

The Company participates in a dynamic biopharmaceutical industry and believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position, results of operations, or cash flows: changes in the overall demand for services and products; competitive pressures due to existing competitors and new entrants; advances and new trends in new drugs and industry standards; changes in clinical research organizations, contract manufacturers and other key vendors; changes in certain strategic relationships or customer relationships; regulatory considerations; intellectual property considerations; and risks associated with the Company's ability to attract and retain employees necessary to support its growth. The Company's operations could be also adversely affected by significant political, economic and social uncertainties in the PRC and in relations between the PRC and United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Concentration of Risks *(Continued)*

Currency convertibility risk

A significant portion of the Company's expenses, assets and liabilities are denominated in RMB. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the PBOC). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into U.S. dollar or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approvals of foreign currency payments by the PBOC or other institutions require submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

Foreign currency exchange rate risk

Since July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For RMB against U.S. dollar, there was appreciation of approximately 2.3% and appreciation of approximately 6.3%, in the years ended December 31, 2021 and 2020. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that the Company needs to convert U.S. dollar into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against U.S. dollar would have an adverse effect on the RMB amount the Company would receive from the conversion. Conversely, if the Company decides to convert RMB into U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to the Company. In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of the Company's earnings or losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recent Accounting Pronouncements

New accounting standards which have been adopted

In December 2019, the Financial Accounting Standards Board (the "FASB") issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This update simplifies the accounting for income taxes as part of the FASB's overall initiative to reduce complexity in accounting standards. The amendments include removal of certain exceptions to the general principles of ASC 740, Income taxes, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. Certain amendments in this update should be applied retrospectively or modified retrospectively, and all other amendments should be applied prospectively. The Company adopted this standard on January 1, 2021. There was no material impact to the Company's financial position or results of operations upon adoption.

New accounting standards which have not yet been adopted

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. This update requires certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. This update is effective for annual periods beginning after December 15, 2021, and early application is permitted. This guidance should be applied either prospectively to all transactions that are reflected in financial statements at the date of initial application and new transactions that are entered into after the date of initial application or retrospectively to those transactions. The Company does not expect the impact of this guidance to have a material impact on the Company's consolidated financial statements.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS

The Company enters into collaborative arrangements for the research and development, manufacture and/or commercialization of drug products and drug candidates. To date, these collaborative arrangements have included out-licenses of and options to out-license internally developed products and drug candidates to other parties, in-licenses of products and drug candidates from other parties, and profit- and cost-sharing arrangements. These arrangements may include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing and reimbursement arrangements, royalty payments, and profit sharing.

Out-Licensing Arrangements

During the year ended December 31, 2021, the Company's collaboration revenue related to its out-licensing collaborative agreements has consisted of upfront license fees, research and development services revenue and right to access intellectual property revenue from its collaboration agreements with Novartis for tislelizumab and ociperlimab.

The following table summarizes total collaboration revenue recognized for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Revenue from Collaborators	**US$'000**	US$'000
License revenue	**484,646**	–
Research and development service revenue	**53,671**	–
Right to access intellectual property revenue	**3,979**	–
Total	**542,296**	–

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Out-Licensing Arrangements *(Continued)*

Novartis

Tislelizumab Collaboration and License

In January 2021, the Company entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize tislelizumab in North America, Europe, and Japan (the "Novartis Territory"). The Company and Novartis have agreed to jointly develop tislelizumab in these licensed countries, with Novartis responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals. In addition, both companies may conduct clinical trials globally to explore combinations of tislelizumab with other cancer treatments, and the Company has an option to co-detail the product in North America, funded in part by Novartis.

Under the agreement the Company received an upfront cash payment of US$650,000,000 from Novartis. The Company is eligible to receive up to US$1,300,000,000 upon the achievement of regulatory milestones, US$250,000,000 upon the achievement of sales milestones, and royalties on future sales of tislelizumab in the licensed territory. Under the terms of the agreement, the Company is responsible for funding ongoing clinical trials of tislelizumab, Novartis has agreed to fund new registrational, bridging, or post-marketing studies in its territory, and each party will be responsible for funding clinical trials evaluating tislelizumab in combination with its own or third party products. Each party retains the worldwide right to commercialize its propriety products in combination with tislelizumab.

The Company evaluated the Novartis agreement under ASC 606 as all the material units of account within the agreement represented transactions with a customer. The Company identified the following material components under the agreement: (1) exclusive license for Novartis to develop, manufacture, and commercialize tislelizumab in the Novartis Territory, transfer of know-how and use of the tislelizumab trademark; (2) conducting and completing ongoing trials of tislelizumab (R&D services); and (3) supplying Novartis with required quantities of the tislelizumab drug product, or drug substance, upon receipt of an order from Novartis.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Out-Licensing Arrangements *(Continued)*

Novartis (Continued)

Tislelizumab Collaboration and License *(Continued)*

The Company determined that the license, transfer of know-how and use of trademarks are not distinct from each other and represent a single performance obligation. The R&D services represent a material promise and were determined to be a separate performance obligation at the outset of the agreement as the promise is distinct and has standalone value to Novartis. The Company evaluated the supply component of the contract and noted the supply will not be provided at a significant incremental discount to Novartis. The Company concluded that, for the purpose of ASC 606, the provision related to providing clinical and commercial supply of tislelizumab in the Novartis Territory was an option but not a performance obligation of the Company at the outset of the Novartis collaboration agreement. A performance obligation for the clinical and commercial supply will be established as quantities of drug product or drug substance are ordered by Novartis.

The Company determined that the transaction price as of the outset of the arrangement was the upfront payment of US$650,000,000. The potential milestone payments that the Company is eligible to receive were excluded from the transaction price, as all milestone amounts were fully constrained due to uncertainty of achievement. The transaction price was allocated to the two identified performance obligations based on a relative fair value basis. The standalone selling price of the license, transfer of know-how and use of trademarks performance obligation was determined using the adjusted market assessment approach based on the probability-weighted present value of forecasted cash flows associated with out-licensing tislelizumab in the Novartis Territory. The standalone selling price of the R&D services was valued using a cost plus margin valuation approach based on the present value of estimated tislelizumab clinical trial costs plus a reasonable margin. Based on the relative standalone selling prices of the two performance obligations, US$484,646,000 of the total transaction price was allocated to the license and US$165,354,000 was allocated to the R&D services. The estimates of the standalone selling prices involved management's key assumptions such as revenue growth rate, estimated clinical trial costs, mark-up rate, probability of technical and regulatory success, and discount rates. These significant assumptions are forward looking and could be affected by future economic, regulatory and market conditions.

The Company satisfied the license performance obligation at a point in time when the license was delivered and the transfer of know-how completed which occurred during the year ended December 31, 2021. As such, the Company recognized the entire amount of the transaction price allocated to the license as collaboration revenue during the year ended December 31, 2021. The portion of the transaction price allocated to the R&D services was deferred and is being recognized as collaboration revenue as the R&D services are performed using a percentage-of-completion method. Estimated costs to complete are reassessed on a periodic basis and any updates to the revenue earned are recognized on a prospective basis. The Company recognized R&D service revenue of US$53,421,000 during the year ended December 31, 2021.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Out-Licensing Arrangements *(Continued)*

Ociperlimab Option, Collaboration and License Agreement and China Broad Market Development Agreement

In December 2021, the Company expanded its collaboration with Novartis by entering into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize the Company's investigational TIGIT inhibitor ociperlimab in the Novartis Territory. In addition, the Company and Novartis entered into an agreement granting the Company rights to market, promote and detail five approved Novartis oncology products, TAFINLAR® (dabrafenib), MEKINIST® (trametinib), VOTRIENT® (pazopanib), AFINITOR® (everolimus), and ZYKADIA® (ceritinib), across designated regions of China referred to as "broad markets."

Under the terms of the option, collaboration and license agreement, the Company received an upfront cash payment of US$300,000,000 in January 2022 from Novartis and will receive an additional payment of US$600,000,000 or US$700,000,000 in the event Novartis exercises its exclusive time-based option prior to mid-2023 or between then and late-2023, respectively. Following option exercise, the Company is eligible to receive up to US$745,000,000 upon the achievement of regulatory approval milestones, US$1,150,000,000 upon the achievement of sales milestones, and royalties on future sales of ociperlimab in the Novartis Territory. Subject to the terms of the option, collaboration and license agreement, during the option period, Novartis has agreed to initiate and fund additional global clinical trials with ociperlimab and the Company has agreed to expand enrollment in two ongoing trials. Following the option exercise, Novartis has agreed to share development costs of global trials. Following approval, the Company has agreed to provide 50 percent of the co-detailing and co-field medical efforts in the United States, and has an option to co-detail up to 25 percent in Canada and Mexico, funded in part by Novartis. Each party retains the worldwide right to commercialize its propriety products in combination with ociperlimab, as is the case with tislelizumab under the tislelizumab collaboration and license agreement. The existing tislelizumab collaboration and license agreement was not modified as a result of the ociperlimab option, collaboration and license agreement.

The Company evaluated the Novartis agreements under ASC 606 as the units of account within the agreement represented transactions with a customer. The Company identified the following material promises under the agreement: (1) exclusive option for Novartis to license the rights develop, manufacture, and commercialize ociperlimab in the Novartis Territory; (2) Novartis' right to access ociperlimab in its own clinical trials during the option period; (3) initial transfer of BeiGene know-how; and (4) conducting and completing ongoing trials of ociperlimab during the option period (R&D Services). The market development activities are considered immaterial in the context of the contracts.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Out-Licensing Arrangements *(Continued)*

Ociperlimab Option, Collaboration and License Agreement and China Broad Market Development Agreement (Continued)

The Company concluded that, at the inception of the agreement, the option for the exclusive product license constitutes a material right as it represents a significant and incremental discount to the fair value of the exclusive product license that Novartis would not have received without entering into the agreement and is therefore considered a distinct performance obligation. The Company determined that Novartis' right to access ociperlimab in its own trials over the option period and the initial transfer of know-how were not distinct from each other, as the right to access ociperlimab has limited value without the corresponding know-how transfer, and therefore should be combined into one distinct performance obligation. The R&D Services represent a material promise and were determined to be a separate performance obligation at the outset of the agreement as the promise is distinct and has standalone value to Novartis.

The Company determined the transaction price as of the outset of the arrangement was the upfront payment of US$300,000,000. The option exercise fee is contingent upon Novartis exercising its right and is considered fully constrained until the option is exercised. Additionally, the milestone and royalty payments are not applicable until after the option is exercised, at which point the likelihood of meeting milestones, regulatory approval and meeting certain sales thresholds will be assessed. The transaction price was allocated to the three identified performance obligations based on a relative fair value basis. The standalone selling price of the material right for the option to the exclusive product license was calculated as the incremental discount between (i) the value of the license determined using a discounted cash flow method adjusted for probability of the option being exercised and (ii) the expected option exercise fee using the most-likely-amount method at option exercise. The standalone selling price of the combined performance obligation for Novartis' right to access ociperlimab for its own clinical trials during the option period and the initial transfer of BeiGene know-how was determined using a discounted cash flow method. The standalone selling price of the R&D Services was determined using an expected cost plus margin approach. Based on the relative standalone selling prices of the three performance obligations, US$71,980,000 of the total transaction price was allocated to the material right, US$213,450,000 was allocated to Novartis' right to use ociperlimab in its own clinical trials during the option period and the transfer of BeiGene know-how, and US$14,570,000 was allocated to the R&D Services.

The Company will satisfy the material right performance obligation at a point in time at the earlier of when Novartis exercises the option and the license is delivered or the expiration of the option period. As such, the entire amount of the transaction price allocated to the material right was deferred. The portion of the transaction price allocated to Novartis' right to access ociperlimab in its own clinical trials during the option period and the initial transfer of BeiGene know-how was deferred and is being recognized over the expected option period. The portion of the transaction price allocated to the R&D Services was deferred and is being recognized as collaboration revenue as the R&D Services are performed over the expected option period. The Company recognized collaboration revenue of US$3,979,000 related to Novartis right to access ociperlimab in clinical trials and the transfer of know how performance obligation and R&D service revenue of US$250,000 during the year ended December 31, 2021.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Out-Licensing Arrangements *(Continued)*

Celgene Corporation, a Bristol Myers Squibb company (BMS)

On July 5, 2017, the Company entered into a license agreement with Celgene Corporation, now a BMS company, pursuant to which the Company granted to the BMS parties an exclusive right to develop and commercialize the Company's investigational PD-1 inhibitor, tislelizumab, in all fields of treatment, other than hematology, in the United States, Europe, Japan and the rest of world other than Asia (the "PD-1 License Agreement"). In connection with the closing of the transactions on August 31, 2017, the Company and BMS amended and restated the PD-1 License Agreement (the "A&R PD-1 License Agreement") to, among other things, clarify the parties' responsibilities relating to the conducting and funding of certain global registration clinical trials and clarify the scope of the regulatory materials transferred by BeiGene to BMS. The Company entered into a mutual agreement with BMS to terminate the A&R PD-1 License Agreement effective June 14, 2019 in advance of the acquisition of Celgene by BMS.

Under the terms of the A&R PD-1 License Agreement, BMS paid the Company US$263,000,000 in upfront non-refundable fees, of which US$92,050,000 was paid in the third quarter of 2017 and the remaining US$170,950,000 was paid in December 2017. The Company allocated US$13,000,000 of upfront fees to the fair value of assets related to the Company's acquisition of Celgene Shanghai, a wholly-owned subsidiary of Celgene Holdings East Corporation established under the laws of China, which was completed contemporaneously with the A&R PD-1 License Agreement. The Company was also eligible to receive product development and commercial milestone payments based on the successful achievement of development and regulatory and commercialization goals, respectively, and potential royalty payments.

