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IP AND OTHERS:

r (SBOUFE B GPSNVMBUJPO QBUFOU GPS EPS[BHMJBUJ

r 'JMFE TJY QBUFOU BQQMJDBUJPOT DPWFSJOH UIF *1
XJUI TJY DMBTTFT PG PSBM BOUJ EJBCFUJD ESVHT

r *OJUJBUFE B GPSNBM DPMMBCPSBUJPO SFMBUJOH U
HMVDPTF IPNFPTUBTJT XJUI %S 'SBO[.BUTDIJOT
#JPQIZTJDT *OTUJUVUF GPS %JBCFUFT 0CFTJUZ BOE
1IJMBEFMQIJB BOE SFDJQJFOU PG UIF #BOUJOH .
3PMG -VGU "XBSE

r 1SFTFOUFE "* CBTFE NBDIJOF MFBSOJOH SFTVMUT BU
4DJFOUJGJD 4FTTJPOT QSPWJEJOH B OPO CJBTFE NF

r "OOPVODFE UIBU HMPCBM PQFSBUJPO IFBERVBSUFST
FTUBCMJTIFETJOBOHHBOH 4DJFODF $JUZ

r 'VMMZ WBMJEBUFE D(.1 DVSSFOU (PPE .BOVGBDUVS
QSPDFTTFT GPS BDUJWF QIBSNBDFVUJDBM JOHSFEJF
launch of dorzagliatin in China

r 'PSNFS 6 4 '%" 0GGJDFS %S 'VYJOH 5BOH KPJOFE
0GGJDFS 71 PG 'PSNVMBUJPO 3 % BOE 1SPEVDU %FW

FINANCIAL HIGHLIGHTS

r $BTI QPTJUJPO XBT BQQSPYJNBUFMZ 3.# NJMMJ

r 5PUBM FYQFOEJUVSFT JODVSSFE CZ UIF $PNQBOZ
XBT BQQSPYJNBUFMZ 3.# NJMMJPO PG XIJDI BQQ
research and development expenses.

r 3FTFBSDI BOE EFWFMPQNFOU FYQFOTFT JODSFBTFE
BQQSPYJNBUFMZ UP BQQSPYJNBUFMZ 3.# NJM

r -PTT CFGPSF UBY EFDSFBTFE CZ BQQSPYJNBUFMZ 3.
UP BQQSPYJNBUFMZ 3.# NJMMJPO

r -PTT BOE UPUBM DPNQSFIFOTJWF FYQFOTF GPS
3.# NJMMJPO PS BQQSPYJNBUFMZ UP BQQSP

r "EKVTUFE OFU MPTT JODSFBTFE CZ BQQSPYJNBUFMZ
UP BQQSPYJNBUFMZ 3.# NJMMJPO

"EKVTUFE OFU MPTT JT OPU B GJOBODJBM NFBTVSF EFGJOFE VOE
ZFBS BOE BEEJOH CBDL B TIBSF CBTFE QBZNFOUT BOE C MPT
'751-

Business overview

8F BSF B QSF SFWFOVF $IJOB CBTFE ESVH EFWFMPQ
EFWFMPQNFOU PG EPS[BHMJBUJO B GJSTU JO DMBTT T2D”). PSB
We filed an Investigational New Drug (“IND u BQQMJDBUJPO XJUI UIF /BUJP
"ENJOJTUSBUJPOT P3GFQUVMF M1JDP QNFSA”) for dorzagliatin under Category
/FX %SVH JO BOE JOJUJBUFE B 1IBTF *B DMJOJD
EPS[BHMJBUJO JO 4FQUFNCFS 8F BMTP GJMFE BO */
Administration (“FDA u GPS EPS[BHMJBUJO JO .BSDI 4JODF UI
* USJBMT JO $IJOB UISFF 1IBTF * USJBMT JO UIF 6OJUFE
the year ended December 31, 2019 (the “Reporting Period u XF SFMFBTFE QPTJUJW
GSPN POF PG PVS QJWPUBM 1IBTF *** SFHJTUSBUJPO US
"* CBTFE NBDIJOF MFBSOJOH SFTVMUT BU UIF 4NFUJOH
(the “2019 ADA u XIJDI QSPWJEF B OPO CJBTFE NFUIPEPMPHZ
further elucidate the mechanism of action for dorzagliatin, we also presented the results of an
enzyme kinetics study comparing dorzagliatin and other earlier generation glucokinase activators at
UIF "%" 8F BSF DVSSFOUMZ DPOEVDUJOH UXP 1IBTF
$IJOB BOE UIF 6OJUFE 4UBUFT 0VS 1IBTF *** SFHJTUSBU
CPUI BT B NPOPUIFSBQZ).. BOE JO DPNCJOBUJPO
PVS 1IBTF * USJBMT).. JT UP TUVEZ UIF QIBSNBDPL
JNQBJSFE QBUJFOUT 5IF PUIFS 1IBTF * USJBM).. JT
pharmacokinetics and pharmacodynamics interaction between dorzagliatin and empagliflozin (a
4(-5 JOIJCJUPS UP JOWFTUJHBUF UIFJS DPNCJOBUJPO

