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Abbisko Cayman Limited
和譽開曼有限責任公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2256)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board of directors (the "**Board**") of Abbisko Cayman Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2021 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2020.

BUSINESS HIGHLIGHTS

On October 13, 2021 (the "**Listing Date**"), the Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). We have made significant progresses in every aspect during 2021 and 2022 year-to-date:

Established a worldwide co-discovery collaboration with Eli Lilly

In January 2022, we entered into a worldwide co-discovery collaboration with Eli Lilly and Company ("**Lilly**") for the discovery, development and potential commercialization of novel molecules against an undisclosed target.

- We will be responsible for the discovery and development of such molecules using our proprietary R&D platform.
- Lilly will join the effort by providing prior discovery information associated with this target as well as certain additional disease knowledge and expertise.
- Lilly will have the right to further develop and commercialize the compounds if the compounds meet the agreed endpoints.
- We are eligible to receive up to US$258 million in potential payments upon achievement of prespecified preclinical, clinical development and commercial milestones, as well as tiered royalties on sales, if Lilly is responsible for further clinical development and commercialization

Entered into an out-licensing agreement with Sperogenix for one of our clinical candidates

In July 2021, we entered into an exclusive licensing agreement with Sperogenix (Shanghai) MedTech Co., Ltd. ("**Sperogenix**") with respect to the development and commercialization of ABSK021 for indications in non-oncology neurological rare diseases.

- Sperogenix will have the exclusive right to develop and commercialize ABSK021 in mainland China, Hong Kong SAR and Macao SAR for non-oncology neurological rare disease indications, of which amyotrophic lateral sclerosis ("**ALS**") will be the first indication to be developed by Sperogenix. We reserve the rights for all the other territories and indications.

- Under the licensing agreement, we are eligible to receive upfront payment and milestone payments from Sperogenix of up to US$270.5 million in aggregate, as well as royalty payments based on future net sales.

Further advanced our clinical-stage assets

We have built a pipeline of 14 small molecule oncology programs out of which six are in clinical stage.

ABSK011

- We are conducting a Phase Ib monotherapy trial at 180mg QD in second-line treatment of hepatocellular carcinoma ("**HCC**") patients with FGF19 overexpression in mainland China. The first patient was dosed in June 2021.

- We have extended to 320mg QD for dose escalation and may explore different dose levels for expansion in addition to 180mg.

- In October 2021, we obtained the Investigational New Drug ("**IND**") approval from National Medical Products Administration ("**NMPA**") for a Phase II trial of ABSK011 in combination with the anti-PD-L1 antibody atezolizumab from F. Hoffmann-La Roche Ltd. and Roche China Holding Ltd. ("**Roche**") in late stage HCC patients with FGF19 overexpression in mainland China. The first patient was dosed in January 2022.

ABSK091 (AZD4547)

- We are conducting a Phase II trial in mainland China for ABSK091 (AZD4547) in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations. We dosed the first patient in November 2021.

- In February 2022, we entered into partnership with BeiGene, Ltd. ("**BeiGene**") on the combination therapy of ABSK091 (AZD4547) and tislelizumab, an anti-PD-1 antibody developed by BeiGene for the treatment of urothelial cancer with FGFR2/3 genetic alterations.

- In addition to urothelial carcinoma, we also plan to conduct trials for ABSK091 (AZD4547) in other solid tumors. In March 2022, we received Orphan Drug Designation granted by the U.S. Food and Drug Administration ("**U.S. FDA**") to ABSK091 (AZD4547) in gastric cancer.

ABSK021

- We are conducting a Phase Ib trial for ABSK021 in the U.S. and mainland China concurrently. In August 2021, we dosed the first patient in the Phase Ib trial. In December 2021, we dosed the first patient in the Phase Ib trial tenosynovial giant cell tumor ("**TGCT**") cohort.

- In July 2021, we entered into an out-licensing agreement with Sperogenix for ABSK021 in mainland China, Hong Kong SAR and Macao SAR for non-oncology neurological rare disease indications.

ABSK081

- In November 2021, our partner, X4 Therapeutics Inc. ("**X4**"), announced that it had completed patient enrollment in the Phase III clinical trial and top-line data from the trial is expected in the fourth quarter of 2022, and a regulatory filing will likely follow in early 2023 in the U.S..

- In mainland China, we are conducting a Phase Ib/II clinical trial of ABSK081 (mavorixafor) in combination with toripalimab from Junshi in TNBC patients in China. We dosed the first patient in July 2021.

ABSK043

- We are conducting a Phase I trial in Australia to assess the safety, tolerability and PK/PD profile of ABSK043 in patients with solid tumors.

- In January 2022, we submitted an IND application for ABSK043 in mainland China.

ABSK061

- In September 2021, we obtained IND approval from U.S. FDA to initiate a Phase I clinical trial for ABSK061 in patients with solid tumors. We expect to start patient enrollment in the U.S. soon.

- In March 2022, we obtained IND approval from NMPA for a Phase I clinical trial of ABSK061 in mainland China.

Continue to move forward pre-clinical candidates into clinic

Leveraging our discovery team and multi-dimensional discovery platform, we are continuously generating new pre-clinical candidates ("**PCC**") to supplement our clinical pipeline. In 2022, we expect to file INDs for the below three programs in IND-enabling stage:

- **ABSK121** – a next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3 including those that are resistant to the currently approved or clinical FGFR inhibitors;

- **ABSK051** – a small molecule CD73 inhibitor being developed for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers;

- **ABSK012** – a next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4.

Recently, we have also declared pre-clinical candidates for below two programs and are conducting IND-enabling studies:

- **ABSK112** – A next-generation EGFR-exon20 inhibitor with improved selectivity and brain-penetrating ability;

- **ABSK071** – A next-generation KRAS-G12C inhibitor with improved potency and drug-like properties.

FINANCIAL HIGHLIGHTS

International Financial Reporting Standards ("IFRS") Measures:

Cash and bank balances. Cash and bank balances as at December 31, 2021 were RMB2,545.5 million (approximately US$400.5 million), an increase by RMB1,927.7 million from RMB617.8 million for the year ended December 31, 2020, primarily attributable to net proceeds received from series D fund raising which was completed in January 2021 and net proceeds from the IPO which was completed in October 2021.

Revenue. Revenue increased from zero for the year ended December 31, 2020 to RMB22.7 million for the year ended December 31, 2021, primarily attributable to the license fee income generated from one of our clinical candidates.

Other income and gains. Other income and gains increased by RMB24.8 million from RMB18.8 million for the year ended December 31, 2020 to RMB43.6 million for the year end December 31, 2021, primarily attributable to the increase in bank interest income resulting from an increase in our cash and bank balances, increase in government subsidies, investment gain realized from disposal of an associate and foreign exchange gains.