In addition to the exclusive right to develop and commercialize tislelizumab, the terms of the A&R PD-1 License Agreement provided BMS with the right to collaborate with the Company on the development of tislelizumab for specified indications, including required participation on a joint development committee and a joint steering committee as well as a joint commercialization committee upon achievement of commercialization. BMS reimbursed the Company for certain research and development costs at a cost plus agreed upon markup for the development of tislelizumab related to the clinical trials that BMS opted into, as outlined in the development plan.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Out-Licensing Arrangements *(Continued)*

Celgene Corporation, a Bristol Myers Squibb company (BMS) (Continued)

Under ASC 606, the Company identified the following deliverables of the collaboration agreement as distinct performance obligations: (a) the license provided to BMS for the exclusive right to develop and commercialize tislelizumab, in all fields of treatment, other than hematology, in the United States, Europe, Japan and the rest of world other than Asia (the "License"); and (b) the research and development services provided to BMS to develop tislelizumab within specified indications (R&D services). For each deliverable, the Company determined the stand-alone selling price and allocated the non-constrained consideration of US$250,000,000 to the units of accounting using the relative selling price method. The consideration allocated to the License was recognized upon transfer of the License to BMS at contract inception and the consideration allocated to the R&D services was deferred and recognized over the term of the respective clinical studies for the specified indications. The payments associated with the defined developmental, regulatory, and commercialization goals were considered variable consideration and were fully constrained at contract inception through the date of termination.

In connection with the termination in June 2019, the Company regained full global rights to tislelizumab and received a US$150,000,000 payment from BMS. The payment was recognized as other collaboration revenue upon termination as the Company had no further performance obligations under the collaboration. Upon termination, the Company also recognized the remainder of the deferred revenue balance related to the upfront consideration allocated to research and development services at the time of the original collaboration. The Company's license from BMS to distribute the approved cancer therapies ABRAXANE®, REVLIMID®, and VIDAZA® in China was not affected by the termination of the tislelizumab collaboration. On March 25, 2020, the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to us by BMS, and the drug was subsequently recalled by BMS and is not currently available for sale in China. This suspension was based on inspection findings at BMS's contract manufacturing facility in the United States. Additionally, in October 2021, BMS provided 180-days' notice to us, which we dispute, purporting to terminate our license to market ABRAXANE® in China. We have not had any sales of ABRAXANE® since the suspension and do not expect future revenue from ABRAXANE®. We have initiated an arbitration proceeding against BMS asserting that it has breached and continues to breach the terms and conditions of the license and supply agreement.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial

Amgen

In October 2019, the Company entered into a global strategic oncology collaboration with Amgen (the "Amgen Collaboration Agreement") for the commercialization and development in China, excluding Hong Kong, Taiwan and Macau, of Amgen's XGEVA®, KYPROLIS®, and BLINCYTO®, and the joint global development of a portfolio of oncology assets in Amgen's pipeline, with BeiGene responsible for development and commercialization in China. The agreement became effective on January 2, 2020, following approval by the Company's shareholders and satisfaction of other closing conditions.

Under the agreement, the Company is responsible for the commercialization of XGEVA®, KYPROLIS® and BLINCYTO® in China for five or seven years. Amgen is responsible for manufacturing the products globally and will supply the products to the Company at an agreed upon price. The Company and Amgen will share equally in the China commercial profits and losses during the commercialization period. Following the commercialization period, the Company has the right to retain one product and is entitled to receive royalties on sales in China for an additional five years on the products not retained. XGEVA® was approved in China in 2019 for patients with giant cell tumor of the bone and in November 2020 for the prevention of skeletal-related events in cancer patients with bone metastases. In July 2020, the Company began commercializing XGEVA® in China. In December 2020, BLINCYTO® was approved in China for injection for the treatment of adult patients with relapsed or refractory (R/R) B-cell precursor acute lymphoblastic leukemia (ALL). In July 2021, KYPROLIS® was conditionally approved in China for injection in combination with dexamethasone for the treatment of adult patients with R/R multiple myeloma.

Amgen and the Company are also jointly developing a portfolio of Amgen oncology pipeline assets under the collaboration. The Company is responsible for conducting clinical development activities in China and co-funding global development costs by contributing cash and development services up to a total cap of US$1,250,000,000. Amgen is responsible for all development, regulatory and commercial activities outside of China. For each pipeline asset that is approved in China, the Company will receive commercial rights for seven years from approval. The Company has the right to retain approximately one out of every three approved pipeline assets, other than LUMAKRAS® (sotorasib), Amgen's KRAS G12C inhibitor, for commercialization in China. The Company and Amgen will share equally in the China commercial profits and losses during the commercialization period. The Company is entitled to receive royalties from sales in China for pipeline assets returned to Amgen for five years after the seven-year commercialization period. The Company is also entitled to receive royalties from global sales of each product outside of China (with the exception of LUMAKRAS®).

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial *(Continued)*

Amgen (Continued)

The Amgen Collaboration Agreement is within the scope of ASC 808, as both parties are active participants and are exposed to the risks and rewards dependent on the commercial success of the activities performed under the agreement. The Company is the principal for product sales to customers in China during the commercialization period and will recognize 100% of net product revenue on these sales. Amounts due to Amgen for its portion of net product sales will be recorded as cost of sales. Cost reimbursements due to or from Amgen under the profit share will be recognized as incurred and recorded to cost of sales; selling, general and administrative expense; or research and development expense, based on the underlying nature of the related activity subject to reimbursement. Costs incurred for the Company's portion of the global co-development funding are recorded to research and development expense as incurred.

In connection with the Amgen Collaboration Agreement, a Share Purchase Agreement ("Amgen SPA") was entered into by the parties on October 31, 2019. On January 2, 2020, the closing date of the transaction, Amgen purchased 15,895,001 of the Company's ADSs for US$174.85 per ADS, representing a 20.5% ownership stake in the Company. Per the Amgen SPA, the cash proceeds shall be used as necessary to fund the Company's development obligations under the Amgen Collaboration Agreement. Pursuant to the Amgen SPA, Amgen also received the right to designate one member of the Company's board of directors, and Anthony C. Hooper joined the Company's board of directors as the Amgen designee in January 2020.

In determining the fair value of the common stock at closing, the Company considered the closing price of the common stock on the closing date of the transaction and included a lack of marketability discount because the shares are subject to certain restrictions. The fair value of the shares on the closing date was determined to be US$132.74 per ADS, or US$2,109,902,000 in the aggregate. The Company determined that the premium paid by Amgen on the share purchase represents a cost share liability due to the Company's co-development obligations. The fair value of the cost share liability on the closing date was determined to be US$601,857,000 based on the Company's discounted estimated future cash flows related to the pipeline assets. The estimation of future cash flows involved management assumptions of revenue growth rates and probability of technical and regulatory success of the pipeline assets. The total cash proceeds of US$2,779,241,000 were allocated based on the relative fair value method, with US$2,162,407,000 recorded to equity and US$616,834,000 recorded as a research and development cost share liability. The cost share liability is being amortized proportionately as the Company contributes cash and development services to its total co-development funding cap.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial *(Continued)*

Amgen (Continued)

Amounts recorded related to the cash proceeds received from the Amgen collaboration for the year ended December 31, 2020 were as follows:

	Year Ended December 31, 2020 US$'000
Fair value of equity issued to Amgen	2,162,407
Fair value of research and development cost share liability	616,834
Total cash proceeds	2,779,241

Amounts recorded related to the Company's portion of the co-development funding on the pipeline assets for the year ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021 US$'000	2020 US$'000
Research and development expense	**115,464**	117,005
Amortization of research and development cost share liability	**112,486**	113,986
Total amount due to Amgen for BeiGene's portion of the development funding	**227,950**	230,991

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial *(Continued)*

Amgen (Continued)

	As of December 31, 2021 US$'000
Remaining portion of development funding cap	**791,059**

As of December 31, 2021 and 2020, the research and development cost share liability recorded in the Company's balance sheet was as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Research and development cost share liability, current portion	**120,801**	127,808
Research and development cost share liability, non-current portion	**269,561**	375,040
Total research and development cost share liability	**390,362**	502,848

The net reimbursement due under the commercial profit-sharing agreement for in-line product sales is classified in the consolidated statements of operations for the year ended December 31, 2021 and 2020 as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Cost of sales – product	**1,893**	(1,210)
Selling, general and administrative	**(45,152)**	(9,750)
Research and development	**423**	(660)
Total	**(42,836)**	(11,620)

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial *(Continued)*

Amgen (Continued)

The Company purchases commercial inventory from Amgen to distribute in China. Total inventory purchases amounted to US$110,303,000 and US$38,392,000, respectively, during the year ended December 31, 2021 and 2020. Net amounts payable to Amgen as of December 31, 2021 and 2020 were US$106,790,000 and US$122,828,000, respectively.

As of December 31, 2021, Amgen is a substantial shareholder holding approximately 18.5% of the issued share capital of the Company and, therefore, a connected person of the Company under Chapter 14A of the HK Listing Rules and a related party of the Company. As a result, the transactions contemplated under the Amgen Collaboration Agreement constitute continuing connected transactions of the Company under Chapter 14A of the HK Listing Rules.

In-Licensing Arrangements – Development

The Company has in-licensed the rights to develop, manufacture and, if approved, commercialize multiple development stage drug candidates globally or in specific territories. These arrangements typically include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing arrangements, royalty payments, and profit sharing.

Upfront and milestone payments made under these arrangements for the years ended December 31, 2021 and 2020 are set forth below. All upfront and development milestones were expensed to research and development expense. All regulatory and commercial milestones were capitalized as intangible assets and are being amortized over the remainder of the respective product patent or the term of the commercialization agreements.

		Year Ended December 31,	
Payments due to collaboration partners	**Classification**	**2021 US$'000**	2020 US$'000
Upfront payments	Research and development expense	**83,500**	109,500
Development milestone payments	Research and development expense	**15,000**	15,800
Regulatory and commercial milestone payments	Intangible asset	**43,394**	–
Total		**141,894**	125,300

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Development *(Continued)*

Our significant license agreements are described below:

Shoreline Biosciences, Inc.

In June 2021, the Company entered into an exclusive worldwide strategic collaboration with Shoreline Biosciences, Inc. (Shoreline) to develop and commercialize a portfolio of natural killer (NK)-based cell therapeutics with Shoreline's induced pluripotent stem cells (iPSC) NK cell technology and the Company's research and clinical development capabilities for different malignancies. Under the collaboration, the Company and Shoreline are working jointly to develop cell therapies for four designated therapeutic targets, with an option to expand the collaboration at a future date. Clinical development is being led by the Company globally, with Shoreline responsible for clinical manufacturing. The Company has commercial rights globally, with Shoreline having an option to retain commercialization rights in the United States and Canada for two targets. Under the terms of the agreement, Shoreline received a US$45,000,000 upfront payment in January 2022 and is eligible to receive additional R&D funding, milestone payments and royalties based upon the achievement of certain development, regulatory, and commercial milestones. The upfront payment was expensed to research and development expense during the year ended December 31, 2021 in accordance with the Company's acquired in-process research and development expense policy.

Nanjing Leads Biolabs, Inc.

In December 2021, the Company entered into a license and collaboration agreement with Nanjing Leads Biolabs, Inc. (Leads Biolabs) for worldwide research, development and manufacturing rights and exclusive commercialization rights outside of China to LBL-007, a novel investigational antibody targeting the LAG-3 pathway. Under the terms of the agreement, Leads Biolabs received an upfront payment of US$30,000,000 in January 2022 and is eligible to receive up to US$742,000,000 in clinical development, regulatory approval and sales milestones. Leads Biolabs is also eligible to receive tiered royalties on future sales in the licensed territory. The upfront payment was expensed to research and development expense during the year ended December 31, 2021 in accordance with the Company's acquired in-process research and development expense policy.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Development *(Continued)*

EUSA Pharma

In January 2020, the Company entered into an exclusive development and commercialization agreement with EUSA Pharma (EUSA) for the orphan biologic products SYLVANT® (siltuximab) and QARZIBA® (dinutuximab beta) in China. Under the terms of the agreement, EUSA granted the Company exclusive rights to SYLVANT® in greater China and to QARZIBA® in mainland China. Under the agreement, the Company is funding and undertaking all clinical development and regulatory submissions in the territories, and commercializing both products once approved. EUSA received a US$40,000,000 upfront payment upon contract execution and is eligible to receive additional payments upon the achievement of regulatory and commercial milestones up to a total of US$120,000,000. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy. In 2021, QARZIBA® and SYLVANT® were approved and launched in mainland China and greater China, respectively. The approvals triggered regulatory milestone payments that were capitalized as intangible assets and are being amortized over the remaining term of the license agreement. EUSA is receiving tiered royalties on SYLVANT® product sales, which the Company records as cost of sales in the period the respective sales are generated.

Assembly Biosciences, Inc.

In July 2020, the Company entered into a collaboration agreement with Assembly Biosciences, Inc. (Assembly) for Assembly's portfolio of three clinical-stage core inhibitor candidates for the treatment of patients with chronic hepatitis B virus (HBV) infection in China. Under the terms of the agreement, Assembly granted BeiGene exclusive rights to develop and commercialize ABI-H0731, ABI-H2158 and ABI-H3733 in China, including Hong Kong, Macau, and Taiwan. BeiGene is responsible for development, regulatory submissions, and commercialization in China. Assembly retains full worldwide rights outside of the partnered territory for its HBV portfolio. Assembly received an upfront payment of US$40,000,000 and is eligible to receive payments upon achievement of development, regulatory and commercial milestones up to a total of US$503,750,000. Assembly is also eligible to receive tiered royalties on net sales. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Development *(Continued)*

Bio-Thera Solutions, Ltd.

In August 2020, the Company entered into a license, distribution and supply agreement with Bio-Thera Solutions, Ltd. (Bio-Thera) for Bio-Thera's POBEVCY® (BAT1706), a biosimilar to Avastin® (bevacizumab) in China. The agreement became effective on September 10, 2020 upon approval of Bio-Thera's shareholders, and was subsequently assigned by the Company to its affiliate BeiGene (Guangzhou) Co., Ltd. (BeiGene Guangzhou) on September 18, 2020, as permitted by the agreement. Under the terms of the agreement, Bio-Thera agreed to grant BeiGene the right to develop, manufacture, and commercialize POBEVCY® in China, including Hong Kong, Macau, and Taiwan. Bio-Thera retained rights outside of the partnered territory. Bio-Thera received an upfront payment of US$20,000,000 in October 2020 and is eligible to receive payments upon the achievement of regulatory and commercial milestones up to a total of US$145,000,000. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy. In November 2021, POBEVCY® obtained regulatory approval, and was subsequently launched, in China, triggering a milestone payment that was capitalized as an intangible asset that is being amortized over the remaining term of the license agreement. Bio-Thera is also receiving tiered royalties on product sales, which the Company records as cost of sales in the period the respective sales are generated.