8F IBWF JOJUJBUFE NVMUJQMF TUVEJFTT PO EPS[BHM
QSFDMJOJDBM EFWFMPQNFOU BOE DMJOJDBM TFUUJOHT
DPNCJOBUJPO PG EPS[BHMJBUJO XJUI TJY DMBTTFT PG PS
already demonstrated complementary or synergistic effects to expand the clinical application across
a full range of T2D patients, and those with metabolic syndrome or other diabetes complications.

*O QSFQBSBUJPO GPS PVS /%" TVCNJTTJPO GPS EPS[BHM
D(.1 DPNNFSDJBM NBOVGBDUVSJOH QSPDFTTFT GPS "1*
China.

8F BMTP DPOUJOVF UP EFWFMPQ N(-63 B QPUFOUJBM
1BSLJOTPOTEJTFBTF MFWPEPQB JOEVDFE EZTLJOFTJB PS 1%

Product pipeline

Set out below are the key stages of our product candidates under development:



As part of our strategy to establish dorzagliatin as a cornerstone therapy for the treatment of T2D globally, we are also investigating the combination of dorzagliatin with various approved classes PG PSBM BOUJ EJBCFUJD NFEJDJOFT BT XFMM BT PUIFS QBUJFOUT UP BEESFTTPTOBMUJFOEUT

).. JT B 1IBTF * USJBM TUVEZJOH UIF JNQBDU PO QIE impairment in China.

).. JT B EPS[BHMJBUJO DPNCJOBUJPO XJUI FNQBHMJG T2D patients in the United States. We announced the first patient was dosed in April 2019 and expect to complete and announce results by first half 2020.

8F DPOUJOVF UP XPSL DMPTFMZ XJUI BOE TVQFSWJTF DMJOJDBM TJUF NBOBHFNFOU PQFSBUPST 4.0T BOE DP XIP QSPWJEF VT XJUI B SBOHF PG TFSWJDFT BU B DPOTJT

Key events after the Reporting Period

0O +BOVBSZ XF BOOPVODFE QPTJUJWF SFTVMUT GP

HMM0110 was conducted in China to evaluate whether dorzagliatin can be readily used in Type EJBCFUFT 5 % QBUJFOUT XJUI JNQBJSFE SFOBM GVOD &43% F('3 N- NJO N BOE BSF OPU PO EJBMZTJT E SFOBM GVODUJPO JT OPSNBM UIF SBUJP PG EPS[BHMJBUJ BOE $* SFTQFDUJWFMZ JOEJDBUJOH O PO TVCKFDUT FYQPTFE UP EPS[BHMJBUJO 5IJT SFTVMU T potential supplementary option for T2D patients with moderate, severe and end stage chronic LJEOFZ EJTFBTF J F TUBHFT PG $,% XIJDI DBO QS TBGFMZ BOE XJUIPVU EPTF BEKVTUNFOU .PTU PG DVSSFO for patients with renal impairment, especially at moderate, severe and end stages, as current oral USFBUNFOUT FJUIFS SFRVJSF EPTF BEKVTUNFOU F H NI BSF DPOUSBJOEJDBUFE F H 4(-5 JOIJCJUPST

)).. XBT B QIBSNBDPLJOFUJD 1, BOE QIBSNBDPEZOBNJ 4UBUFT JO 5 % QBUJFOUT XJUI JOTVGGJDJFOUMZ DPOUSP JOIJCJUPST PS 4(-5 JOIJCJUPST BMPOF PS JO DPNCJO NH #*% BOE TJUBHMJQUJO NH 2% BMPOF PS JO EPS[BHMJBUJO BOE TJUBHMJQUJO BU TUFBEZ TUBUF EFN GPMMPXJOH 0(55 CBTFE PO HMVDPTF "6&$ UIF DPNCJOF UP TJUBHMJQUJO BMPOF "6&$ I NH E- BOE EPS[BH Q WBMVF *U JT BMTP EFNPOTUSBUFE UIBU EPS[BHMJ secretion over dorzagliatin and sitagliptin alone, suggesting a synergistic effect of improved beta cell function. This result supports the development of a combination therapy of dorzagliatin with sitagliptin in the treatment of T2D patients.