Research and development expenses. Our research and development expenses primarily consisted of research and development expenses in connection with exploratory research, pre-clinical research and clinical research, as well as reagent costs, employee costs, licensing fees, share-based payments and depreciation. Research and development expenses increased by RMB93.4 million from RMB132.7 million for the year ended December 31, 2020 to RMB226.1 million for the year ended December 31, 2021, primarily attributable to a combination of impacts from continuous expansion of functions related to research and development, advancement of our pipeline programs as well as decrease in licensing fee.

Administrative expenses. Administrative expenses increased by RMB103.6 million from RMB21.2 million for the year ended December 31, 2020 to RMB124.8 million for the year ended December 31, 2021, primarily attributable to continuous expansion of workforce in non-R&D related functions and increase in IPO related expenses.

Finance costs. Finance costs increased by RMB0.62 million from RMB0.34 million for the year ended December 31, 2020 to RMB0.96 million for the year ended December 31, 2021, mainly due to the addition of lease liabilities including one new office space in Shanghai and the laboratory in Wuxi.

Fair value losses on convertible redeemable preferred shares. Fair value losses on convertible redeemable preferred shares increased RMB954.7 million from RMB569.6 million for the year ended December 31, 2020 to RMB1,524.3 million for the year ended December 31, 2021, primarily due to the significant increase in our company's valuation.

Loss for the year. Loss for the year increased from RMB706.6 million for the year ended December 31, 2020 to RMB1,810.0 million for the year ended December 31, 2021, primarily attributable to increase in R&D and administrative expenses, and increase in fair value losses on convertible redeemable preferred shares, while partially offset by the license fee income as well as other income and gains.

Non-International Financial Reporting Standards ("Non-IFRS") Measures:

Research and development expenses excluding share-based compensation cost increased by RMB47.1 million from RMB129.2 million for the year ended December 31, 2020 to RMB176.3 million for the year ended December 31, 2021, primarily attributable to the continuous expansion of functions related to research and development, as well as advancement of our pipeline programs.

Administrative expenses excluding share-based compensation cost increased by RMB64.6 million from RMB20.1 million for the year ended December 31, 2020 to RMB84.7 million for the year ended December 31, 2021, primarily attributable to continuous expansion of workforce in non-R&D related functions and increase in IPO related expenses.

Loss for the year excluding the effect of the fair value losses on convertible redeemable preferred shares and share-based compensation cost increased by RMB63.2 million from RMB132.5 million for the year ended December 31, 2020 to RMB195.7 million for the year ended December 31, 2021, primarily attributable to increase in R&D and administrative expenses, while partially offset by the license fee income as well as other income and gains.

I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

December 31, 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Revenue	5	**22,682**	–
Cost of sales		**–**	–
Gross profit		**22,682**	–
Other income and gains	6	**43,587**	18,831
Research and development expenses		**(226,126)**	(132,664)
Administrative expenses		**(124,777)**	(21,168)
Other expenses		**(80)**	(1,712)
Fair value losses on convertible redeemable preferred shares		**(1,524,320)**	(569,588)
Finance costs	8	**(959)**	(338)
LOSS BEFORE TAX	7	**(1,809,993)**	(706,639)
Income tax expenses	9	**–**	–
LOSS FOR THE YEAR		**(1,809,993)**	(706,639)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**53,268**	(2,934)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		**(60,895)**	59,461
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(7,627)**	56,527
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,817,620)**	(650,112)
Loss attributable to:			
Owners of the parent		**(1,809,993)**	(706,639)
Total comprehensive loss attributable to:			
Owners of the parent		**(1,817,620)**	(650,112)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the year	11	**RMB7.71**	RMB7.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**15,209**	10,599
Right-of-use assets		**54,085**	4,176
Intangible assets		**3,051**	434
Other non-current assets		**805**	960
Investment in an associate		**–**	–
Total non-current assets		**73,150**	16,169
CURRENT ASSETS			
Prepayments and other receivables	12	**35,876**	32,029
Cash and bank balances	13	**2,545,513**	617,773
Total current assets		**2,581,389**	649,802
CURRENT LIABILITIES			
Other payables and accruals	14	**64,676**	27,443
Lease liabilities		**8,862**	4,306
Total current liabilities		**73,538**	31,749
NET CURRENT ASSETS		**2,507,851**	618,053
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,581,001**	634,222
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares	15	**–**	1,719,635
Lease liabilities		**44,942**	–
Other non-current liabilities		**–**	19,575
Total non-current liabilities		**44,942**	1,739,210
Net liabilities		**2,536,059**	(1,104,988)
EQUITY/(DEFICIT)			
Equity attributable to owners of the parent			
Share capital		**46**	6
Treasury shares		**(5)**	–
Other reserves		**2,536,018**	(1,104,994)
Total equity/(deficit)		**2,536,059**	(1,104,988)

NOTES

1. BASIS OF PREPARATION AND AMENDMENTS TO ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

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

1 Effective for annual periods beginning on or after January 1, 2022

2 Effective for annual periods beginning on or after January 1, 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IFRS 17 issued in June 2020, the effective date of IFRS 17 was deferred to January 1, 2023, and IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Reporting Period, all expenses incurred for research and development activities were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the Reporting Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value of convertible redeemable preferred shares measured at FVTPL

The fair value of the convertible redeemable preferred shares measured at FVTPL is determined using the valuation techniques, including the discounted cash flow method, the back-solve method and equity allocation model. Such valuation is based on key parameters about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. The fair value of convertible redeemable preferred shares at December 31, 2021 and December 31, 2020 was nil and RMB1,719,635, respectively.

Share-based payments

The Group has set up the equity share option plan for the Company's directors and the Group's employees. The fair value of the options is determined by the binomial model at the grant dates.

Estimating fair value for share-based payment transactions requires the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatizing and dividend yield and making assumptions about them.

For the fair value measurement of equity-settled transactions with employees at the grant date, the Group uses a binomial model.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is development of innovative medicines. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since nearly all of the Group's non-current assets were located in mainland China, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

5. REVENUE

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**22,682**	–

Disaggregated revenue information

For the year ended December 31, 2021

	License fee income
	RMB'000
Types of goods or services	
License fee income	22,682
Geographical markets	
Mainland China	22,682
Timing of revenue recognition	
License fee income at a point in time	22,682

During the year ended December 31, 2021, the Group recorded one-time license fee income of RMB22,682,000, which was generated from an exclusive licensing agreement with Sperogenix (Shanghai) MedTech Co., Ltd..