Seagen, Inc.

In November 2019, the Company entered into a license agreement with Seagen, Inc. (formerly known as "Seattle Genetics, Inc.") for an advanced pre-clinical product candidate for treating cancer. The agent utilizes a proprietary Seagen antibody-based technology. Under the terms of the agreement, Seagen retained rights to the product candidate in the Americas (United States, Canada and Latin American countries), Europe and Japan. The Company was granted exclusive rights to develop and commercialize the product candidate in Asia (except Japan) and the rest of the world. Seagen will lead global development and BeiGene will fund and operationalize the portion of global clinical trials attributable to its territories. BeiGene will also be responsible for all clinical development and regulatory submissions specific to its territories. Seagen received an upfront payment of US$20,000,000 and is eligible to receive progress-dependent milestones and tiered royalties on any product sales. Seagen is a related party due to a common shareholder, and that shareholder has different representatives serving on each companies' respective board of directors. The upfront payment was expensed to research and development expense during the year ended December 31, 2019 in accordance with the Company's acquired in-process research and development expense policy.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Development *(Continued)*

Zymeworks Inc.

In November 2018, the Company and Zymeworks entered into collaboration and license agreements whereby the Company acquired licenses to develop and commercialize Zymeworks' clinical-stage HER2-targeted bispecific antibody candidate ZW25 (zanidatamab) and its preclinical-stage bispecific antibody drug conjugate (ADC) ZW49 in Asia (excluding Japan), Australia, and New Zealand. In addition, Zymeworks granted BeiGene a license to Zymeworks' proprietary Azymetric™ and EFECT™ platforms to develop and commercialize globally up to three other bispecific antibodies using the platforms.

Under the collaboration agreements, BeiGene will be responsible for all clinical development and regulatory submissions in the licensed territories. BeiGene and Zymeworks have also agreed to collaborate on global development of zanidatamab and ZW49 in HER2-expressing solid tumors, including gastric and breast cancer, with BeiGene enrolling patients and contributing clinical trial data from the licensed territories. Zymeworks retains full rights to both zanidatamab and ZW49 outside of the specified countries and will continue to lead global development of these drug candidates.

Under the terms of the license and collaboration agreements for ZW49 and zanidatamab, Zymeworks received total upfront payments of US$40,000,000 and is eligible to receive additional payments upon the achievement of development and commercial milestones for both product candidates. In addition, Zymeworks will be eligible to receive tiered royalties on future sales of zanidatamab and ZW49 in the licensed territory.

Under the terms of the research and license agreement for the Azymetric™ and EFECT™ platforms, Zymeworks received an upfront payment of US$20,000,000 and is eligible to receive additional payments upon the achievement of development and commercial milestones for up to three bispecific product candidates developed under the agreement. In addition, Zymeworks will be eligible to receive tiered royalties on future global sales of bispecific products developed by BeiGene under the agreement.

The upfront payments were expensed to research and development expense during the year ended December 31, 2018, in accordance with the Company's acquired in-process research and development expense policy. The Company recognized development milestone payments related to the development of zanidatamab during the years ended December 31, 2021 and 2020 within research and development expense.

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Development *(Continued)*

Other

In addition to the collaborations discussed above, the Company has entered into additional collaborative arrangements during the years ended December 31, 2021 and 2020. The Company may be required to pay additional amounts upon the achievement of various development and commercial milestones under these agreements. The Company may also incur significant research and development costs if the related product candidate were to advance to late-stage clinical trials. In addition, if any products related to these collaborations are approved for sale, the Company may be required to pay significant milestones upon approval and milestones and/or royalties on future sales. The payment of these amounts, however, is contingent upon the occurrence of various future events, which have a high degree of uncertainty of occurrence.

4. RESTRICTED CASH

The Company's restricted cash balance of US$7,209,000 and US$8,055,000 as of December 31, 2021 and 2020, respectively, primarily consist of RMB-denominated cash deposits held in designated bank accounts for collateral for letters of credit. The Company classifies restricted cash as current or non-current based on term of restriction.

5. INVESTMENTS

Short-Term Investments

Short-term investments as of December 31, 2021 consisted of the following available-for-sale debt securities:

	Amortized Cost US$'000	Gross Unrealized Gains US$'000	Gross Unrealized Losses US$'000	Fair Value (Net Carrying Amount) US$'000
U.S. treasury securities	2,245,662	–	3,700	2,241,962
Total	2,245,662	–	3,700	2,241,962

5. INVESTMENTS *(Continued)*

Short-Term Investments *(Continued)*

Short-term investments as of December 31, 2020 consisted of the following available-for-sale debt securities:

	Amortized Cost US$'000	Gross Unrealized Gains US$'000	Gross Unrealized Losses US$'000	Fair Value (Net Carrying Amount) US$'000
U.S. treasury securities	3,267,875	850	–	3,268,725
Total	3,267,875	850	–	3,268,725

The Company does not consider the investments in U.S. treasury securities to be other-than-temporarily impaired at December 31, 2021. As of December 31, 2021, the Company's available-for-sale debt securities consisted entirely of short-term U.S. treasury securities, which were determined to have zero risk of expected credit loss. Accordingly, no allowance for credit loss was recorded as of December 31, 2021.

Equity Securities with Readily Determinable Fair Values

Leap Therapeutics, Inc. (Leap)

In January 2020, the Company purchased US$5,000,000 of Series B mandatorily convertible, non-voting preferred stock of Leap in connection with a strategic collaboration and license agreement the Company entered into with Leap. The Series B shares were subsequently converted into shares of Leap common stock and warrants to purchase additional shares of common stock upon approval of Leap's shareholders in March 2020. In September 2021, the Company purchased US$7,250,000 of common stock in Leap's underwritten public offering. As of December 31, 2021, the Company's ownership interest in the outstanding common stock of Leap was 8.3% based on information from Leap. Inclusive of the shares of common stock issuable upon the exercise of the currently exercisable warrants, the Company's interest is approximately 13.1%. The Company measures the investment in the common stock and warrants at fair value, with changes in fair value recorded to other income, net. During the year ended December 31, 2021 and 2020, the Company recorded an unrealized gain of US$9,386,000 and US$12,479,000, respectively, in the consolidated statement of operations.

5. **INVESTMENTS** *(Continued)*

Equity Securities with Readily Determinable Fair Values *(Continued)*

Leap Therapeutics, Inc. (Leap) (Continued)

As of December 31, 2021 and 2020, the fair value of the common stock and warrants was as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Fair value of Leap common stock	**23,809**	10,810
Fair value of Leap warrants	**10,306**	6,669

Private Equity Securities without Readily Determinable Fair Values

The Company invests in equity securities of certain companies whose securities are not publicly traded and fair value is not readily determinable and where the Company has concluded it does not have significant influence based on its ownership percentage and other factors. These investments are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company held investments of US$43,722,000 and US$9,705,000 in equity securities without readily determinable fair values as of December 31, 2021 and 2020, respectively. There were no adjustments to the carrying values of these securities for the year ended December 31, 2021 and 2020.

Equity-Method Investments

MapKure

In June 2019, the Company announced the formation of MapKure, an entity jointly owned by the Company and SpringWorks Therapeutics, Inc. (SpringWorks). The Company out-licensed to MapKure the Company's product candidate BGB-3245, an investigational oral, selective small molecule inhibitor of monomer and dimer forms of activating B-RAF mutations including V600 BRAF mutations, non-V600 B-RAF mutations, and RAF fusions. The Company received 10,000,000 Series A preferred units of MapKure, or a 71.4% ownership interest in exchange for its contribution of the intellectual property. SpringWorks purchased 3,500,000 Series A preferred units, or a 25% ownership interest, and other investors purchased 250,000 Series A preferred units or 1.8% ownership each. Following the initial closing, the Company consolidated its interests in MapKure under the voting model due to its controlling financial interest.

5. INVESTMENTS *(Continued)*

Equity-Method Investments *(Continued)*

MapKure (Continued)

In June 2020, MapKure held a second closing under the existing terms of the share purchase agreement in which it issued additional Series A preferred units to SpringWorks and the other investors that purchased units in the first closing (the "Second Closing"), and the Company's ownership interest decreased to 55.6%. As the requisite Series A voting requirements in MapKure's governing documents require 70% combined voting power for certain actions, the Company determined that it lost its controlling financial interest after the Second Closing. Therefore, the Company deconsolidated MapKure and recognized a gain of US$11,307,000 for the excess of the fair value of its 55.6% ownership interest in MapKure and carrying amount of the prior non-controlling interest over the carrying amount of MapKure's net assets within other income during the year ended December 31, 2020.

Upon deconsolidation, the Company recorded an equity investment of US$10,000,000, which represents the estimated fair value of its 55.6% ownership interest in MapKure. Effective June 8, 2020, the Company is accounting for the investment as an equity-method investment and records its portion of MapKure's earnings or losses within other income, net. The Company recognized losses of US$1,176,000 and US$491,000 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the carrying amount of the Company's investment in MapKure was US$8,333,000 and US$9,509,000, respectively.

Guangzhou GET Phase I Biomedical Industry Investment Fund Partnership (Limited Partnership)

In July 2020, BeiGene (Guangzhou) invested US$11,782,000 (RMB80,000,000) in an existing investment fund, Guangzhou GET Phase I Biomedical Industry Investment Fund Partnership (Limited Partnership) ("GET Bio-fund"). The stated purpose of GET Bio-fund is to promote and upgrade the local industrial transformation in Guangzhou and it is committed to invest at least 60% of the total fund in the biotechnology, medical device, and medical information industries.

GET Bio-fund has six limited partners and one general partner, Guangzhou GET Biomedical Industry Investment Fund Management Co., Ltd. (GET Bio-fund Management). GET Bio-fund has an agreed duration for seven years, with the first five years as the investment period and the following two years as the projected payback period. The agreed upon duration may be extended for two additional years with the approval of all of the partners. As of December 31, 2021, BeiGene Guangzhou, as a limited partner, holds an ownership interest in the fund of 19.3%. The investment committee for the fund has seven members, and requires resolutions to be approved by at least five of the seven members. BeiGene Guangzhou holds one position on the investment committee and GET Bio-fund Management holds three positions. The Company determined that it has the ability to exercise significant influence over the fund due to the Company's ownership interest and involvement on the investment committee, and the investment represents an equity method investment. The Company recognized losses of US$145,000 and US$68,000 for its portion of the fund's net loss for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the carrying amount of the Company's investment in the fund was US$12,333,000 and US$12,189,000, respectively.

5. INVESTMENTS *(Continued)*

Other Equity-Method Investment

In addition to the equity-method investments mentioned above, the Company made an additional equity-method investment during the year ended December 31, 2021 and 2020 that it does not consider to be individually significant to its financial statements. The Company recognized the equity-method investment at cost and subsequently adjusted the basis based on the Company's share of the results of operations. The Company records its share of the investee's results of operations within other income, net.

6. ACCOUNTS RECEIVABLE, NET

	As of December 31,	
	2021	2020
	US$'000	US$'000
Accounts receivable	**483,528**	60,515
Impairment	**(415)**	(112)
Total	**483,113**	60,403

The Company's trading terms with its customers are mainly on credit and the credit periods generally range from 45 to 90 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed. The Company does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An aging analysis of the accounts receivable, based on the invoice date, is as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Within 3 months	**483,058**	60,403
3 months to 6 months	**55**	–
Total	**483,113**	60,403

6. ACCOUNTS RECEIVABLE, NET *(Continued)*

Changes in the allowance for credit losses related to trade accounts receivable consist of the following:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Beginning balance, as of January 1	**112**	–
Provision charged to selling, general and administrative expenses	**309**	109
Exchange rate changes	**(6)**	3
Ending balance, as of December 31	**415**	112

7. INVENTORIES

The Company's inventory balance consisted of the following:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Raw materials	**78,140**	19,330
Work in process	**9,397**	1,378
Finished goods	**155,089**	68,585
Total inventories	**242,626**	89,293

8. MANUFACTURING FACILITY IN GUANGZHOU, CHINA

Manufacturing legal entity structure

BeiGene Shanghai, originally established as a wholly-owned subsidiary of BeiGene (Hong Kong) Co., Ltd. (BeiGene HK), and currently a wholly-owned subsidiary of BeiGene Biologics, as described below, provides clinical development services for BeiGene affiliates and is the clinical trial authorization (CTA) holder and marketing authorization application (MAA) holder for tislelizumab in China.

In March 2017, BeiGene HK, a wholly owned subsidiary of the Company, and Guangzhou GET Technology Development Co., Ltd. (now Guangzhou High-tech Zone Technology Holding Group Co., Ltd.) (GET), entered into a definitive agreement to establish a commercial scale biologics manufacturing facility in Guangzhou, Guangdong Province, PRC. BeiGene HK and GET entered into an Equity Joint Venture Contract (the "JV Agreement").

Under the terms of the JV Agreement, BeiGene HK made an initial cash capital contribution of RMB200,000,000 and a subsequent contribution of one or more biologics assets in exchange for a 95% equity interest in BeiGene Biologics. GET made a cash capital contribution of RMB100,000,000 to BeiGene Biologics, representing a 5% equity interest in BeiGene Biologics. In addition, on March 7, 2017, BeiGene Biologics entered into a contract with GET, under which GET agreed to provide a RMB900,000,000 loan (the "Shareholder Loan") to BeiGene Biologics. In September 2019, BeiGene Biologics completed the first phase of construction of a biologics manufacturing facility in Guangzhou, through a wholly owned subsidiary, the BeiGene Guangzhou Biologics Manufacturing Co., Ltd. (BeiGene Guangzhou Factory), to manufacture biologics for the Company and its subsidiaries.

BeiGene HK and BeiGene Biologics subsequently entered into an Equity Transfer Agreement to transfer 100% of the equity interest of BeiGene Shanghai to BeiGene Biologics, as required by the JV agreement, such that the CTA holder and MAA holder for tislelizumab in China was controlled by BeiGene Biologics. Upon the transfer of equity in BeiGene Shanghai, BeiGene HK's equity interest in BeiGene Shanghai became 95%.