As of the date of this annual results announcement, business operations in China have been JNQBDUFE CZ UIF PVUCSFBL PG UIF OPWFM DPSPOBWJSV %VF UP UIF FYUFOVBUJOH DJSDVNTUBODFT PG UIP $IJOB IBMUFE PQFSBUJPOT BT B SFTVMU PG UIF RVBSE 'PMMPXJOH HVJEFMJOFT JTTVFE CZ UIF $IJOFTF HPWFSO XPSL SFNPUFMZ CFHJOOJOH 'FCSVBSZ 0O .BSDI our offices in China in accordance with government guidelines, and as of the date of this annual SFTVMUT BOOPVODFNFOU NPTU PG PVS FNQMPZFFT BT X BOE $.0T IBWF SFTVNFE OPSNBM PQFSBUJPOT %FTQJU CFFO BCMF UP BDIJFWF PVS NBKPS DMJOJDBM USJBM NJ PG 'FCSVBSZ XF DPNQMFUFE UIF MBTU QBUJFOU "T PG .BSDI XF DPNQMFUFE UIF MBTU QBUJFOU visit for HMM0301. Throughout this period, we have operated in strict adherence with national guidelines in conducting clinical trials, and also enforced additional trial management guidelines in QIBSNBDPWJHJMBODF BOE RVBMJUZ DPOUSPM UP FOTVSF JO IJHI RVBMJUZ)PXFWFS XF EP FYQFDU QPUFOUJBM E QPUFOUJBM EFMBZT XJUI TPNF /%" FOBCMJOH XPSL EVF U UP B EFMBZ JO UIF GJMJOH PG UIF /%" XJUI UIF /.1"

Other income

0VS PUIFS JODPNF DPOTJTUFE QSJNBSJMZ PG CBOL JOUF
JODPNF JODSFBTFE CZ 3.# NJMMJPO UP 3.# NJMMJP
GSPN 3.# NJMMJPO GPS UIF ZFBS FOEFE %FDFNCFS
JODSFBTF PG 3.# NJMMJPO JO HPWFSONFOU HSBOUT G
JODSFBTF PG 3.# NJMMJPO JO CBOL JOUFSFTU JODPNF
3.# NJMMJPO HPWFSONFOU HSBOUT GSPN UIF MPDBM
BDUJWJUJFT GPS UIF ZFBS FOEFE %FDFNCFS BNP
PUIFS JODPNF BOE 3.# JO EFGFSSFE JODPNF

Other gains and losses

0VS PUIFS HBJOT BOE MPTTFT DPOTJTUFE QSJNBSJMZ
FYDIBOHF SBUFT CFUXFFO UIF 3FONJOCJ BOE UIF 6 4 EF
EPMMBS 0VS PUIFS HBJOT BOE MPTTFT EFDSFBTFE CZ 3.
UIF ZFBS FOEFE %FDFNCFS GSPN B HBJO PG 3.#
31, 2018, which was mainly attributable to foreign exchange gains in connection with bank balances and cash denominated in U.S. dollars and HK dollars and the smaller appreciation of the
6 4 EPMMBS BOE), EPMMBS BHBJOTU UIF 3FONJOCJ JO U
UP UIF MBSHFS BQQSFDJBUJPO PG UIF 6 4 EPMMBS BHBJ
2018.