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2021	2020
	RMB'000	*RMB'000*
Other income		
Bank interest income	**16,938**	11,274
Other gains		
Government grants*	**14,081**	7,302
Investment income from financial assets at FVTPL	**–**	166
Gains on disposal of an associate	**5,900**	–
Foreign exchange gains	**6,668**	–
Others	**–**	89
	26,649	7,557
	43,587	18,831

* The government grants mainly represent subsidies received from the local governments for the purpose of supporting on research and clinical trial activities, allowance for new drug development and funds for talents. There were no unfulfilled conditions or contingences relating to these grants received during the year.

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2021	2020
	RMB'000	*RMB'000*
Depreciation of items of property, plant and equipment	**4,179**	3,482
Depreciation of right-of-use assets	**7,003**	5,871
Amortisation of intangible assets	**842**	138
Research and development expenses excluding depreciation and amortistion	**218,617**	125,498
Auditor's remuneration	**2,450**	50
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**65,644**	36,683
Pension scheme contributions (defined contribution scheme)*	**9,841**	3,635
Equity-settled share option expense	**35,376**	3,788
	110,861	44,106
Share issue expenses	**29,198**	–
Foreign exchange differences, net	**(6,668)**	1,689
Fair value losses on convertible redeemable preferred shares	**1,524,320**	569,588
Gain on disposal of an associate	**5,900**	–

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest on lease liabilities	**959**	338

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in mainland China are subject to CIT at a rate of 25% on the taxable income.

Australia

No provision for Australia income tax has been made as the Group had no assessable profits derived from or earned in Australia during the year. The subsidiary incorporated in Australia is subject to income tax at the rate of 30% on the estimated assessable profits arising in Australia during the year.

10. DIVIDENDS

No dividend was paid or declared by the Company during the year.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 234,883,376 (2020: 99,192,020, after adjusting for the effect of the Share Subdivision)in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2021 and 2020 in respect of a dilution as the impact of the share options and redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(1,809,993)**	(706,639)

	Numbers of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**234,883,376**	99,192,020

12. PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Prepayments to suppliers	**9,393**	4,020
Amounts due from related parties	**–**	9,057
Amounts due from shareholders	**–**	66
Deposits and other receivables	**26,483**	18,886
	35,876	32,029

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at December 31, 2021 and 2020, the loss allowance was assessed to be minimal.

13. CASH AND BANK BALANCES

	2021	2020
	RMB'000	*RMB'000*
Cash and bank balances	**2,545,513**	617,773
Less:		
Bank deposits with original maturity of more than three months when acquired (i)	**1,481,656**	–
Cash and cash equivalents	**1,063,857**	617,773

(i) They represent time deposits with initial terms of over three months when acquired in commercial banks with annual return rates ranging from 0.54% to 2.85% (2020: nil). None of these deposits are either past due or impaired. None of these deposits are pledged.

	2021	2020
	RMB'000	*RMB'000*
Denominated in:		
RMB	**718,249**	34,925
USD	**1,825,043**	582,848
HKD	**1,352**	–
AUD	**869**	–
Cash and bank balances	**2,545,513**	617,773

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

14. OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB'000	*RMB'000*
Payroll payable	**22,203**	8,294
Payables of construction and purchase of equipment	**18**	398
Other tax payables	**1,296**	403
Share issue expenses payables	**9,306**	–
Other payables	**31,753**	18,348
	64,676	27,443

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the Reporting Period approximated to their fair values due to their short-term maturities.

15. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On October 13, 2021, the Company was successfully listed on the Main Board of the Stock Exchange and made an offering of 140,848,000 shares at a price HKD12.46 per share. All Preferred Shares were converted into ordinary shares upon completion of the IPO on October 13, 2021. The fair value of each Preferred Share on the conversion date is the offer price in the global offering.

The completion of the successful IPO has triggered the automatic termination of all the special rights granted to the holders of Preferred Shares.

The movements of the convertible redeemable preferred shares are set out as follows:

	RMB'000
At January 1, 2021	1,719,635
Issuance of Series D Preferred Shares	796,192
Fair value changes of Series A-1 and A-2 Preferred Shares	728,174
Fair value changes of Series B Preferred Shares	285,449
Fair value changes of Series C Preferred Shares	415,477
Fair value changes of Series D Preferred Shares	95,220
Exchange differences of preferred shares	(25,350)
Conversion to ordinary shares	(4,014,797)
At December 31, 2021 and January 1, 2022	–

	RMB'000
At December 31, 2019 and January 1, 2020	758,009
Issuance of Series C Preferred Shares	491,822
Fair value changes of Series A-1 and A-2 Preferred Shares	329,311
Fair value changes of Series B Preferred Shares	81,020
Fair value changes of Series C Preferred Shares	159,257
Exchange differences of preferred shares	(99,784)
At December 31, 2020 and January 1, 2021	1,719,635

I. BUSINESS REVIEW

Our vision

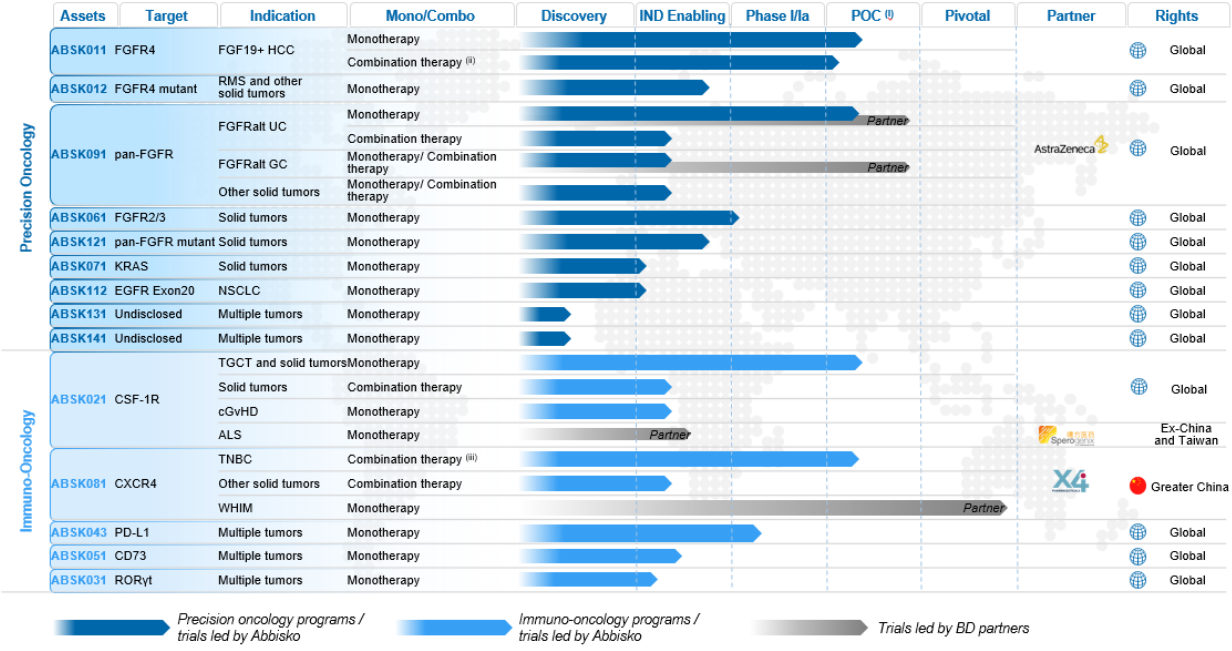
Our vision is to discover and develop novel, differentiated therapies in oncology and beyond to address critical unmet medical needs for patients in China and worldwide.