In September 2020, BeiGene HK entered into a share purchase agreement (JV Share Purchase Agreement) with GET to acquire GET's 5% equity interest in BeiGene Biologics for a total purchase price of US$28,723,000 (RMB195,262,000). The transaction was finalized in November 2020 upon completion of the business registration filing. The share purchase was recorded as an equity transaction. The carrying amount of the noncontrolling interest balance of US$9,116,000 was adjusted to nil to reflect the increase in BeiGene HK's ownership interest to 100%, and the difference in the fair value of the consideration paid and the carrying amount of the noncontrolling interest of US$19,599,000 was recorded to additional paid in capital. In connection with the JV Share Purchase Agreement, BeiGene Biologics repaid the outstanding principal of the Shareholder Loan of US$132,061,000 (RMB900,000,000) and accrued interest of US$36,558,000 (RMB249,140,000).

8. MANUFACTURING FACILITY IN GUANGZHOU, CHINA *(Continued)*

Manufacturing legal entity structure *(Continued)*

In connection with the JV share purchase, the Company entered into a loan agreement with China Minsheng Bank for a total loan facility of up to US$200,000,000 (Senior Loan), of which US$120,000,000 was used to fund the JV share repurchase and repayment of the shareholder loan and US$80,000,000 could be used for general working capital purposes. The Company may extend the original maturity date for up to two additional twelve month periods. In October 2020, the Company drew down US$80,000,000 of the working capital facility and US$118,320,000 of the acquisition facility to be used for the JV share repurchase. On October 9, 2021, the Company repaid US$198,320,000 and drew down US$200,000,000 from the Senior Loan. In addition, the Company entered into a loan agreement with Zhuhai Hillhouse Zhaohui Equity Investment Partnership (Zhuhai Hillhouse) for a total loan facility of US$73,640,000 (RMB500,000,000) (Related Party Loan), of which US$14,728,000 (RMB100,000,000) can be used for general corporate purposes and US$58,912,000 (RMB400,000,000) can only be applied towards the repayment of the Senior Loan facility, including principal, interest and fees. The Company has drawn down US$15,693,000 (RMB100,000,000) of the Related Party Loan as of December 31, 2021. See Note 15 for further discussion of the loans.

9. LEASES

The Company has operating leases for office and manufacturing facilities in the United States, Switzerland, and China. The leases have remaining lease terms of up to five years, some of which include options to extend the leases that have not been included in the calculation of the Company's lease liabilities and ROU assets. The Company has land use rights, which represent land acquired for the biologics manufacturing facility in Guangzhou, the land acquired for the Company's research, development and office facility in Changping, Beijing, and the land acquired for the Company's research, development and manufacturing facility in Suzhou. The land use rights represent lease prepayments and are expensed over the remaining term of the rights, which is 50 years for the Guangzhou land use rights, 36 years for the Changping land use right, and 30 years for the Suzhou land use right. The Company also has certain leases with terms of 12 months or less for certain equipment, office and lab space, which are not recorded on the balance sheet.

The components of lease expense were as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Operating lease cost	**22,536**	18,271
Variable lease cost	**4,892**	2,465
Short-term lease cost	**1,823**	1,018
Total lease cost	**29,251**	21,754

9. LEASES *(Continued)*

Supplemental balance sheet information related to leases was as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Operating lease right-of-use assets	**60,762**	41,850
Land use rights, net	**56,669**	48,731
Total operating lease right-of-use assets	**117,431**	90,581
Current portion of operating lease liabilities	**21,925**	13,895
Operating lease liabilities, non-current portion	**43,041**	29,417
Total lease liabilities	**64,966**	43,312

Maturities of operating lease liabilities are as follows:

	US$'000
Year ending December 31, 2022	24,225
Year ending December 31, 2023	20,072
Year ending December 31, 2024	16,103
Year ending December 31, 2025	8,272
Year ending December 31, 2026	1,546
Total lease payments	70,218
Less imputed interest	(5,252)
Present value of lease liabilities	64,966

9. LEASES *(Continued)*

Other supplemental information related to leases is summarized below:

	Year ended December 31,	
	2021	2020
	US$'000	US$'000
Operating cash flows used in operating leases	**19,962**	17,571
ROU assets obtained in exchange for new operating lease liabilities	**37,454**	17,634

	As of December 31,	
	2021	2020
Weighted-average remaining lease term (years)	**3**	3
Weighted-average discount rate	**5.15%**	6.26%

10. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net are recorded at cost less accumulated depreciation and consisted of the following:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Land	**65,485**	–
Laboratory equipment	**118,203**	78,640
Leasehold improvements	**50,288**	37,643
Building	**144,083**	111,527
Manufacturing equipment	**119,585**	96,669
Software, electronics and office equipment	**27,404**	20,782
Property and equipment, at cost	**525,048**	345,261
Less: Accumulated depreciation	**(124,286)**	(73,354)
Construction in progress	**186,843**	85,779
Property, plant and equipment, net	**587,605**	357,686

10. PROPERTY, PLANT AND EQUIPMENT, NET *(Continued)*

In November 2021, the Company purchased a 42-acre site located in Hopewell, NJ for US$75,197,000. The total purchase price was allocated between the land and an existing building on the property based on their relative fair values. The Company plans to construct a biologics manufacturing facility and research and development center on the land. Construction had not yet commenced as of December 31, 2021.

Construction in progress ("CIP") as of December 31, 2021 and 2020 primarily related to the buildout of additional capacity at the Guangzhou and Suzhou manufacturing facilities. CIP by fixed asset class are summarized as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Building	**90,229**	48,824
Manufacturing equipment	**63,361**	29,858
Laboratory equipment	**17,178**	4,507
Other	**16,075**	2,590
Total	**186,843**	85,779

Depreciation expense for the years ended December 31, 2021 and 2020 were US$44,742,000 and US$30,943,000, respectively.

11. INTANGIBLE ASSETS

Intangible assets as of December 31, 2021 and December 31, 2020 are summarized as follows:

	December 31, 2021			December 31, 2020		
	Gross carrying amount	**Accumulated amortization**	**Intangible assets, net**	Gross carrying amount	Accumulated amortization	Intangible assets, net
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Finite-lived intangible assets:						
Product distribution rights	**7,500**	**(3,250)**	**4,250**	7,500	(2,500)	5,000
Developed products	**43,394**	**(965)**	**42,429**	–	–	–
Trading license	**816**	**(816)**	**–**	816	(816)	–
Total finite-lived intangible assets	**51,710**	**(5,031)**	**46,679**	8,316	(3,316)	5,000

11. INTANGIBLE ASSETS *(Continued)*

Product distribution rights consist of distribution rights for the approved cancer therapies licensed from BMS as part of the BMS collaboration. The Company is amortizing the product distribution rights, as a single identified asset, over a period of 10 years from the date of acquisition. Developed products represent the post-approval milestone payments under the license agreement with Merck KGaA that was terminated during the year ended December 31, 2018 and the license and commercialization agreements with EUSA Pharma and Bio-Thera. The Company is amortizing the developed products over the remainder of the respective product patent or the term of the commercialization agreements. Trading license represents the Guangzhou drug distribution license acquired in September 2018. The Company amortized the drug distribution trading license over the remainder of the initial license term through February 2020. The trading license has been renewed through February 2024.

Amortization expense for developed products is included in cost of sales – product in the accompanying consolidated statements of operations. Amortization expense for product distribution rights and trading licenses is included in operating expenses in the accompanying consolidated statements of operations. The weighted-average life for each finite-lived intangible assets is approximately 13 years. Amortization expense is as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Amortization expense – Cost of sales – product	**965**	–
Amortization expense – Operating expense	**750**	846
Total	**1,715**	846

Estimated amortization expense for each of the five succeeding years and thereafter, as of December 31, 2021 is as follows:

Year Ending December 31,	**Cost of Sales – Product** **US$'000**	**Operating Expenses** **US$'000**	**Total** **US$'000**
2022	3,314	750	4,064
2023	3,314	750	4,064
2024	3,314	750	4,064
2025	3,314	750	4,064
2026	3,314	750	4,064
2027 and thereafter	25,859	500	26,359
Total	42,429	4,250	46,679

12. INCOME TAXES

The components of income (loss) before income taxes are as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
PRC	**(606,752)**	(369,066)
U.S.	**34,923**	33,608
Other	**(866,759)**	(1,282,736)
Total	**(1,438,588)**	(1,618,194)

The current and deferred components of the income tax expense (benefit) from continuing operations are as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Current Tax Expense (Benefit):		
PRC	**15,252**	16,121
U.S.	**(9)**	(5,678)
Other	**805**	68
Total	**16,048**	10,511
Deferred Tax Expense (Benefit):		
PRC	**7,516**	(1,152)
U.S.	**(47,094)**	(27,030)
Other	**(1,704)**	–
Total	**(41,282)**	(28,182)
Income Tax Benefit	**(25,234)**	(17,671)

12. INCOME TAXES *(Continued)*

The reconciliation of the statutory tax rate to our effective income tax rate is as follow:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Loss before tax	**(1,438,588)**	(1,618,194)
China statutory tax rate	**25%**	25%
Expected taxation at China statutory tax rate	**(359,647)**	(404,549)
Foreign and preferential tax rate differential	**185,874**	218,473
Non-deductible expenses	**(2,826)**	8,436
Stock compensation expenses	**(27,411)**	(22,032)
Effect of tax rate change	**–**	(3,827)
Change in valuation allowance	**210,306**	209,085
Research tax credits and incentives	**(31,530)**	(23,257)
Taxation for the year	**(25,234)**	(17,671)
Effective tax rate	**1.8%**	1.1%

12. INCOME TAXES *(Continued)*

Significant components of deferred tax assets (liabilities) are as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Deferred Tax Assets:		
Accruals and reserves	**84,766**	33,512
Net operating losses carryforward	**625,114**	358,425
Stock-based compensation	**14,982**	13,981
Research tax credits	**82,060**	58,835
Depreciable and amortizable assets	**937,069**	724,779
Lease liability obligation	**11,571**	9,066
Gross deferred tax assets	**1,755,562**	1,198,598
Less valuation allowance	**(1,647,985)**	(1,134,585)
Total deferred tax assets	**107,577**	64,013
Deferred tax liabilities:		
Right of use lease asset	**(11,322)**	(8,843)
Total deferred tax liabilities	**(11,322)**	(8,843)
Net deferred tax asset	**96,255**	55,170

Valuation allowances have been provided on deferred tax assets where, based on all available evidence, it was considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. After consideration of all positive and negative evidence, the Company believes that as of December 31, 2021, it is more likely than not that certain deferred tax assets will not be realized for our subsidiaries in Australia, Switzerland, the United States, and for certain subsidiaries in China. For the years ended December 31, 2021 and 2020, there were increases in the valuation allowance of US$210,306,000 and US$209,085,000, respectively. Adjustments may be required in the future if the Company estimates that the amount of deferred tax assets to be realized is more or less than the net amount recorded.

12. INCOME TAXES *(Continued)*

As of December 31, 2021 and 2020, the Company had net operating losses of approximately US$3,644,005,000 and US$2,230,857,000, respectively. As of December 31, 2021, net operating losses were primarily comprised of: US$942,541,000 from entities in the PRC which expire in years 2023 through 2031; US$2,325,359,000 derived from Switzerland which expires in years 2025 through 2028; and, US$351,645,000 derived from entities in the United States that have an indefinite carryforward. The Company has approximately US$88,632,000 of U.S. research tax credits which will expire between 2035 and 2041, if not utilized.

The gross unrecognized tax benefits for the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Beginning balance, as of January 1	**7,123**	4,633
Additions based on tax positions related to the current tax year	**2,802**	2,497
Reductions based on lapse of statute of limitations	**–**	(7)
Ending balance, as of December 31	**9,925**	7,123

Current and prior year additions include an assessment of U.S. federal and state tax credits and incentives. None of the unrecognized tax benefits as of December 31, 2021 would impact the consolidated income tax rate if ultimately recognized due to valuation allowances. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly change within the next 12 months.

The Company has elected to record interest and penalties related to income taxes as a component of income tax expense. For the years ended December 31, 2021 and 2020, the Company's accrued interest and penalties, where applicable, related to uncertain tax positions were not material.

The Company conducts business in a number of tax jurisdictions and, as such, is required to file income tax returns in multiple jurisdictions globally. As of December 31, 2021, Australia tax matters are open to examination for the years 2013 through 2021, China tax matters are open to examination for the years 2011 through 2021, Switzerland tax matters are open to examination for the years 2018 through 2021, and U.S. federal tax matters are open to examination for years 2015 through 2021. Various U.S. states and other non-US tax jurisdictions in which the Company files tax returns remain open to examination for 2011 through 2021.

12. INCOME TAXES *(Continued)*

The Company qualifies for the Technology Advanced Service Enterprises (TASE) and High and New Technology Enterprise (HNTE) status for certain subsidiaries in China, which expire at the end of 2022. The income tax benefits attributable to this status for the year ended December 31, 2021 is approximately US$2,863,000, or less than US$0.01 per share outstanding.

During the years ended December 31, 2021 and 2020, the Company completed intra-group transfers of certain intangible assets in anticipation of potential commercialization, which resulted in the establishment of deferred tax assets that were fully offset by valuation allowances.

As of December 31, 2021, the Company asserts indefinite reinvestment on the excess of the financial reporting bases over tax bases in the Company's investments in foreign subsidiaries to the extent reversal would incur a significant tax liability. A deferred tax liability has not been established for the approximately US$1,844,000 of cumulative undistributed foreign earnings. Determination of the unrecognized deferred tax liability is not practicable due to the uncertainty and overall complexity of the hypothetical calculation.

13. SUPPLEMENTAL BALANCE SHEET INFORMATION

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Prepaid research and development costs	**87,239**	71,341
Prepaid taxes	**58,579**	30,392
Other receivables	**12,010**	12,651
Interest receivable	**5,052**	6,619
Prepaid insurance	**1,695**	1,347
Prepaid manufacturing cost	**78,538**	25,996
Other current assets	**27,060**	11,666
Total	**270,173**	160,012

13. SUPPLEMENTAL BALANCE SHEET INFORMATION *(Continued)*

Other non-current assets consist of the following:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Goodwill	**109**	109
Prepayment of property and equipment	**14,140**	16,984
Payment of facility capacity expansion activities (1)	**24,237**	29,778
Prepaid VAT	**17,162**	10,913
Rental deposits and other	**6,609**	5,962
Long-term investments	**100,792**	49,344
Total	**163,049**	113,090

(1) Represents payments for facility expansion under commercial supply agreements. The payments are providing future benefit to the Company through credits on commercial supply purchases.