0VS CVTJOFTT NBJOMZ PQFSBUFT JO UIF 13$ BOE NPTU

Other expenses

0VS PUIFS FYQFOTFT DPOTJTU PG FYQFOTF BTTPDJBUFE
UP 64% GPS UIF ZFBS FOEFE %FDFNCFS UP
GVOE BU UIF %FQBSUNFOU PG #JPDIFNJTUSZ BOE #JPQIZT
PG .FEJDJOF PG UIF 6OJWFSTJUZ PG 1FOOTZMWBOJB

Finance cost

0VS GJOBODF DPTU DPOTJTUFE PG FYQFOTFT BTTPDJB
QSFGFSSFE TIBSFT BOE JOUFSFTU PO MFBTF MJBCJMJUJF
FOEFE %FDFNCFS BT DPNQBSFE UP 3.# NJMMJPO
which was attributable to no new preferred shares issued for the year ended December 31, 2019.

Listing expenses

0VS MJTUJOH FYQFOTFT NBJOMZ JODMVEF TQPOTPS G
professional fees paid to legal advisers and the reporting accountants for their services rendered in
SFMBUJPO UP UIF (MPCBM 0GGFSJOH 8F JODVSSFE MJTU
for the year ended December 31, 2018. No such expense was incurred for the year ended December 31, 2019.

Research and development expenses

The following table sets forth the components of our research and development expenses for the year indicated.

	For the year ended December 31,			
	2019		2018	
	RMB'000	%	*3.#*	
Dorzagliatin Clinical Trials	158,900	49.4%		
%PS[BHMJBUJO /PO DMJOJDBM 44 UVEJFT	3,244	1.0%		
Chemical, Manufacturing and Control	33,061	10.3%		
Labor Cost	109,458	34.0%		
%PS[BHMJBUJO -JDFOTJOH B2018 1BUFOU ’FF	2,018	0.6%		
0UIFST	15,343	4.7%		
Total	321,904	100.0%		

3FTFBSDI BOE EFWFMPQNFOU FYQFOTFT JODSFBTFE CZ 3
ZFBS FOEFE %FDFNCFS GSPN 3.# NJMMJPO GP
The increase in research and development expenses included:

r BO JODSFBTF PG 3.# NJMMJPO GPS EPS[BHMJB
BUUSJCVUBCMF UP JODSFBTFE DPTUT BTTPDJBUFE XJU
BEEJUJPOBM 1IBTF * DMJOJDBM USJBMT DPOEVDUFE JO

r BO JODSFBTF PG 3.# NJMMJPO JO EPS[BHMJBUJO
attributable to new efficacy evaluation studies conducted in the year ended December 31,

r B EFDSFBTF PG 3.# NJMMJPO JO DIFNJDBM NBOV
XIJDI XBT QSJNBSJMZ BUUSJCVUBCMF UP IJHIFS FY
manufacturing completed in 2018 compared with that on process validation for spray dried
QPXEFS 4%1 NBOVGBDUVSJOH BOE ESVH QSPEVDU NB

r BO JODSFBTF PG 3.# NJMMJPO GPS JODSFBTFE MB
UP BO JODSFBTF PG 3.# NJMMJPO JO DBTI D
IFBEDPVOU JODSFBTF BOE NJMFTUPOF CPOVT QBZNFO
TIBSF PQUJPO FYQFOTFT

r BO JODSFBTF PG 3.# NJMMJPO GPS JODSFBTFE EPS
QSJNBSJMZ BUUSJCVUBCMF UP B 1BUFOU $PPQFSBUJPO

r BO JODSFBTF PG 3.# NJMMJPO GPS PUIFST XIJDI
travelling, consulting and meeting costs, and increased rental cost.

Income tax expense

We recognized no income tax expenses for the year ended December 31, 2019 and the year ended December 31, 2018.

Adjusted net loss

"EKVTUFE OFU MPTT XBT DBMDVMBUFE CZ UBLJOH MPTT
TIBSF PQUJPO FYQFOTFT BOE C MPTT PO DIBOHFT JO G

We present this financial measure because it helps us to identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that we include in net loss and it provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics
VTFE CZ PVS NBOBHFNFOU JO JUT GJOBODJBM BOE PQFSB

5IF UFSN BEKVTUFE OFU MPTT JT OPU B GJOBODJBM NFI
net loss has material limitations as an analytical tool, as it does not include all items that impact
OFU MPTT GPS UIF ZFBS *UFNT FYDMVEFE GSPN BEKV
VOEFSTUBOEJOH BOE TBTPTQFTSTBJUOJHO IU IF O(ES PGVJQO BODJBM QFSG
SFDPODJMFT UIF BEKVTUFE OFU MPTT GPS UIF QFSJPE Q
NFBTVSF DBMDVMBUFE BOE QSFTFOUFE JO BDDPSEBODF X