Company overview

We are a clinical-stage biopharmaceutical company primarily dedicated to the discovery and development of innovative and differentiated small molecule oncology therapies. Since our inception in 2016, we have strategically designed and developed a pipeline of 14 candidates focused on oncology, including six candidates at clinical stage. Our product candidates are primarily small molecules that focus on small molecule precision oncology and small molecule immuno-oncology therapeutic areas.

Product pipeline

We have a pipeline of 14 oncology drug candidates ranging from pre-clinical stage to clinical stage programs. The following charts summarizes our pipeline and the development status of each candidate as of December 31, 2021.



Abbreviations: HCC = hepatocellular carcinoma; RMS = rhabdomyosarcoma; FGFRalt = FGFR altered; UC = urothelial cancer; GC = gastric cancer; NSCLC = non-small cell lung cancer; TGCT = tenosynovial giant cell tumor; cGvHD = chronic graft – versus-host disease; ALS = amyotrophic lateral sclerosis; TNBC = triple-negative breast cancer; WHIM = warts, hypogammaglobulinemia, infections and myelokathexis

Notes:

i. Represents Phase Ib/II clinical trial

ii. In combination with anti-PD-L1 antibody atezolizumab with Roche

iii. In combination with anti-PD-1 antibody toripalimab with Junshi

Business review

We have made significant progress with respect to our product pipeline in year 2021 and 2022 year-to-date:

Clinical candidates

ABSK011

ABSK011 is a potent and highly selective small molecule inhibitor of fibroblast growth factor receptor 4 (FGFR4) that we are conducting clinical trials in China. ABSK011 is being developed for the treatment of advanced hepatocellular carcinoma with hyper-activation of FGF19/FGFR4 signaling. The FGFR4 signaling pathway is a promising direction for the development of molecularly targeted therapies in HCC. The number of patients with an overexpression of FGF19/FGFR4 account for approximately 30% of total HCC patients worldwide, according to Frost & Sullivan. Currently, no FGFR4 inhibitor has been approved to the market yet.

Current status

We are conducting a Phase Ib trial for patients in second-line HCC with FGF19 overexpression. Based on the safety, tolerability, PK and PD data from the Phase Ia trial conducted in Taiwan, 180mg QD has been selected as the first recommended dose for expansion ("**RDE**") for the Phase Ib clinical trial, and the first patient was dosed in June 2021. Given the superior safety and quality PK/PD profiles of ABSK011 from the Phase Ia trial, we have extended to 320mg QD for dose escalation and may explore different dose levels for expansion in addition to 180mg.

In July 2021, we submitted the IND application for a Phase II trial of ABSK011 in combination with the anti-PD-L1 antibody atezolizumab in late stage HCC patients with FGF19 overexpression in mainland China. In October 2021, we obtained the IND approval from NMPA and subsequently dosed the first patient in January 2022. Roche provides atezolizumab for use in our ABSK011 clinical trial, according to the clinical supply agreement we entered into with Roche in February 2021.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK011 SUCCESSFULLY.

ABSK091

ABSK091, previously known as AZD4547, is a molecularly targeted candidate and a highly potent and selective inhibitor of FGFR subtypes 1, 2 and 3. According to Frost & Sullivan, the cancers most commonly affected by FGFR aberration are urothelial cancer (32%), cholangiocarcinoma (25%), breast cancer (18%), endometrial carcinoma (11%) and gastric cancer (7%). Specific FGFR aberrations have been observed in a proportion of certain cancers: for example, FGFR1 amplification in squamous cell lung cancer, FGFR2 mutations in endometrial carcinoma and FGFR3 mutations in urothelial cancer.

ABSK091 has a chemical structure different from other FGFR inhibitors with similar anti-tumor activities. Prior to the in-licensing of ABSK091, AstraZeneca started conducting clinical trials on AZD4547 in 2009. From 2009 to 2019, AstraZeneca sponsored and completed a total of four trials, including two Phase I trials and two Phase II trials. In November 2019, we entered into an exclusive license agreement with AstraZeneca and obtained the global rights for the development, manufacturing and commercialization of ABSK091.

Current status

In February 2021, we completed a Phase I study of ABSK091 in Taiwan. In November 2021, we dosed the first patient in the Phase II trial conducted in mainland China for ABSK091, which is to assess the efficacy of ABSK091 in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations, including mutations and fusions. According to Frost & Sullivan, FGFR aberration rate in urothelial cancer is approximately 31.7%. Among the clinical trials conducted by AstraZeneca, the BISCAY trial, a study in patients with advanced urothelial cancer who have progressed on prior treatments, achieved 31.3% response rate in the ABSK091 monotherapy arm, which is on par with the approved pan-FGFR inhibitor Erdafitinib in treatment of locally advanced or metastatic urothelial carcinoma with FGFR2/3 alteration (ORR 32.2%).

In addition to monotherapy, we are continuously exploring the combination therapy potential of ABSK091. In February 2022, we announced collaboration with BeiGene on the combination therapy of ABSK091 and tislelizumab, an anti-PD-1 antibody developed by BeiGene, for the treatment of urothelial cancer with FGFR2/3 genetic alterations.

We also plan to conduct trials for ABSK091 in other solid tumors. In March 2022, U.S. FDA granted Orphan Drug Designation to ABSK091 in gastric cancer. In a previous trial conducted by AstraZeneca in patients with previously treated advanced FGFR amplified cancer, 33% of the FGFR2-amplified gastro-oesophageal patients had confirmed responses to ABSK091. This demonstrated that ABSK091 could potentially bring significant clinical benefits to the treatment of gastric cancer patients with FGFR alterations.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK091 SUCCESSFULLY.