Accrued expenses and other payables consisted of the following:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Compensation related	**139,966**	106,765
External research and development activities related	**213,922**	143,302
Commercial activities	**71,560**	66,131
Individual income tax and other taxes	**45,661**	14,373
Sales rebates and returns related	**59,639**	11,874
Other	**27,307**	3,699
Total accrued expenses and other payables	**558,055**	346,144

13. SUPPLEMENTAL BALANCE SHEET INFORMATION *(Continued)*

Other long-term liabilities consist of the following:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Deferred government grant income	**46,352**	49,139
Pension liability	**7,814**	8,113
Other	**68**	177
Total other long-term liabilities	**54,234**	57,429

14. ACCOUNTS PAYABLE

An aging analysis of the accounts payable as of December 31, 2021 and December 31, 2020, based on the invoice date, is as follows:

	As of December 31,	
	2021	2020
	US$'000	US$'000
Within 3 months	**257,977**	230,638
3 to 6 months	**3,210**	312
6 months to 1 year	**1,110**	147
Over 1 year	**103**	860
Total	**262,400**	231,957

The accounts payable are non-interest-bearing and repayable within the normal operating cycle or on demand.

15. DEBT

The following table summarizes the Company's short-term and long-term debt obligations as of December 31, 2021 and 2020:

Lender	Agreement Date	Line of Credit	Term	Maturity Date	Interest Rate	As of December 31, 2021		2020	
		US$'000/RMB'000				US$'000	RMB'000	US$'000	RMB'000
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	1,255	8,000	307	2,000
China Merchants Bank	January 22, 2020	(2)	9-year	January 20, 2029	(2)	1,569	10,000	–	–
China Minsheng Bank (the "Senior Loan")	September 24, 2020	US$200,000		(3)	4.5%	200,000	1,274,535	198,320	1,294,010
Zhuhai Hillhouse (the "Related Party Loan")	September 24, 2020	RMB500,000		(4)	4.5%	15,693	100,000	15,326	100,000
Other short-term debt (5)						209,048	1,332,197	121,062	789,918
Total short-term debt						427,565	2,724,732	335,015	2,185,928
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	89,444	570,000	88,584	578,000
China Merchants Bank	January 22, 2020	(2)	9-year	January 20, 2029	(2)	53,353	340,000	53,641	350,000
China Merchants Bank	November 9, 2020	RMB378,000	9-year	November 8, 2029	(6)	59,316	378,000	41,412	270,206
Total long-term debt						202,113	1,288,000	183,637	1,198,206

1. The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.9% as of December 31, 2021. The Company repaid US$312,000 (or RMB2,000,000) during the year ended December 31, 2021. The loan is secured by BeiGene Guangzhou Factory's land use right and certain BeiGene Guangzhou Factory fixed assets in the first phase of the Guangzhou manufacturing facility's build out.

2. On January 22, 2020, BeiGene Guangzhou Factory entered into a nine-year bank loan with China Merchants Bank to borrow up to RMB1,100,000,000 at a floating interest rate benchmarked against prevailing interest rates of certain PRC financial institutions. The loan is secured by BeiGene Guangzhou Factory's second land use right and fixed assets that will be placed into service upon completion of the second phase of the Guangzhou manufacturing facility's build out. In connection with the Company's short-term loan agreements with China Merchants Bank entered into during the year ended December 31, 2020, the borrowing capacity was reduced from RMB1,100,000,000 to RMB350,000,000. The loan interest rate was 4.4% as of December 31, 2021.

15. DEBT *(Continued)*

3. US$120,000,000 of the Senior Loan was designated to fund the JV share purchase and repayment of the shareholder loan and US$80,000,000 was designated for general working capital purposes. The Senior Loan had an original maturity date of October 8, 2021, which was the first anniversary of the first date of utilization of the loan. The Company may extend the original maturity date for up to two additional twelve month periods. On October 8, 2021, the Company extended the maturity date for twelve months to October 8, 2022 and repurposed the Senior Loan for general working capital purposes. On October 9, 2021, the Company repaid US$198,320,000 and drew down US$200,000,000 from the Senior Loan.

4. RMB100,000,000 of the Related Party Loan was designated for general corporate purposes and RMB400,000,000 was designated for repayment of the Senior Loan, including principal, interest and fees. The loan originally matured at the earlier of: (i) November 9, 2021, which is one month after the Senior Loan maturity date, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid. On October 8, 2021, the Company extended the maturity date of the Related Party Loan to the earlier of:

    (i) November 9, 2022, which is one month after the Senior Loan maturity date, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid. Zhuhai Hillhouse is a related party of the Company, as it is an affiliate of Hillhouse Capital. Hillhouse Capital is a shareholder of the Company, and a Hillhouse Capital employee is a member of the Company's board of directors.

5. During the years ended December 31, 2021 and 2020, the Company entered into additional short-term working capital loans with China Industrial Bank and China Merchants Bank to borrow up to RMB1,940,000,000 in aggregate, with maturity dates ranging from April 19, 2021 to December 15, 2022. The Company drew down US$206,449,000 (RMB1,332,197,000) during the year ended December 31, 2021. The Company repaid US$123,122,000 (RMB789,918,000) of the short-term loans during the year ended. December 31, 2021. The weighted average interest rate for the short-term working capital loans was approximately 4.2% as of December 31, 2021.

6. The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.3% as of December 31, 2021. The Company drew down US$16,838,000 (RMB107,794,000) during the year ended December 31, 2021. The loan is secured by fixed assets that will be placed into service upon completion of the third phase of the Guangzhou manufacturing facility's build out.

15. DEBT *(Continued)*

Contractual Maturities of Debt Obligations

The aggregate contractual maturities of all borrowings due subsequent to December 31, 2021 are as follows:

Maturity dates	Amounts US$'000
Year ending December 31, 2022	427,565
Year ending December 31, 2023	15,300
Year ending December 31, 2024	31,832
Year ending December 31, 2025	38,027
Year ending December 31, 2026	42,726
Thereafter	74,228
Total	629,678

Interest Expense

Interest on bank loans and the Related Party Loan is paid quarterly until the respective loans are fully settled. Interest expense recognized for the years ended December 31, 2021 and 2020 amounted to US$29,263,000 and US$18,309,000, respectively, among which, US$1,054,000 and US$338,000 was capitalized, respectively.

16. PRODUCT REVENUE

The Company's product revenue is primarily derived from the sale of its internally developed products BRUKINSA® in the United States and China, and tislelizumab and pamiparib in China; REVLIMID® and VIDAZA® in China under a license from BMS; and XGEVA® and BLINCYTO® in China under a license from Amgen.

The table below presents the Company's net product sales for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021 US$'000	2020 US$'000
Product revenue – gross	748,824	324,672
Less: Rebates and sales returns	(114,837)	(15,798)
Product revenue – net	633,987	308,874

16. PRODUCT REVENUE *(Continued)*

The following table disaggregates net product revenue by product for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Tislelizumab	**255,119**	163,358
BRUKINSA®	**217,987**	41,702
REVLIMID®	**70,065**	47,372
VIDAZA®	**19,591**	29,975
ABRAXANE®	**–**	17,770
XGEVA®	**45,956**	8,496
BLINCYTO®	**12,515**	–
Other	**12,754**	201
Total product revenue – net	**633,987**	308,874

The following table presents the roll-forward of accrued sales rebates and returns for the years ended December 31, 2021 and December 31, 2020.

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Beginning balance, as of January 1	**11,874**	3,198
Accrual	**114,837**	15,798
Payment	**(67,072)**	(7,122)
Ending balance, as of December 31	**59,639**	11,874

Sales rebates accrued and paid during the year ended December 31, 2021 increased as a result of compensating distributors for products previously sold at the pre-NRDL price, which remained in the distribution channel, due to the first inclusion of tislelizumab, BRUKINSA® and XGEVA® in the NRDL effective March 1, 2021 and additional indications for tislelizumab, BRUKINSA® and pamiparib effective January 1, 2022. The impact of the NRDL price reductions on net revenue totaled US$57,450,000 for the year ended December 31, 2021. The majority of the accrued compensation related to sales of tislelizumab.

17. LOSS BEFORE INCOME TAX EXPENSE

The Company's loss before income tax expense is arrived at after charging/(crediting):

		Year Ended December 31,	
	Notes	**2021**	2020
		US$'000	US$'000
Cost of inventories sold		**164,906**	70,657
Depreciation of property, plant and equipment	10	**44,742**	30,943
Research and development costs (note)		**1,459,239**	1,294,877
Amortization of operating lease right-of-use assets	9	**22,536**	18,271
Amortization of license rights	11	**1,715**	846
Auditor's remuneration		**3,821**	2,642
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		**720,551**	466,962
Share-based compensation expenses		**240,712**	183,481
Pension scheme contributions (defined contribution scheme)		**38,810**	13,372
		1,000,073	663,815
Gain on sale of available-for-sale securities		**(67)**	(1,492)
Foreign exchange differences, net		**5,991**	(4,813)
Bank interest income		**(13,528)**	(20,352)
Loss on disposal of property and equipment		**106**	9

Note:

During the years ended December 31, 2021 and 2020, research and development costs of approximately US$463,441,000 and US$346,203,000 were also included in employee benefit expense.

18. LOSS PER SHARE

Loss per share was calculated as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Numerator:		
Net loss	**(1,413,354)**	(1,600,523)
Less: Net loss attributable to noncontrolling interest	**–**	(3,617)
Net loss attributable to BeiGene, Ltd.	**(1,413,354)**	(1,596,906)
Denominator:		
Weighted average shares outstanding for computing basic and diluted loss per share	**1,206,210,049**	1,085,131,783
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US$)	**(1.17)**	(1.47)

For the years ended December 31, 2021 and 2020, the computation of basic loss per share using the two-class method was not applicable, as the Company was in a net loss position.

The effects of all share options and restricted share units were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive during the years ended December 31, 2021 and 2020.

19. SHARE-BASED COMPENSATION EXPENSE

2016 Share Option and Incentive Plan

In January 2016, in connection with its U.S. IPO, the board of directors and shareholders of the Company approved the 2016 Share Option and Incentive Plan (the "2016 Plan"), which became effective in February 2016. The Company initially reserved 65,029,595 ordinary shares for the issuance of awards under the 2016 Plan, plus any shares available under the 2011 Option Plan (the "2011 Plan"), and not subject to any outstanding options as of the effective date of the 2016 Plan, along with underlying share awards under the 2011 Plan that are cancelled or forfeited without issuance of ordinary shares. As of December 31, 2021, ordinary shares cancelled or forfeited under the 2011 Plan that were carried over to the 2016 Plan totaled 5,166,510. The 2016 Plan provided for an annual increase in the shares available for issuance, to be added on the first day of each fiscal year, beginning on January 1, 2017, equal to the lesser of (i) five percent (5)% of the outstanding shares of the Company's ordinary shares on the last day of the immediately preceding fiscal year or (ii) such number of shares determined by the Company's board of directors or the compensation committee. On January 1, 2018, 29,603,616 ordinary shares were added to the 2016 Plan under this provision. However, in August 2018, in connection with the Hong Kong IPO, the board of directors of the Company approved an amended and restated 2016 Plan to remove this "evergreen" provision and implement other changes required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules"). In December 2018, the shareholders of the Company approved a second amended and restated 2016 Plan to increase the number of shares authorized for issuance by 38,553,159 ordinary shares, as well as amend the cap on annual compensation to independent directors and make other changes. In June 2020, the shareholders approved an Amendment No. 1 to the 2016 Plan to increase the number of shares authorized for issuance by 57,200,000 ordinary shares and to extend the term of the plan through April 13, 2030. The number of shares available for issuance under the 2016 Plan is subject to adjustment in the event of a share split, share dividend or other change in the Company's capitalization.

As of December 31, 2021, share-based awards to acquire 50,886,939 ordinary shares were available for future grant under the 2016 Plan.

19. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

2018 Inducement Equity Plan

In June 2018, the board of directors of the Company approved the 2018 Inducement Equity Plan (the "2018 Plan") and reserved 12,000,000 ordinary shares to be used exclusively for grants of awards to individuals who were not previously employees of the Company or its subsidiaries, as a material inducement to the individual's entry into employment with the Company or its subsidiaries, within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules. The 2018 Plan was approved by the board of directors upon recommendation of the compensation committee, without shareholder approval pursuant to Rule 5635(c)(4) of the NASDAQ Listing Rules. The terms and conditions of the 2018 Plan, and the forms of award agreements to be used thereunder, are substantially similar to the 2016 Plan and the forms of award agreements thereunder. In August 2018, in connection with the listing of the Company's ordinary shares on the HKEX, the board of directors of the Company approved an amended and restated 2018 Plan to implement changes required by the HK Listing Rules.

As of December 31, 2021, share-based awards to acquire 9,344,659 ordinary shares were available for future grant under the 2018 Plan.

2018 Employee Share Purchase Plan

In June 2018, the shareholders of the Company approved the 2018 Employee Share Purchase Plan (the ESPP). Initially, 3,500,000 ordinary shares of the Company were reserved for issuance under the ESPP. In August 2018, in connection with the Hong Kong IPO, the board of directors of the Company approved an amended and restated ESPP to remove an "evergreen" share replenishment provision originally included in the plan and implement other changes required by the HK Listing Rules. In December 2018, the shareholders of the Company approved a second amended and restated ESPP to increase the number of shares authorized for issuance by 3,855,315 ordinary shares to 7,355,315 ordinary shares. The ESPP allows eligible employees to purchase the Company's ordinary shares (including in the form of ADSs) at the end of each offering period, which will generally be six months, at a 15% discount to the market price of the Company's ADSs at the beginning or the end of each offering period, whichever is lower, using funds deducted from their payroll during the offering period. Eligible employees are able to authorize payroll deductions of up to 10% of their eligible earnings, subject to applicable limitations.

19. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

2018 Employee Share Purchase Plan *(Continued)*

The following tables summarizes the shares issued under the ESPP:

		Market Price[1]		Purchase Price[2]		
Issuance Date	Number of Ordinary Shares Issued	ADS US$	Ordinary US$	ADS US$	Ordinary US$	Proceeds US$'000
August 31, 2021	425,386	308.30	23.72	262.06	20.16	8,575
February 26, 2021	436,124	236.30	18.18	200.86	15.45	6,738
August 31, 2020	485,069	164.06	12.62	139.45	10.73	5,203
February 28, 2020	425,425	145.54	11.20	123.71	9.52	4,048
August 30, 2019	233,194	143.75	11.06	122.19	9.40	2,192
February 28, 2019	154,505	137.05	10.54	116.49	8.96	1,385

[1] The market price is the lower of the closing price on the NASDAQ Stock Market on the issuance date or the offering date, in accordance with the terms of the ESPP.

[2] The purchase price is the price which was discounted from the applicable market price, in accordance with the terms of the ESPP.

As of December 31, 2021, 5,194,546 ordinary shares were available for future issuance under the ESPP.

Share options

Generally, share options have a contractual term of 10 years and vest over a three- to five-year period, with the first tranche vesting one calendar year after the grant date or the service relationship start date and the remainder of the awards vesting on a monthly basis thereafter. Restricted shares and restricted share units generally vest over a four-year period, with the first tranche vesting one calendar year after the grant date or the service relationship start date and the remainder of the awards vesting on a yearly basis thereafter, or sometimes vest upon the achievement of pre-specified performance conditions.

19. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

Share options *(Continued)*

The following table summarizes the Company's share option activities under the 2011, 2016 and 2018 Plans:

	Number of Options	Weighted Average Exercise Price US$	Weighted Average Grant Date Fair Value US$	Weighted Average Remaining Contractual Term Years	Aggregate Intrinsic Value US$'000
Outstanding at December 31, 2019	108,417,254	3.96			
Granted	8,999,536	13.54	7.15		
Exercised	(29,707,587)	2.82			416,509
Forfeited	(2,717,488)	7.22			
Outstanding at December 31, 2020	84,991,715	5.27			
Granted	6,244,524	26.46	12.40		
Exercised	(17,233,853)	4.52			367,110
Forfeited	(1,797,498)	13.27			
Outstanding at December 31, 2021	72,204,888	7.08		5.81	1,026,958
Exercisable as of December 31, 2021	55,576,828	4.31		5.08	919,118
Vested and expected to vest at December 31, 2021	70,043,242	6.79		5.73	1,012,938

As of December 31, 2021, the unrecognized compensation cost related to 14,466,414 unvested share options expected to vest was US$88,394,000. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 2.1 years.

The total fair value of employee share option awards vested during the years ended December 31, 2021 and 2020 was US$53,571,000 and US$55,127,000, respectively.

19. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

Fair value of options

The Company uses the binomial option-pricing model in determining the estimated fair value of the options granted. The model requires the input of highly subjective assumptions including the estimated expected stock price volatility and, the exercise multiple for which employees are likely to exercise share options. For expected volatilities, the trading history and observation period of the Company's own share price is used in conjunction with historical price volatilities of ordinary shares of several comparable companies in the same industry as the Company. For the exercise multiple, the Company was not able to develop an exercise pattern as reference, thus the exercise multiple is based on management's estimation, which the Company believes is representative of the future exercise pattern of the options. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury Bills yield curve in effect at the time of grant.

The following table presents the range of fair values and the assumptions used to estimate those fair values of the share options granted in the years presented:

	Year Ended December 31,	
	2021	2020
Fair value of ordinary share	**US$9.94 ~ US$14.97**	US$4.95 ~ US$11.89
Risk-free interest rate	**1.1% ~ 1.7%**	0.6% ~ 1.1%
Expected exercise multiple	**2.8**	2.8
Expected volatility	**51% ~ 59%**	58% ~ 59%
Expected dividend yield	**0%**	0%
Contractual life	**10 years**	10 years

19. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

Restricted shares

The following table summarizes the Company's restricted share activities under the 2016 Plan:

	Numbers of Shares	Weighted-Average Grant Date Fair Value US$
Outstanding at December 31, 2019	75,000	2.27
Granted	–	–
Vested	(75,000)	2.27
Forfeited	–	–
Outstanding at December 31, 2020	–	–
Granted	–	–
Vested	–	–
Forfeited	–	–
Outstanding at December 31, 2021	–	–
Expected to vest at December 31, 2021	–	–

The Company had no non-employee restricted share activities during the year ended December 31, 2021 and 2020.

As of December 31, 2021, all compensation cost related to restricted shares was fully recognized.

19. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

Restricted share units

The following table summarizes the Company's restricted share unit activities under the 2016 and 2018 Plans:

	Numbers of Shares	Weighted-Average Grant Date Fair Value US$
Outstanding at December 31, 2019	26,852,267	10.72
Granted	18,820,581	14.20
Vested	(7,302,828)	10.88
Forfeited	(3,493,048)	11.36
Outstanding at December 31, 2020	34,876,972	12.50
Granted	17,173,767	25.58
Vested	(10,703,381)	12.23
Forfeited	(5,264,376)	15.82
Outstanding at December 31, 2021	36,082,982	18.33
Expected to vest at December 31, 2021	31,392,194	18.33

As of December 31, 2021, the unrecognized compensation cost related to unvested restricted share units expected to vest was US$469,862,000. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 2.6 years.

The following table summarizes total share-based compensation cost recognized for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
Research and development	**114,357**	92,999
Selling, general and administrative	**126,355**	90,482
Total	**240,712**	183,481

20. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The movement of accumulated other comprehensive income (loss) was as follows:

	Foreign Currency Translation Adjustments US$'000	Unrealized Gains/Losses on Available-for-Sale Securities US$'000	Pension Liability Adjustments US$'000	Total US$'000
December 31, 2019	(9,291)	1,290	–	(8,001)
Other comprehensive income (loss) before reclassifications	23,475	1,073	(8,113)	16,435
Amounts reclassified from accumulated other comprehensive income (loss)[1]	–	(1,492)	–	(1,492)
Net-current period other comprehensive (loss) income	23,475	(419)	(8,113)	14,943
December 31, 2020	14,184	871	(8,113)	6,942
Other comprehensive income (loss) before reclassifications	13,714	(4,504)	309	9,519
Amounts reclassified from accumulated other comprehensive income (loss)[1]	–	(67)	1,556	1,489
Net-current period other comprehensive (loss) income	13,714	(4,571)	1,865	11,008
December 31, 2021	27,898	(3,700)	(6,248)	17,950

(1) The amounts reclassified from accumulated other comprehensive (loss) income were included in other income, net in the consolidated statements of operations.

21. SHAREHOLDERS' EQUITY

During the years ended December 31, 2021 and 2020, the Company completed the following equity offerings:

In January 2020, the Company sold 15,895,001 ADSs, representing a 20.5% ownership stake in the Company, to Amgen for aggregate cash proceeds of US$2,779,241,000, or US$174.85 per ADS, pursuant to the Amgen SPA executed in connection with the Amgen Collaboration Agreement. On March 17, 2020, BeiGene, Ltd. and Amgen entered into an Amendment No. 2 (the "Second Amendment") to the Amgen SPA in order to account for periodic dilution from the issuance of shares by the Company, which was restated in its entirety on September 24, 2020 (the "Restated Second Amendment"). Pursuant to the Restated Second Amendment, Amgen has an option (the "Direct Purchase Option") to subscribe for additional ordinary shares of the Company in the form of ADSs (the "Additional Shares") in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of the Company's outstanding shares. The Direct Purchase Option is exercisable on a monthly basis, but only if Amgen's interest in the outstanding shares of the Company at the monthly reference date is less than 20.4%. The Direct Purchase Option (i) will be exercisable by Amgen solely as a result of dilution arising from issuance of new shares under the Company's equity incentive plans from time to time, and (ii) is subject to annual approval by the Company's independent shareholders each year during the term of the Restated Second Amendment. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen and its affiliates collectively own less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) December 1, 2023. The Direct Purchase Option has no vesting period.

In July 2020, the Company issued 145,838,979 ordinary shares, par value US$0.0001, to eight existing investors, including entities associated with Hillhouse Capital and Baker Bros. Advisors LP, as well as Amgen, in a registered direct offering under the Company's effective Registration Statement on Form S-3 (File No. 333-238181). Each ordinary share was sold for a purchase price of US$14.2308 per share (US$185.00 per ADS), resulting in net proceeds, after offering expenses, of US$2,069,610,000. Amgen purchased 29,614,832 ordinary shares for US$421,443,000 as part of this offering. The offering was made without an underwriter or a placement agent, and as a result the Company did not pay any underwriting discounts or commissions in connection with the offering.

21. SHAREHOLDERS' EQUITY *(Continued)*

In September 2021, upon Amgen's exercise of its Direct Purchase Option, the Company issued an aggregate of 165,529 ADSs, representing 2,151,877 ordinary shares, to Amgen Inc. for a total consideration of US$50,000,000, in a private placement pursuant to the Amgen SPA dated October 31, 2019, as amended on December 6, 2019 and September 24, 2020 by and between Amgen and Company.

In December 2021, the Company completed the STAR Offering on the STAR Market of the SSE. The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in the PRC in Renminbi (RMB Shares). The public offering price of the RMB Shares was RMB192.60 per ordinary share, or US$391.68 per ADS. In this offering, the Company sold 115,055,260 ordinary shares. Net proceeds after deducting underwriting discounts and commission and offering expenses were US$3,392,616,000. As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in strict compliance with the planned uses as disclosed in the PRC prospectus as well as the Company's proceeds management policy for the STAR Offering approved by the board of directors.

22. RESTRICTED NET ASSETS

The Company's ability to pay dividends may depend on the Company receiving distributions of funds from its PRC subsidiaries. Relevant PRC laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries.

In accordance with the company law of the PRC, a domestic enterprise is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. A domestic enterprise is also required to provide discretionary surplus reserve, at the discretion of the Board of Directors, from the profits determined in accordance with the enterprise's PRC statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Company's PRC subsidiaries were established as domestic invested enterprises and therefore were subject to the above-mentioned restrictions on distributable profits.

22. RESTRICTED NET ASSETS *(Continued)*

During the years ended December 31, 2021 and 2020, no appropriation to statutory reserves was made, because the PRC subsidiaries had an accumulated deficit as of the end of such periods.

As a result of these PRC laws and regulations, including the requirement to make annual appropriations of at least 10% of after-tax income and set aside as general reserve fund prior to payment of dividends, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company.

Foreign exchange and other regulations in the PRC may further restrict the Company's PRC subsidiaries from transferring funds to the Company in the form of dividends, loans, and advances. As of December 31, 2021 and 2020, amounts restricted were the net assets of the Company's PRC subsidiaries, which amounted to US$799,574,000 and US$119,776,000, respectively.

23. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans

Full-time employees of the Company in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Company's PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were US$63,772,000 and US$23,717,000 for the years ended December 31, 2021 and 2020, respectively.

The Company maintains a defined contribution 401(k) savings plan (the "401(k) Plan") for U.S. employees. The 401(k) Plan covers all U.S. employees, and allows participants to defer a portion of their annual compensation on a pretax basis. In addition, the Company has a matching contribution to the 401(k) Plan, which, in the 2021 plan year, matched dollar for dollar of eligible contributions up to 4%. Company contributions to the 401(k) plan totaled US$7,483,000 and US$4,840,000 in the years ended December 31, 2021 and 2020, respectively.

The Company maintains a government mandated program to cover its employees in Switzerland for pension, death, or disability. The program is considered a defined contribution plan. Employer and employee contributions are made based on various percentages of salaries and wages that vary based on employee age and other factors. Company contributions into the program amounted to US$2,986,000 and US$2,960,000 in the years ended December 31, 2021 and 2020, respectively.

Employee benefit expenses for the remaining subsidiaries were immaterial.

23. EMPLOYEE BENEFIT PLANS *(Continued)*

Defined Benefit Plan

The Company maintains a defined benefit pension plan covering its employees in Switzerland (the "Swiss Plan"). This plan is a government mandated fund that provides benefits to employees upon retirement, death, or disability. Contributions are made based on various percentages of participants' salaries and wages determined based on participants' age and other factors. As of December 31, 2021 and 2020, the projected benefit obligations under the Swiss Plan were approximately US$34,517,000 and US$23,566,000, respectively, and plan assets were approximately US$26,703,000 and US$15,453,000, respectively. The funded status of the Swiss Plan is included in other long-term liabilities in the accompanying consolidated balance sheets. The initial determination of the pension liability was recorded as other comprehensive loss during the year ended December 31, 2020 and subsequently amortized as a component of net periodic pension cost (see Note 20).

The actuarial valuation were prepared by AXA Pension Solutions AG as of December 31, 2021 and 2020, and the present value of the defined benefit plan obligations are calculated using projected unit credit method.

The Company's annual contribution to the Swiss Plan is estimated to be approximately US$1,604,000 in 2022 and is expected to evolve thereafter proportionally with changes in staffing and compensation levels, actuarial assumptions and actual investment returns on plan assets.

The following table reflects the total expected benefit payments to Swiss Plan participants and have been estimated based on the same assumptions used to measure the Company's benefit obligations as of December 31, 2021:

Year(s)	Amounts US$'000
2022	44
2023	68
2024	528
2025	271
2026	197
2027 – 2031	3,760
Total	4,868

24. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of December 31, 2021, the Company had purchase commitments amounting to US$168,687,000, of which US$75,976,000 related to minimum purchase requirements for supply purchased from contract manufacturing organizations and US$92,711,000 related to binding purchase order obligations of inventory from BMS and Amgen. The Company does not have any minimum purchase requirements for inventory from BMS or Amgen.

Capital commitments

The Company had capital commitments amounting to US$42,394,000 for the acquisition of property, plant and equipment as of December 31, 2021, which were mainly for the Company's biologics manufacturing facility in Guangzhou, China, small molecule manufacturing facility in Suzhou, China, and research and development operations at the Changping facility in Beijing, China.

Co-development funding commitment

Under the Amgen Collaboration Agreement, the Company is responsible for co-funding global clinical development costs for the Amgen oncology pipeline assets up to a total cap of US$1,250,000,000. The Company is funding its portion of the co-development costs by contributing cash and/or development services. As of December 31, 2021, the Company's remaining co-development funding commitment was US$791,059,000.