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
Loss before tax for the period	(425,270)	
"EKVTU GPS		
-PTT PO DIBOHFT JO GBJS WBMVF PG GJOBO-DJBM MJBCJM		
Share option expenses	74,384	
"EKVTUFE OFU MPTT	(350,886)	

Liquidity and capital resources

Since our inception, we have been in a net loss position with and net cash outflows from
PQFSBUV^2PeOVT ð P U'P%UJAPeª%BQV^2PVe''PP USA ð3 @@SB

Cash Flows

The following table provides information regarding our cash flows for the years ended December 31, 2018 and 2019:

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
Net cash used in operating activities	(342,067)	
Net cash (used in) from investing activities	(9,515)	
Net cash (used in) from financing activities	(1,236)	
Effect of exchange rate changes	15,108	
/FU EFDSFBTF JODSFBTFT JO DBTI BOE DBTI FRVJWBMFO	(337,710)	

Net Cash Used in Operating Activities

The primary use of our cash was to fund the development of our research and development BDUJWJUJFT SFHVMBUPSZ BOE PUIFS DMJOJDBM USJBM prepayments and other current assets, accounts payable and other payables balances were affected by the timing of vendor invoicing and payments.

%VSJOH UIF ZFBS FOEFE %FDFNCFS PVS PQFSBU DBTI XIJDI SFTVMUFE QSJODJQBMMZ GSPN PVS MPTT C OPO DBTI DIBSHFT BOE OPO PQFSBUJOH DBTI DIBSHFT P PQFSBUJOH BTTFUT BOE MJBCJMJUJFT PG 3.# NJMMJP FOEFE %FDFNCFS QSJNBSJMZ DPOTJTUFE PG 3.# 3.# NJMMJPO PG BNPSUJ[BUJPO GPS SJHIU PG VTF BTT FYQFOTFT 3.# NJMMJPO PG CBOL JOUFSFTU JODPNF JODPNF BOE 3.# NJMMJPO OFU GPSFJHO FYDIBOHF HBJ

%VSJOH UIF ZFBS FOEFE %FDFNCFS PVS PQFSBU DBTI XIJDI SFTVMUFE QSJODJQBMMZ GSPN PVS MPTT CP OPO DBTI DIBSHFT BOE OPO PQFSBUJOH DBTI DIBSHFT P PQFSBUJOH BTTFUT BOE MJBCJMJUJFT PG 3.# NJMMJP FOEFE %FDFNCFS QSJNBSJMZ DPOTJTUFE PG 3.# WBMVF PG GJOBODJBM MJBCJMJUJFT BU '751- EFQSFDJ BTTFUT TIBSF CBTFE QBZNFOUT FYQFOTFT BOE OFU GPS

Net Cash (used in) from Investing Activities

/FU DBTI VTFE JO JOWFTUJOH BDUJWJUJFT XBT 3.# NJM which resulted primarily from the interest received from bank, payments for rental deposits and UIF QVSDIBTF PG FRVJQNFOU /FU DBTI QSPWJEFE CZ JO the year ended December 31, 2018, which resulted primarily from the disposals of other financial BTTFUT BOE QVSDIBTFT PG FRVJQNFOU

Net Cash (used in) from Financing Activities

/FU DBTI VTFE JO GJOBODJOH BDUJWJUJFT XBT 3.# NJM
which resulted from exercise of share options and payments relating to lease liabilities. Net cash
GSPN GJOBODJOH BDUJWJUJFT XBT 3.# NJMMJPO GP
resulted primarily from proceeds from the issue of our Series D and E preferred shares and net
QSPDFFET GSPN UIF (MPCBM 0GGFSJOH

Financial position

0VS OFU DVSSFOU BTTFUT EFDSFBTFE GSPN 3.#
3.# NJMMJPO BT PG %FDFNCFS $VSSFOU
NJMMJPO BT PG %FDFNCFS UP 3.# NJMMJPO
UP B EFDSFBTF JO CBOL CBMBODFT BOE DBTI GSPN 3.#
3.# NJMMJPO BT PG %FDFNCFS XIJDI XBT EV
research and development activities and daily operation.