ABSK021

ABSK021 is an orally bioavailable, selective, potent small molecule CSF-1R inhibitor being developed for the treatment of multiple types of oncology and non-oncology indications. The overexpression of CSF-1 is observed in many tumors and also at sites of inflammation. Indications for CSF-1R inhibitors include, among others, the treatment of adult patients with TGCT, pancreatic cancer, colorectal cancer, chronic graft-versus-host disease ("**cGVHD**") and ALS.

Current status

We have completed a Phase Ia clinical trial of ABSK021 in the U.S. for the treatment of patients with advanced solid tumors. Phase Ia clinical trial data has shown that ABSK021 has a favorable safety and tolerability profile. We are conducting Phase Ib dose expansion trial in the U.S. and mainland China concurrently. In August 2021, we dosed the first patient in the Phase Ib trial. In December 2021, we dosed the first patient in the Phase Ib trial TGCT cohort.

In July 2021, we entered into an out-licensing agreement with Sperogenix for ABSK021 in mainland China, Hong Kong SAR and Macao SAR for non-oncology neurological rare disease indications. The first indication to be developed by Sperogenix is ALS.

ABSK081

ABSK081 (mavorixafor), also known as X4P-001, is a novel small molecule antagonist to CXCR4 and currently the only orally bioavailable CXCR4 modulator in clinical development globally, according to Frost & Sullivan. ABSK081 is a potential treatment option for various cancers in which CXCR4 and its ligand CXCL12 contribute to the tumor microenvironment (TME) that supports immune evasion, neoangiogenesis, and tumor metastasis. In July 2019, we entered into an exclusive license agreement with X4 and obtained the rights for the development, manufacturing and commercialization of the licensed compound ABSK081 (mavorixafor) in mainland China, Taiwan, Hong Kong and Macau for any oncological indication and WHIM Syndrome in humans, excluding mozobil indications and any use for auto-HSCT treatment and allo-HSCT treatments.

Current status

In November 2021, our partner, X4, announced that it had completed patient enrollment in the Phase III clinical trial and top-line data from the trial is expected in the fourth quarter of 2022, and a regulatory filing will likely follow in early 2023.

In mainland China, we are conducting a Phase Ib/II clinical trial of ABSK081 (mavorixafor) in combination with toripalimab from Junshi in TNBC patients in China. We dosed the first patient in July 2021.

ABSK043

ABSK043 is an orally bioavailable, highly selective small molecule PD-L1 inhibitor being developed for the treatment of various cancers and potentially non-oncology indications. While anti-PD-1/anti-PD-L1 antibodies have revolutionized cancer treatment, the antibody-based immunotherapies carry a number of disadvantages such as high cost, lack of oral bioavailability, and immunogenicity, which could likely be improved with small molecule inhibitors. Pre-clinical data have demonstrated strong inhibition of PD-1/PD-L1 interaction by ABSK043, and rescue of PD-L1-mediated inhibition of T-cell activation. ABSK043 has also demonstrated strong anti-tumor efficacy and excellent safety profile in several pre-clinical models.

Current status

In July 2021, we obtained the regulatory approval from the Therapeutic Goods Administration (TGA) of Australia. In August 2021, we dosed the first patient of a Phase I clinical trial of ABSK043 in Australia. In January 2022, we also submitted IND application for ABSK043 in mainland China.

ABSK061

ABSK061 is a highly selective small molecule FGFR2/3 inhibitor. Pre-clinical research has shown that ABSK061 selectively inhibits FGFR2/3 over FGFR1 across various in vitro and cellular assays, with little activity against other kinases. Its high selectivity against FGFR2/3 and reduced FGFR1 activity could lead to an improved safety profile due to less off-target side effects, and potentially improved therapeutic window and efficacy as well as better opportunities for treating non-oncology indications. We believe ABSK061 has the potential to be a second generation FGFR inhibitor with its improved selectivity over current FGFR inhibitors such as erdafitinib and infigratinib based on our pre-clinical data.

Current status

In September 2021, we obtained IND approval from U.S. FDA to initiate a Phase I clinical trial for ABSK061 in patients with solid tumors.

In March 2022, we obtained IND approval from NMPA for a Phase I clinical trial of ABSK061 in mainland China.

IND-enabling candidates

ABSK121 is a highly selective, next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3 including those that are resistant to the currently approved or clinical FGFR inhibitors. It could potentially bring clinical benefits to patients who relapsed or progressed after initial treatment with first-generation FGFR inhibitors. In pre-clinical studies, ABSK121 has demonstrated strong potency against wild-type and various mutations of FGFR1-3, and excellent in vivo efficacy in FGFR dependent and FGFR-mutant dependent models. We are currently conducting IND-enabling studies and expect to file IND in 2022.

ABSK051 is a small molecule CD73 inhibitor being developed for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers. It has demonstrated strong potency in inhibiting the activities of soluble and surface-expressed CD73. It has also shown strong efficacy in vivo in various animal models. We are currently conducting IND-enabling studies and expect to file IND in 2022.

ABSK012 is an orally bioavailable, highly selective, next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4. In pre-clinical studies, ABSK012 has demonstrated strong activities in vitro and in cells against both wild-type FGFR4 and various FGFR4 mutants that are resistant to current FGFR4 inhibitors in clinical development, and excellent in vivo efficacy in FGF19-driven and FGFR4-mutant models. We are currently conducting IND-enabling studies and expect to file IND in 2022.

ABSK112 is a next-generation EGFR-exon20 inhibitor with improved selectivity and brain-penetrating ability. EGFR-exon20 mutations occur in 3-5% of NSCLC patients, and are resistant to the currently available first, second and third generation EGFR inhibitors. Current clinical compounds targeting these mutations have limited therapeutic window due to limited selectivity against wild-type EGFR. Increased selectivity will likely lead to better target modulation and efficacy in clinical trials. ABSK112 demonstrates strong activity against EGFR Exon20 mutants and clear selectivity against wild-type EGFR in various cellular assays. It has efficacy and PD effects in mouse xenograft models bearing EGFR Exon20 mutation. We have declared ABSK112 as the first PCC and are currently conducting pre-clinical studies.

ABSK071 is a next-generation KRAS-G12C inhibitor with improved potency and drug-like properties. KRAS is one of the most mutated oncogenes in many cancer types, including pancreatic, colon, and lung. KRAS mutations occur in around 30% of lung cancer patients who are in dire need of effective therapies. We have declared ABSK071 as the first PCC and are currently conducting pre-clinical studies.

Research and development

We believe research and development are critical to our future growth and our ability to remain competitive in the Chinese biopharmaceutical market. We are dedicated to enhancing our pipeline by leveraging our leading in-house R&D capabilities, which spans from early drug discovery to clinical development.