Research and Development Commitment

The Company entered into long-term research and development agreements, which include obligations to make upfront payments and fixed quarterly payments over the next five years. As of December 31, 2021, the total research and development commitment amounted to US$27,985,000.

Funding Commitment

The Company had committed capital related to an equity method investment in the amount of US$15,000,000. As of December 31, 2021, the remaining capital commitment was US$12,750,000 and is expected to be paid from time to time over the investment period.

24. COMMITMENTS AND CONTINGENCIES *(Continued)*

Other Business Agreements

The Company enters into agreements in the ordinary course of business with contract research organizations (CROs) to provide research and development services. These contracts are generally cancellable at any time by the Company with prior written notice.

The Company also enters into collaboration agreements with institutions and companies to license intellectual property. The Company may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on the consolidated balance sheet because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in the consolidated financial statements.

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the years ended December 31, 2021 and 2020, were disclosed pursuant to the HK 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:

	Year ended December 31,	
	2021	2020
	US$'000	US$'000
Fees	**724**	560
Other emoluments:		
Salaries, allowances and benefits in kind	**828**	786
Performance related bonuses	**919**	637
Share-based compensation expenses*	**18,703**	16,890
Pension scheme contributions	**14**	10
	20,464	18,323
	21,188	18,883

* Share-based compensation amount disclosed in Note 25 (including above table) and Note 26 represented the amount determined under U.S. GAAP and recognized in the relevant accounting periods mentioned above.

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

For the years ended December 31, 2021 and 2020, certain directors were granted share options and restricted share units, in respect of their services to the Group, under the share option plans of the Company, further details of which are set out in Note 19. The fair value of such options, which has been recognized in the consolidated statement of operations over the vesting period, was determined as at the date of grant and the accounting amount recognized in the respective accounting periods is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The remuneration paid to independent non-executive directors for the years ended December 31, 2021 and 2020 were as follows:

Year ended December 31, 2021

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Share-based compensation expense US$'000	Pension scheme contributions US$'000	Total remuneration US$'000
Thomas Malley	89	–	–	345	–	434
Timothy Chen	76	–	–	345	–	421
Donald W. Glazer	70	–	–	345	–	415
Michael Goller	73	–	–	345	–	418
Ranjeev Krishana	76	–	–	345	–	421
Qingqing Yi	84	–	–	345	–	429
Jing-Shyh (Sam) Su	72	–	–	396	–	468
Corazon (Corsee) D. Sanders	92	–	–	339	–	431
	632	–	–	2,805	–	3,437

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(a) Independent non-executive directors *(Continued)*

Year ended December 31, 2020

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Share-based compensation expense US$'000	Pension scheme contributions US$'000	Total remuneration US$'000
Timothy Chen	70	–	–	290	–	360
Donald W. Glazer	63	–	–	290	–	353
Michael Goller	61	–	–	290	–	351
Ranjeev Krishana	63	–	–	290	–	353
Thomas Malley	78	–	–	290	–	368
Qingqing Yi	73	–	–	290	–	363
Jing-Shyh (Sam) Su	59	–	–	445	–	504
Corazon (Corsee) D. Sanders	24	–	–	118	–	142
	491	–	–	2,303	–	2,794

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive director, non-executive directors and chief executive

For the years ended December 31, 2021 and 2020, the Board of Directors comprised one executive director, John V. Oyler, who is also the chief executive of the Company. The remuneration paid to John V. Oyler for the years ended December 31, 2021 and 2020 were as follows:

	Year ended December 31,	
	2021	2020
	US$'000	US$'000
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**828**	786
Performance related bonuses	**919**	637
Share-based compensation expenses	**15,553**	14,376
Pension scheme contributions	**14**	10
	17,314	15,809
	17,314	15,809

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive director, non-executive directors and chief executive *(Continued)*

For the year ended December 31, 2021 and 2020, the Board of Directors comprised two non-executive directors, Xiaodong Wang and Anthony C. Hooper. Xiaodong Wang did not receive any compensation as a director. The compensation received by Xiaodong Wang as a consultant during the years ended December 31, 2021 and 2020 were detailed below and also included in Note 27.

Year ended December 31, 2021

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Share-based compensation expenses US$'000	Pension scheme contributions US$'000	Total remuneration US$'000
Xiaodong Wang	100	–	150	4,704	–	4,954
Anthony C. Hooper	92	–	–	345	–	437
	192	–	150	5,049	–	5,391

Year ended December 31, 2020

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Share-based compensation expenses US$'000	Pension scheme contributions US$'000	Total remuneration US$'000
Xiaodong Wang	100	–	150	6,157	–	6,407
Anthony C. Hooper	69	–	–	211	–	280
	169	–	150	6,368	–	6,687

26. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2021 and 2020 included the following number of directors and chief executive, details of whose remuneration are set out in Note 25 above.

	Headcounts	
	2021	2020
Directors and chief executive	**2**	2
Neither directors nor chief executive	**3**	3
	5	5

Details of the remuneration for the year of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2021	2020
	US$'000	US$'000
Salaries, allowances and benefits in kind	**1,983**	1,732
Performance related bonuses	**1,385**	1,037
Share-based compensation expenses	**17,646**	13,268
Pension scheme contributions	**32**	33
	21,046	16,070

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
HK$25,000,001 to HK$30,000,000	**–**	1
HK$30,000,001 to HK$35,000,000	**–**	1
HK$35,000,001 to HK$40,000,000	**2**	–
HK$60,000,001 to HK$65,000,000	**–**	1
HK$80,000,001 to HK$85,000,000	**1**	–
	3	3

26. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

For the years ended December 31, 2021 and 2020, share options or restricted share units were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of such equity award plans are included in the disclosures in Note 19. The fair value of such options, which have been recognized in the statement of operations over the vesting period, was determined as at the date of grant and the accounting amount recognized in the respective accounting periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

27. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in this financial information, the Company had the following related party transactions for the years ended December 31, 2021 and 2020:

Xiaodong Wang, Chairman of Scientific Advisory Board, director and shareholder, provided consulting service to the Group, and the compensation received by Dr. Wang for such service during the year ended December 31, 2021 consisted of (i) US$100,000 (2020: US$100,000) in consulting fees, (ii) US$150,000 (2020: US$150,000) as a performance-based cash bonus, (iii) an option to purchase 241,839 ordinary shares (2020: 560,599 ordinary shares) with a grant date fair value of US$3,000,000 (2020: US$4,000,000) and (iv) 39,000 ordinary shares, with a grant date fair value of US$1,000,000 (2020: nil).

The cash component of the above related party transaction also constitutes a fully-exempt continuing connected transaction under Chapter 14A of the HK Listing Rules.

28. SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in one segment: pharmaceutical products. Its chief operating decision maker is the Chief Executive Officer, who makes operating decisions, assesses performance, and allocates resources on a consolidated basis.

The Company's long-lived assets are substantially located in the PRC, with the exception of land which is in the U.S.

Net product revenues by geographic area are based upon the location of the customer, and net collaboration revenue is recorded in the jurisdiction in which the related income is expected to be sourced from. Total net revenues by geographic area are presented as follows:

	Year Ended December 31,	
	2021	2020
	US$'000	US$'000
PRC	**517,173**	290,646
U.S.	**495,265**	18,228
ROW	**163,845**	–
Total	**1,176,283**	308,874

PRC revenues for each of the two years in the period ended December 31, 2021 consisted entirely of product sales. U.S. revenues for the year ended December 31, 2021 consisted of collaboration revenues of US$379,607,000 and BRUKINSA® product sales of US$115,658,000, respectively. U.S. revenues for the year ended December 31, 2020 consisted entirely of BRUKINSA® product sales. Rest of world revenues for each of the two years in the period ended December 31, 2021 consisted primarily of collaboration revenues.

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from International Financial Reporting Standards ("IFRS"). The effects of material differences between the financial information of the Company prepared under U.S. GAAP and IFRS are as follows:

Consolidated statement of operations data	Year ended December 31, 2021			
	Amounts as reported under U.S. GAAP US$'000	IFRS adjustments		Amounts under IFRS US$'000
		US$'000 Share-based compensation (note (i))	US$'000 Tax benefit/ deficiency on share-based compensation (note (iii))	
Research and development	(1,459,239)	(21,541)	–	(1,480,780)
Selling, general and administrative	(990,123)	(27,189)	–	(1,017,312)
Loss before income tax expense	(1,438,588)	(48,730)	–	(1,487,318)
Income tax (expense) benefit	25,234	5,253	(56,237)	(25,750)
Net loss	(1,413,354)	(43,477)	(56,237)	(1,513,068)
Net loss attributable to BeiGene, Ltd.	(1,413,354)	(43,477)	(56,237)	(1,513,068)

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Consolidated statement of operations data	Year ended December 31, 2020			
	Amounts as reported under U.S. GAAP US$'000	IFRS adjustments US$'000 Share-based compensation (note (i))	IFRS adjustments US$'000 Tax benefit/ deficiency on share-based compensation (note (iii))	Amounts under IFRS US$'000
Research and development	(1,294,877)	(5,338)	–	(1,300,215)
Selling, general and administrative	(600,176)	(12,280)	–	(612,456)
Loss before income tax expense	(1,618,194)	(17,618)	–	(1,635,812)
Income tax (expense) benefit	17,671	1,143	(41,404)	(22,590)
Net loss	(1,600,523)	(16,475)	(41,404)	(1,658,402)
Net loss attributable to BeiGene, Ltd.	(1,596,906)	(16,475)	(41,404)	(1,654,785)

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Consolidated balance sheet data	As at December 31, 2021				
	Amounts as reported under U.S. GAAP	IFRS adjustments			Amounts under IFRS
	US$'000	US$'000	US$'000	US$'000	US$'000
		Share based compensation (note (i))	Preferred Shares (note (ii))	Tax benefit/ deficiency on share based compensation (note (iii))	
Deferred tax assets	110,424	5,253	–	–	125,744
		10,067*	–	–	
Total assets	8,645,949	15,320	–	–	8,661,269
Additional paid-in capital	11,191,007	48,730	–	56,237	11,809,005
		125,319*	307,894*	79,818*	
Accumulated deficit	(4,966,103)	(48,730)	–	(56,237)	(5,568,781)
		5,253	–	–	
		(115,252)*	(307,894)*	(79,818)*	
Total equity	6,242,987	15,320	–	–	6,258,307

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Consolidated balance sheet data	As at December 31, 2020				
	Amounts as reported under U.S. GAAP US$'000	IFRS adjustments			Amounts under IFRS US$'000
		US$'000	US$'000	US$'000	
		Share based compensation (note (i))	Preferred Shares (note (ii))	Tax benefit/ deficiency on share based compensation (note (iii))	
Deferred tax assets	65,962	1,143	–	–	76,029
		8,924*	–	–	
Total assets	5,600,757	10,067	–	–	5,610,824
Additional paid-in capital	7,414,932	17,618	–	41,404	7,927,963
		107,701*	307,894*	38,414*	
Accumulated deficit	(3,552,749)	(17,618)	–	(41,404)	(4,055,713)
		1,143	–	–	
		(98,777)*	(307,894)*	(38,414)*	
Total equity	3,869,243	10,067	–	–	3,879,310

* IFRS adjustments brought forward from prior years.

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Notes:

(i) Share based compensation

Under U.S. GAAP, the Company has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting based on service conditions provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant date value of the options that are vested at that date.

Under IFRS, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting.

A difference of US$48,730,000 arose between the amount of share-based compensation (included in research and development expenses, and selling, general and administrative expenses) recognized under U.S. GAAP and IFRS for the year ended December 31, 2021 (2020: US$17,618,000). The related income tax impact of this item was US$5,253,000 for the year ended December 31, 2021 (2020: US$1,143,000).

The accumulated difference on share-based compensation recognized in expenses and additional paid in capital under U.S. GAAP and IFRS was US$125,319,000, the related income tax impact on above differences was US$10,067,000, and net impact on the accumulated deficit was US$115,252,000 as of December 31, 2020. The differences as of December 31, 2020 were all carried forward as opening IFRS adjustments to the balance sheet as of January 1, 2021.

(ii) Preferred Shares

Prior to the Company's U.S. IPO, the Company had Preferred Shares, which were converted into ordinary shares at the time of the U.S. IPO. Under U.S. GAAP, the Preferred Shares issued by the Company are classified as mezzanine equity as these convertible preferred shares are redeemable upon the occurrence of a conditional event (i.e., Liquidation Transaction). The holders of the Preferred Shares have a liquidation preference upon the occurrence of the conditional event. The conversion options and contingent redemption options of the convertible preferred shares do not qualify for bifurcation accounting because the conversion options are clearly and closely related to the host instrument and the underlying ordinary shares of the conversion options and redemption options are not publicly traded nor readily convertible into cash. No beneficial conversion features are recognized for the convertible preferred shares as the fair values per ordinary share at the respective commitment dates were less than the most favorable conversion prices. The Company concluded that the Preferred Shares are not redeemable currently and is not probable that the Preferred Shares will become redeemable because the likelihood of the Liquidation Transaction is remote. Therefore, no adjustment will be made to the initial carrying amount of the Preferred Shares until it is probable that they will become redeemable.

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Notes: *(Continued)*

(ii) Preferred Shares *(Continued)*

Under IFRS, the Preferred Shares were regarded as a hybrid instrument consisting of a host debt instrument and a conversion option as a derivative. This was the result of certain redemption triggering events of the Preferred Shares being outside the control of the ordinary shareholders of the Company. In addition, the holders of the Preferred Shares were entitled to convert the Preferred Shares into a variable number of the Company's ordinary shares upon occurrence of certain anti-dilution events. Under IFRS, the Company initially recorded all of the Preferred Shares as financial liabilities at fair value, with subsequent changes in the amount of the fair value of the Preferred Shares recognized in the statement of operations in the year in which they arose. Hence, all the fair value changes in the Preferred Shares of US$307,894,000 prior to the conversion into the Company's ordinary shares in February 2016 was recognized in the statement of operations under IFRS and the cumulative effect of such fair value changes was recognized in the additional paid in capital account upon the conversion of the Preferred Shares into the ordinary shares. The effect of such IFRS adjustments on accumulated deficit and additional paid-in capital was US$307,894,000 which was all carried forward to opening balance sheets of subsequent financial years/periods.