As at December 31, 2021, our R&D team consisted of approximately 111 employees. Our R&D team members have extensive clinical development experience, with a particular focus on oncology. Among our R&D team members, approximately 80% have obtained post-graduate degrees, and approximately 30% hold Ph.D. degrees. Among our pre-clinical R&D team members, over 80% have obtained post-graduate degrees, and over 35% hold Ph.D. degrees.

In years ended December 31, 2020 and 2021, our R&D expenses were RMB132.7 million and RMB226.1 million respectively.

Drug discovery and pre-clinical development

Our drug discovery effort is led by our co-founders, Dr. XU Yao-Chang, Dr. YU Hongping and Dr. CHEN Zhui, who collectively have made contributions to dozens of discovery programs, a number of which led to successful commercialization, such as Ameile (almonertinib), Cymbalta (duloxetine), Balversa (erdafitinib), Reyvow (lasmiditan), Fu Laimei (PEG-loxenatide), Kisqali (ribociclib), Xinfu (flumatinib) and Venclexta (venetoclax).

We use various discovery and engineering technologies to discover and select our lead compounds with suitable pharmaceutical properties and market potential. Our drug discovery team collaborates with our CMC team at an early stage to complement each team's needs and to ensure continued knowledge sharing, regulatory compliance and a streamlined transition from discovery to development. Our drug discovery team also includes a translational medicine function that conducts biomarker discovery and bioinformatics data processing and analysis to facilitate our clinical studies. We conduct translational research to assess the effectiveness of treatment, evaluate different ways to customize therapies, and improve personalized medicine guidelines using the new data generated. These insights help further guide us toward new directions in novel drug and biomarker discovery.

Clinical development

Our clinical development team is led by Dr. JI Jing, who received a M.D. degree from Fudan University and Shanghai Second Medical University, majoring in GI and liver disease. She has over 25 years of experience in early and late-stage clinical development in global pharmaceutical companies, serving as clinical development leader and head of therapy area. She has led and executed a wide range of functions, including medical, clinical operations, quality control, clinical research, clinical pharmacology and patient safety. As at December 31, 2021, our clinical development team consisted of 34 employees, including 24 holding master or doctorate degrees.

Our clinical development team manages all stages of our clinical trials, including clinical trial design, implementation, drug supply, and the collection and analysis of trial data. We have entered into agreements with hospitals and principal investigators located in China, the U.S. and other regions that can support our clinical trials of different indications at different stages. We believe our experience in executing clinical trials helps us accelerate our drug development.

With the vision to address unmet medical needs of global patients, we have always been aiming for the global markets. We believe such going-global approach will maximize the commercial value of our assets, for which we own global rights. We have received 11 IND or clinical trial approvals in four countries and regions. Trials outside mainland China include a Phase Ib trial ongoing in the U.S. for ABSK021, a Phase I trial ongoing in Australia for ABSK043, a Phase I trial ongoing in the U.S. for ABSK061, and two completed trials in Taiwan for ABSK011 Phase Ia and ABSK091 Phase I respectively.

Financing activity

- In January 2021, we completed series D financing and raised in aggregate US$123 million.

- On October 13, 2021, 140,736,000 shares of US$0.00001 each were issued at a price of HK$12.46 per share in connection with the Company's listing on the Main Board of the Stock Exchange under stock code 2256.HK. The proceeds of HK$10,949 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$1,753,559,611 (before deduction of the legal and other professional fees in relation to the listing) were credited to the share premium account. On November 5, 2021, the international underwriters of the global offering partially exercised the over-allotment option, pursuant to which the Company is required to allot and issue an addition of 112,000 shares, representing approximately 0.08% of the total number of the offer shares initially available under the global offering. The net proceeds from the exercise of the over-allotment option were approximately HK$1,332,614 (after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option). The over-allotment shares were listed on the Stock Exchange on November 10, 2021.

Business development and other corporate activities

- To maximize the commercial value of our programs in both China and international markets, we have established a dedicated team to actively evaluate potential licensing transactions and other strategic collaborations. During 2021 and 2022 year-to-date, we successfully completed several transactions and established key partnerships as listed below:

  - ➢ In February 2021, we entered into a clinical supply agreement with Roche concerning the supply of atezolizumab, an anti-PD-L1 antibody, by Roche for use in our ABSK011 clinical trial. Details of the trial progress are discussed in the section above "Business review – Clinical candidates – ABSK011".

  - ➢ In July 2021, we granted Sperogenix the exclusive right to develop and commercialize ABSK021 in mainland China, Hong Kong SAR and Macau SAR for non-oncology rare neurological diseases indications, of which ALS will be the first indication to be developed by Sperogenix. We have received an upfront payment of US$3.5 million and is eligible for milestone payments of up to US$267.0 million as well as royalty payments based on future net sales from Sperogenix.

  - ➢ In January 2022, we entered into a worldwide co-discovery collaboration with Lilly for the discovery, development and commercialization of novel small molecules against an undisclosed target with critical unmet medical needs. Under the agreement, Lilly will provide prior discovery information as well as additional disease knowledge and expertise to us, and we will be responsible for the discovery and development of molecules that modulate a novel and challenging drug target using our proprietary R&D platform. Upon achievement of the agreed endpoints, Lilly will have the right to further develop and commercialize the asset, and we will be eligible to receive up to US$258 million in potential payments based on the achievement of prespecified preclinical, clinical development and commercial milestones, as well as tiered royalties on sales.

  - ➢ In February 2022, we announced a collaboration with BeiGene on the combination therapy of ABSK091 and tislelizumab, an anti-PD-1 antibody developed by BeiGene, for the treatment of urothelial cancer.

- As our business continues to grow, we further expanded our facilities together with business operations as summarized below:

  - ➢ We currently have two operational sites in Shanghai at Zhangjiang High Tech Park, including one 4,082 sq.m. building as our R&D center, and one new office space of 2,075 sq.m. as our clinical development and operation center.

  - ➢ We also opened a new office in Beijng which commenced operation in February 2022. Beijing office mainly serves as a branch for clinical development and regulatory affairs related activities.

  - ➢ Our new laboratory space in Wuxi, a property of over 4,500 sq.m. which will be used for CMC related activities, is under preparation and is expected to commence operation this year.

Events after the Reporting Period

Subsequent to December 31, 2021, the significant events that took place are listed as below:

- In January 2022, we entered into a worldwide co-discovery collaboration with Lilly for the discovery, development and potential commercialization of novel molecules against an undisclosed target with critical unmet medical needs. Details of the collaboration have been set out in the above section under "Business review – Business development and other corporate activities".

- In January 2022, we dosed the first patient in the Phase II clinical trial for ABSK011 in combination with atezolizumab provided by Roche. Details of this trial have been set out in the above section under "Business review – Clinical candidates – ABSK011".

- In February 2022, we announced a collaboration with BeiGene on the combination therapy of ABSK091 and tislelizumab, an anti-PD-1 antibody developed by BeiGene, for the treatment of urothelial cancer.

- In March 2022, we obtained IND approval from NMPA for a Phase I clinical trial of ABSK061 in mainland China.

- In March 2022, we received Orphan Drug Designation granted by the U.S. FDA to ABSK091 in gastric cancer.

- We further expanded our business operations and opened a new office in Beijing. Details are set out in the above section under "Business review – Business development and other corporate activities".

Future and outlook

We are a R&D driven company focused on discovering and developing small molecule oncology drugs and beyond. We have an in-house research team with a proven track record of drug discovery, demonstrated by many historical programs our three co-founders have led or participated in, including several have yielded approved innovative drugs currently commercialized in the market. Since 2017, our research and discovery team have advanced the first ten discovery programs into the IND-enabling stage at about two pre-clinical candidates per year. Four of them have already entered into clinical development. We believe that such an in-house R&D engine will continuously generate novel assets with global value into our pipeline and sustain the strong and long-term growth of the company, especially acknowledging the fact that drug development is a high-risk business. Going forward, we will strive to advance our existing programs into next stage, while exploring new technologies and areas with unmet medical needs and generating new molecules into the current pipeline.

With more programs advancing into clinical development stage, we will continue to expand our clinical development force to execute and accelerate our trials globally.

To maximize the therapeutic and commercial potential of our drug candidates at clinical stage, we will actively explore and evaluate partnership opportunities with leading pharmaceutical and biotech companies. We have actively engaged in business discussions with various counterparties to explore such opportunities. We believe that well-thought-through and carefully orchestrated business partnership with the right partners at the right time will be accretive to the shareholders.

II. FINANCIAL REVIEW

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

	2021 ***RMB'000***	2020 *RMB'000*
Revenue	**22,682**	–
Cost of sales	**–**	–
Gross profit	**22,682**	–
Other income and gains	**43,587**	18,831
Research and development expenses	**(226,126)**	(132,664)
Administrative expenses	**(124,777)**	(21,168)
Other expenses	**(80)**	(1,712)
Fair value losses on convertible redeemable preferred shares	**(1,524,320)**	(569,588)
Finance costs	**(959)**	(338)
LOSS BEFORE TAX	**(1,809,993)**	(706,639)
Income tax expenses	**–**	–
LOSS FOR THE YEAR	**(1,809,993)**	(706,639)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**53,268**	(2,934)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**(60,895)**	59,461
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(7,627)**	56,527
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,817,620)**	(650,112)
Loss attributable to:		
Owners of the parent	**(1,809,993)**	(706,639)
Total comprehensive loss attributable to:		
Owners of the parent	**(1,817,620)**	(650,112)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted		
For loss for the year	**RMB7.71**	RMB7.12

	2021 *RMB'000*	2020 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**15,209**	10,599
Right-of-use assets	**54,085**	4,176
Intangible assets	**3,051**	434
Other non-current assets	**805**	960
Investment in an associate	**–**	–
Total non-current assets	**73,150**	16,169
CURRENT ASSETS		
Prepayments and other receivables	**35,876**	32,029
Cash and bank balances	**2,545,513**	617,773
Total current assets	**2,581,389**	649,802
CURRENT LIABILITIES		
Other payables and accruals	**64,676**	27,443
Lease liabilities	**8,862**	4,306
Total current liabilities	**73,538**	31,749
NET CURRENT ASSETS	**2,507,851**	618,053
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,581,001**	634,222
NON-CURRENT LIABILITIES		
Convertible redeemable preferred shares	**–**	1,719,635
Lease liabilities	**44,942**	–
Other non-current liabilities	**–**	19,575
Total non-current liabilities	**44,942**	1,739,210
Net liabilities	**2,536,059**	(1,104,988)
EQUITY/(DEFICIT)		
Equity attributable to owners of the parent		
Share capital	**46**	6
Treasury shares	**(5)**	–
Other reserves	**2,536,018**	(1,104,994)
Total equity/(deficit)	**2,536,059**	(1,104,988)

Revenue. Revenue increased from zero for the year ended December 31, 2020 to RMB22.7 million for the year ended December 31, 2021, primarily attributable to the license fee income generated from one of our clinical candidates.

Other income and gains. Other income and gains increased by RMB24.8 million from RMB18.8 million for the year ended December 31, 2020 to RMB43.6 million for the year end December 31, 2021, primarily attributable to: 1) an increase in bank interest income by RMB5.7 million, resulting from an increase in our cash and bank balances; 2) an increase in government subsidies by RMB6.8 million; 3) investment gain of RMB5.9 million recognized from the disposal of a previous equity investment; 4) foreign exchange gains due to appreciation of RMB.

Other income and gains

	2021	2020
	RMB'000	*RMB'000*
Bank interest income	**16,938**	11,274
Government grants	**14,081**	7,302
Gain on disposal of an associate	**5,900**	–
Foreign exchange gains	**6,668**	–
Investment income from financial assets at FVTPL	**–**	166
Others		89
Total	**43,587**	18,831

Research and development expenses. Research and development expenses increased by RMB93.4 million from RMB132.7 million for the year ended December 31, 2020 to RMB226.1 million for the year ended December 31, 2021, primarily attributable to: 1) increase in employee cost by RMB74.1 million due to continuous expansion of functions related to research and development; 2) increase in third party contracting cost by RMB37.5 million as we advanced our clinical trials to later stage while expanding early discovery and research activities at the same time.

R&D expenses

	2021	2020
	RMB'000	*RMB'000*
Employee cost	**111,916**	37,767
Third party contracting cost	**95,998**	58,467
Licensing fees	**–**	20,682
Others	**18,212**	15,748
Total	**226,126**	132,664

Administrative expenses. Administrative expenses increased by RMB103.6 million from RMB21.2 million for the year ended December 31, 2020 to RMB124.8 million for the year ended December 31, 2021, primarily attributable to: 1) an increase in employee cost by RMB57.2 million due to expansion of workforce in non-R&D related functions; 2) an increase in third party advisory service cost by RMB39.8 million, mainly arising from third party advisory fees in relation to the IPO.