(iii) Tax benefit/deficiency on share-based compensation

Under U.S. GAAP, deferred taxes are calculated based on the cumulative share-based compensation expense recognized in the financial statements, and ASC 2016-09 required all excess tax benefits and tax deficiencies to be recorded as income tax expense or benefit in the statement of operations, rather than in shareholders' equity.

Under IFRS, deferred taxes are calculated based on the estimated tax deduction determined at each reporting date. If the tax deduction exceeds cumulative compensation cost for an individual award, deferred tax based on the excess is credited to shareholders' equity. If the tax deduction is less than or equal to cumulative compensation cost for an individual award, deferred taxes are recorded in statement of operations.

As the deferred tax assets impact was determined to the extent of future available taxable profit against which the estimated additional tax deduction can be utilized, there is no difference on deferred tax assets for tax benefit on share-based compensation expenses recognized under U.S. GAAP and IFRS as of December 31, 2021 and December 31, 2020. The cumulative income tax benefit on excess tax deductions of US$56,237,000 for the year ended December 31, 2021 (2020: US$41,404,000) was recognized in equity under IFRS, rather than in the statement of operations under U.S. GAAP.

The accumulated difference of excess tax deduction of US$79,818,000 recognized in equity amounted to US$79,818,000 as of December 31, 2020, and are carried forward as opening adjustments to the balance sheet as of January 1, 2021 under IFRS.

29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Notes: *(Continued)*

(iv) Lease

The Company adopted the new lease standard effective January 1, 2019 using the modified retrospective method and did not restate historical comparative periods under U.S. GAAP. As a lessee, the Company recognized a lease liability based on the present value of the total remaining lease payments, and a corresponding right of use asset under U.S. GAAP. The Company subsequently recognize an operating lease expense on straight line basis over the lease term.

IFRS 16, Lease requires entities to present interest expense on the lease liability and depreciation on the right of use assets separately in the statement of operations. This will change the allocation of expenses and the total amount of expenses recognized for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease terms, and a decreasing expense during the latter years of the lease terms.

Based on the Company's assessment, the differences on lease recognized under U.S. GAAP and IFRS did not have material impact on the financial statements as of December 31, 2021 and for the year ended December 31, 2021.

(v) Investment

Under U.S. GAAP, the Company elected to measure an equity security without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Under IFRS, the Company measured the investments in equity instruments at fair value through profit or loss (FVTPL).

Based on the Company's assessment, the differences on investment recognized under U.S. GAAP and IFRS did not have material impact on the financial statements as of December 31, 2021 and for the year ended December 31, 2021.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As of December 31,	
	2021	2020
	US$'000	US$'000
Assets		
Current assets:		
Cash and cash equivalents	**3,715,170**	332,372
Short-term restricted cash	**14**	–
Short-term investments	**2,044,198**	2,885,650
Prepaid expenses and other current assets	**920,819**	512,107
Total current assets	**6,680,201**	3,730,129
Non-current assets:		
Long-term equity investments	**169,328**	138,305
Property and equipment, net	**6,563**	6,087
Intangible assets, net	**7,031**	–
Other non-current assets	**552,032**	931,899
Total non-current assets	**734,954**	1,076,291
Total assets	**7,415,155**	4,806,420
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	**292,988**	127,478
Accrued expenses and other payables	**123,341**	61,974
Research and development cost share liability, current portion	**120,801**	127,808
Short-term debt	**247,076**	244,298
Total current liabilities	**784,206**	561,558

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	As of December 31,	
	2021	2020
	US$'000	US$'000
Non-current liabilities:		
Research and development cost share liability, non-current portion	**269,561**	375,040
Other long-term liabilities	**118,401**	579
Total non-current liabilities	**387,962**	375,619
Total liabilities	**1,172,168**	937,177
Commitments and contingencies		
Equity:		
Ordinary shares, US$0.0001 par value per share; 9,500,000,000 shares authorized; 1,334,804,281 and 1,190,821,941 shares issued and outstanding as of December 31, 2021 and 2020, respectively	**133**	118
Additional paid-in capital	**11,191,007**	7,414,932
Accumulated other comprehensive income	**17,950**	6,942
Accumulated deficit	**(4,966,103)**	(3,552,749)
Total equity	**6,242,987**	3,869,243
Total liabilities and equity	**7,415,155**	4,806,420

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

A summary of the Company's reserves is as follows:

	Ordinary Shares		Additional Paid-In	Accumulated	Accumulated	
	Shares	Amount	Capital	OCI	Deficit	Total
		US$'000	US$'000	US$'000	US$'000	US$'000
Balance at December 31, 2019	801,340,698	79	2,925,970	(8,001)	(1,955,843)	962,205
Proceeds from issuance of ordinary shares, net of cost	145,838,979	14	2,069,596	–	–	2,069,610
Issuance of ordinary shares in connection with collaboration	206,635,013	21	2,162,386	–	–	2,162,407
Exercise of options, ESPP and release of RSUs	38,020,892	3	93,098	–	–	93,101
Use of shares reserved for share option exercises and RSU releases	(1,013,641)	1	–	–	–	1
Share-based compensation	–	–	183,481	–	–	183,481
Acquisition of joint venture ("JV") minority interest	–	–	(19,599)	–	–	(19,599)
Other comprehensive income	–	–	–	14,943	–	14,943
Net loss	–	–	–	–	(1,596,906)	(1,596,906)
Balance at December 31, 2020	1,190,821,941	118	7,414,932	6,942	(3,552,749)	3,869,243
Issuance of ordinary shares in connection with STAR Offering	115,055,260	12	3,392,604	–	–	3,392,616
Proceeds from issuance of ordinary shares, net of cost	2,151,877	–	50,000	–	–	50,000
Exercise of options, ESPP and release of RSUs	28,778,893	3	92,759	–	–	92,762
Use of shares reserved for share option exercises and RSU releases	(2,003,690)	–	–	–	–	–
Share-based compensation	–	–	240,712	–	–	240,712
Other comprehensive income	–	–	–	11,008	–	11,008
Net loss	–	–	–	–	(1,413,354)	(1,413,354)
Balance at December 31, 2021	1,334,804,281	133	11,191,007	17,950	(4,966,103)	6,242,987

The above statement of financial position of the Company have been prepared in accordance with U.S. GAAP, and in conformity with the disclosure requirements of the HK Listing Rules and the Hong Kong Companies Ordinance.

31. DIVIDENDS

The board of directors of the Company did not recommend the distribution of any annual dividend for the year ended December 31, 2021 (year ended December 31, 2020: nil).

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Company on March 30, 2022.

"2011 Plan"	the 2011 Option Plan adopted by the Company on April 15, 2011 and most recently amended on April 17, 2015
"2016 Plan"	the Second Amended and Restated 2016 Share Option and Incentive Plan adopted by the Company on January 14, 2016, as amended from time to time, the principal terms of which were set out in the Company's Proxy Statement/Circular dated April 28, 2020
"2018 ESPP"	the Second Amended and Restated 2018 Employee Share Purchase Plan approved by our Board on November 7, 2018, and by our Shareholders on December 7, 2018, to replace the Amended and Restated 2018 Employee Share Purchase Plan originally adopted by the Company on June 6, 2018 and most recently amended on June 16, 2021 (effective as of September 1, 2021)
"2018 Inducement Plan" or "2018 Plan"	the Amended and Restated 2018 Inducement Equity Plan adopted by the Company on June 6, 2018 and most recently amended on August 7, 2018
"ADS(s)"	American Depositary Shares (each representing 13 ordinary shares of the Company)
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Amgen"	Amgen Inc., a company incorporated under the laws of Delaware, US, on April 7, 1987
"Amgen Collaboration Agreement"	a Collaboration Agreement dated October 31, 2019, by and between BeiGene Switzerland and Amgen, which became effective on January 2, 2020
"Articles"	the sixth amended and restated memorandum and articles of association adopted by special resolution of the Shareholders passed on June 16, 2021 with effect from the listing of RMB shares of the Company on the STAR market of Shanghai Stock Exchange on December 15, 2021, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the HK Listing Rules

"BeiGene", "Company", "our Company" or "the Company"	BeiGene, Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on October 28, 2010
"BeiGene Biologics"	BeiGene Biologics Co., Ltd.* (百濟神州生物藥業有限公司), a company incorporated under the laws of the PRC on January 25, 2017 and an indirectly wholly owned subsidiary of the Company
"BeiGene Guangzhou Factory"	BeiGene Guangzhou Biologics Manufacturing Co., Ltd.* (廣州百濟神州生物製藥有限公司), a company incorporated under the laws of the PRC on March 3, 2017 and a wholly owned subsidiary of BeiGene Biologics
"BeiGene Switzerland"	BeiGene Switzerland GmbH, a company incorporated under the laws of Switzerland on September 1, 2017 and a wholly-owned subsidiary of the Company
"BLA"	biologics license application
"Board"	the Board of Directors of the Company
"CDE"	Center for Drug Evaluation at the NMPA
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. "Chinese" shall be construed accordingly
"CMOs"	contract manufacturing organizations
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the HK Listing Rules
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the HK Listing Rules
"CROs"	contract research organizations
"CSRC"	China Securities Regulatory Commission

"Director(s)"	the director(s) of our Company
"EMA"	European Medicines Agency
"EU"	the European Union
"EUSA"	EUSA Pharma
"FDA"	U.S. Food and Drug Administration
"GDPR"	General Data Protection Regulation (EU) 2016/679
"GET"	Guangzhou GET Technology Development Co., Ltd. (now Guangzhou High-tech Zone Technology Holding Group Co., Ltd.), a limited liability company established under the laws of the PRC on November 27, 1998 and an Independent Third Party
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"HKEX"	The Stock Exchange of Hong Kong Limited
"HK Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the HK Listing Rules
"IPO"	initial public offering
"Listing"	the listing of our Shares on the Main Board
"Main Board"	the stock exchange (excluding the option market) operated by the HKEX which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the HK Listing Rules
"NASDAQ"	Nasdaq Stock Market
"NASDAQ Listing Rules"	the listing rules of the Nasdaq Stock Market
"NDA"	new drug application
"NHSA"	National Healthcare Security Administration
"NMPA"	National Medical Products Administration, successor to the China Food and Drug Administration
"Novartis"	Novartis Pharma AG
"NRDL"	the National Reimbursement Drug List
"Prospectus"	the prospectus of the Company dated July 30, 2018
"Reporting Period"	the year ended December 31, 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"RMB Shares"	the Shares subscribed for in RMB by target subscriber(s) in the PRC, which are listed on the STAR Market and traded in RMB
"SAFE"	State Administration of Foreign Exchange
"sBLA"	supplemental biologics license application
"SEC"	Securities and Exchange Commission of the United States
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) in the share capital of the Company

DEFINITIONS

"Amgen SPA"	a share purchase agreement dated October 31, 2019, as amended, by and between BeiGene, Ltd. and Amgen
"sNDA"	supplementary new drug applications
"SSE"	Shanghai Stock Exchange
"STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange
"STAR Offering"	issue of RMB Shares and listing on the STAR Market of the SSE
"subsidiary(ies)"	has the meaning ascribed to it thereto in section 15 of the Hong Kong Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the HK Listing Rules
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars"or "US$"	United States dollars, the lawful currency of the United States
"U.S. GAAP"	United States generally accepted accounting principles

"BRAF"	means	a human gene that makes the B-raf protein involved in sending internal cell signals that direct cell growth
"BTK"	means	Bruton's tyrosine kinase. BTK is a key component of the BCR signaling pathway and is an important regulator of cell proliferation and cell survival in various lymphomas
"cHL"	means	classical Hodgkin's Lymphoma
"CLL"	means	chronic lymphocytic leukemia
"complete response"	means	the disappearance of all signs of cancer in response to treatment
"FcγR"	means	Fc-gamma receptor
"HCC"	means	hepatocellular carcinoma
"immunoglobulin"	means	glycoprotein molecules produced by plasma cells (white blood cells), which are also known as antibodies. They act as a critical part of the immune response by specifically recognizing and binding to particular antigens, such as bacteria or viruses, and aiding in their destruction
"Kinase"	means	a type of enzyme that catalyzes the transfer of phosphate groups from high-energy, phosphate-donating molecules to specific substrates. The protein kinases make up the majority of all kinases. Protein kinases act on proteins, phosphorylating them on their serine, threonine, tyrosine, or histidine residues. These kinases play a major role in protein and enzyme regulation as well as signaling in the cell
"MCL"	means	mantle cell lymphoma
"MZL"	means	marginal zone lymphoma
"NSCLC"	means	non-small cell lung cancer
"PARP"	means	poly ADP ribose polymerase, a family of proteins involved in numerous cellular processes, mostly involving DNA replication and transcriptional regulation, which plays an essential role in cell survival in response to DNA damage

GLOSSARY OF TECHNICAL TERMS

"PD-1"	means	programmed cell death protein 1, an immune checkpoint receptor expressed on T-cells and pro-B-cells that binds two ligands, PD-L1 and PD-L2. PD-1 is a cell surface receptor that plays an important role in down-regulating the immune system by preventing the activation of T-cells
"pivotal trials"	means	a potentially registration-enabling trial or program that is intended to provide clinical data to support a regulatory approval for marketing the drug candidate
"RAF dimer"	means	a protein complex formed by two copies of RAF proteins. This could be a BRAF-BRAF complex, a BRAF-CRAF complex, or a CRAF-CRAF complex
"R/R"	means	relapsed or refractory
"SLL"	means	small lymphocytic lymphoma
"T-Cell"	means	a type of white blood cell that play a large role in immune response and that differs from other white blood cells like B-cells by the presence of the T-cell receptor on the T-cell's outer surface, which is responsible for recognizing antigens bound to major histocompatibility complex molecules
"TIM-3"	means	T-cell immunoglobulin and mucin-domain containing-3, a Th1-specific cell surface protein that functions as an immune checkpoint, regulating macrophage activation and enhancing the severity of experimental autoimmune encephalomyelitis in mice
"UC"	means	urothelial carcinoma
"WM"	means	Waldenstrom macroglobulinemia