Administrative expenses

	2021	2020
	RMB'000	*RMB'00*
Employee cost	**69,942**	12,736
Third party advisory service cost	**43,007**	3,210
Others	**11,828**	5,222
Total	**124,777**	21,168

Finance costs. Finance costs increased by RMB0.62 million from RMB0.34 million for the year ended December 31, 2020 to RMB0.96 million for the year ended December 31, 2021. The nature of the finance cost is the interest expense incurred on lease liabilities. Increase in finance cost for the year ended in December 31, 2021 is mainly due to the fluctuation of actual interest rate in 2021 and the addition of one new office space in Shanghai and the laboratory in Wuxi.

Other expenses. Other expenses decreased by RMB1.6 million from RMB1.7 million for the year ended December 31, 2020 to RMB0.1 million for the year ended December 31, 2021, primarily due to the fluctuation of foreign exchange differences.

Fair value losses on convertible redeemable preferred shares. Fair value losses on convertible redeemable preferred shares increased by RMB954.7 million from RMB569.6 million for the year ended December 31, 2020 to RMB1,524.3 million for the year ended December 31, 2021, primarily due to the significant increase in our company's valuation. As stated in the prospectus of the Company dated September 30, 2021 (the "**Prospectus**"), the convertible redeemable preferred shares had been converted into ordinary shares upon the listing of the Company's shares, and will not affect our financial performance in the subsequent financial years.

NON-IFRS MEASURE

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

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

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

	2021	2020
	RMB'000	*RMB'000*
Loss for the year	**(1,809,993)**	(706,639)
Added:		
Fair value losses on convertible redeemable preferred shares	**1,524,320**	569,588
Share-based compensation cost	**89,933**	4,571
Adjusted loss for the year	**(195,740)**	(132,480)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the periods indicated:

	2021	2020
	RMB'000	*RMB'000*
Research and development expenses for the year	**(226,126)**	(132,664)
Added:		
Share-based compensation cost	**49,811**	3,476
Adjusted research and development expenses for the year	**(176,315)**	(129,188)

The table below sets forth a reconciliation of the administrative expenses to adjusted administrative expenses during the periods indicated:

	2021	2020
	RMB'000	*RMB'000*
Administrative expenses for the year	**(124,777)**	(18,708)
Added:		
Share-based compensation cost	**40,122**	1,095
Adjusted administrative expenses for the year	**(84,655)**	(17,613)

Employee and Remuneration Policy

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

Function	**Number**	**Percentage of total %**
Research	65	40.6%
Pre-clinical Development	12	7.5%
Clinical Development	34	21.3%
Scientific Strategy and Operations	18	11.3%
Others	31	19.4%
Total	**160**	**100%**

As at December 31, 2021, all of our employees are based in mainland China.

As at December 31, 2021, the Group had 160 employees, where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

Liquidity and Financial Resources

The Group's cash and bank balances as at December 31, 2021 were RMB2,545.5 million, representing an increase of 312% compared to RMB617.8 million for the year ended December 31, 2020. The increase was primarily attributable to net proceeds received from series D fund raising which was completed in January 2021 and net proceeds from the IPO which was completed in October 2021.

Gearing ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2021, our gearing ratio was 4% (as at December 31, 2020: 266%).

Other Financial Information

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

In April 2021, we sold all 20.3168% of shares of Shanghai Yanjian New Drug R&D Co., Ltd for RMB5.9 million. We invested in Shanghai Yanjian New Drug R&D Co., Ltd in 2017.

Save as disclosed above, the Group had no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, we do not have any future plans for material investments or capital assets as at the date of this announcement.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our financial assets measured at fair value through profit or loss and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank Loans and Other Borrowings

As at December 31, 2021, we did not have any bank loans or other forms of borrowings.

Contingent Liabilities

The Group had no material contingent liability as at December 31, 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). During the period from the Listing Date to December 31, 2021, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Pursuant to code provision C.5.1 (former code provision A.1.1) of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals. One board meeting was held during the period from the Listing Date to December 31, 2021, as the Company was only listed on the Listing Date.

Code provision C.2.1 (former code provision A.2.1) of the CG Code provides that the roles of the chairman of the Board (the "**Chairman**") and chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual. As at the date of this announcement, the roles of the Chairman and the CEO of the Company are held by Dr. Xu Yao-chang ("**Dr. Xu**").

The Board believes that, in view of Dr. Xu's experience, personal profile and his roles in our Company as mentioned above, Dr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our chief executive officer. The Board also believes that the combined role of chairperson and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

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

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole. Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2021, which will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules.

Compliance with Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2021.

Use of Proceeds from the Global Offering

The shares of the Company were listed on the Stock Exchange on the Listing Date and the Company obtained net proceeds of approximately HK$1,674 million (after deducting the underwriting commissions and other estimated expenses in connection with the global offering and the exercise of the over-allotment option).

For the period from the Listing Date up to December 31, 2021, the Company has not utilized any of the net proceeds raised from the global offering. The Company intends to use the net proceeds in the same matter and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". For detail of the breakdown of the use of proceeds, please refer to the 2021 annual report of the Company to be published in due course.

Significant Investment Held

During the Reporting Period, the Group did not hold any significant investments.

Purchase, Sale or Redemption of Listed Securities

For the period from the Listing Date up to December 31, 2021, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Subsequent to the Reporting Period, in February 2022 the Company repurchased in total 804,000 shares on the Stock Exchange for an aggregate consideration of approximately HK$4.7 million before expenses. The highest price per share paid and the lowest price per share paid was HK$5.9 and HK$5.69 respectively. All of the repurchased shares were subsequently cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange from the Listing Date and up to the date of this announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, June 2, 2022 to Wednesday, June 8, 2022 (both days inclusive), in order to determine the eligibility of the holders of shares to attend and vote at the annual general meeting to be held on Wednesday, June 8, 2022 (the "**AGM**"). The holder of shares whose names appear on the share register of members of the Company on Wednesday, June 8, 2022 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, June 1, 2022.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended December 31, 2021 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on this announcement.

AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has considered and reviewed the consolidated annual results of the Group for the year ended December 31, 2021 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the consolidated annual results of the Group for the year ended December 31, 2021 are in compliance with the relevant accounting standards, laws and regulations.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.abbisko.com) and the website of the Stock Exchange.

The 2021 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and dispatched to the shareholders of the Company in due course.

By order of the Board
Abbisko Cayman Limited
Dr. Xu Yao-Chang
Chairman

Shanghai, March 18, 2022

As at the date of this announcement, the board of directors of the Company comprises Dr. Xu Yao-Chang, Dr. Yu Hongping, Dr. Chen Zhui and Mr. Yeh Richard as executive directors; Dr. Xia Gavin Guoyao and Ms. Tang Yanmin as non-executive directors; and Dr. Sun Piaoyang, Mr. Sun Hongbin and Mr. Wang Lei as independent non-executive directors.