Significant change in accounting policy

8F IBWF BQQMJFE *'34 GPS UIF GJSTU UJNF VTJOH UIF
BU USBOTJUJPO TJODF +BOVBSZ BOE IFRS 17") and the TVQ
SFMBUFE JOUFSQSFUBUJPOT "T PG +BOVBSZ UIF (
SJHIU PG VTF BTTFUT FRVBM UP UIF SFMBTF MJB
BQQMZJOH *'34 JO PVS DPOTPMJEBUFE TUBUFNFOU PG

Indebtedness

"T PG %FDFNCFS PVS MFBTF MJBCJMJUJFT BNPVO
sets forth our lease liabilities as of the dates indicated:

	As of December 31, 2019 *RMB'000*
Current portion	12,019
/PO DVSSFOU QPSUJPO	
Total	

0VS MFBTF MJBCJMJUJFT BT PG %FDFNCFS XFSF
contracts with lease terms of two to six years. As of December 31, 2019, we did not have any other indebtedness.

Qualitative and Quantitative Disclosures About Market Risk

We are exposed to a variety of market risks, including currency risk, interest rate risk, credit risk, BOE MJRVJEJUZ SJTL BT TFU PVU CFMPX 8F NBOBHF BO measures are implemented in a timely and effective manner. We currently do not hedge or consider it necessary to hedge any of these risks.

Currency Risk

0VS CVTJOFTT NBJOMZ PQFSBUFT JO UIF 13$ XJUI NPTU PVS GJOBODJBM TUBUFNFOUT BSF QSFTFOUFE JO 3FONJO 5IF 4UBUF "ENJOJTUSBUJPO PG 'PSFJHO &YDIBOHF PG $IJOB DPOUSPMT UIF DPOWFSTJPO PG 3FONJOCJ JOUP GPSFJHO changes in central government policies and to international economic and political developments BGGFDUJOH TVQQMZ BOE EFNBOE JO UIF $IJOB 'PSFJHO believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk.

Since our inception, we have raised funds through various rounds of offshore financings and SFDFJWFE QSPDFFET PG TVDI GJOBODJOHT JO 6 4 EPMM QPSUJPO PG UIPTF GVOET UP 3FONJOCJ JNNFEJBUFMZ BC 8F DPOWFSU BEEJUJPOBM BNPVOUT UP 3FONJOCJ BT OF U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes JO $IJOBT QPMJUJDBM BOE FDPOPNJD DPOEJUJPOT 5P UIF

	As of December 31,	
	2019	2018
	RMB'000	*3.#*
Impact on profit or loss		
US$	(42,433)	
HK$	(2,634)	

Interest Rate Risk

5IF (SPVQ JT QSJNBSJMZ FYQPTFE UP GBJS WBMVF JOUF
CBOL EFQPTJUT 5IF (SPVQ DVSSFOUMZ EPFT OPU IBWF BO
SBUF SJTL OFWFSUIFMFTT UIF NBOBHFNFOU NPOJUPST
significant interest rate risk should the need arise.

5IF (SPVQ JT BMTP FYQPTFE UP DBTI GMPX JOUFSFTU SBU
5IF (SPVQ DBTI GMPX JOUFSFTU SBUF SJTL JT NBJOMZ DPO
on bank balances. The Directors consider that the exposure of cash flow interest rate risk arising
GSPN WBSJBCMF SBUF CBOL CBMBODFT JT JOTJHOJGJDBO
been prepared.

Liquidity Risk

"T PG %FDFNCFS BOE XF SFDPSEFE OFU DVS
3.# NJMMJPO SFTQFDUJWFMZ *O UIF NBOBHFNFO
NBJOUBJO B MFWFM PG DBTI BOE DBTI FRVJWBMFOUT EFF
operations and mitigate the effects of fluctuations in cash flows.

Key Financial Ratios

The following table sets forth our key financial ratios as of the dates indicated:

	As of December 31,	
	2019	2018
Current ratio [(1)]	10.3	19.0
2VJDL [(2)]SBUJP	10.3	19.0

(1) Current ratio represents current assets dividef3yp current liabilities as of the same date.

(2) 2VJDL SBUJP SFQSFTFOUT DVSSFOU BTTFUT MFTT JOWFOUPSJFT

5IF DVSSFOU SBUJP BOE RVJDL SBUJP BT PG %FDFNCFS
of December 31, 2018 was mainly due to the cost of research activities and daily operation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2019	2018
	/05&4	RMB'000	3.#
		(audited)	(audited)
0UIFS JODPNF	3	29,574	
0UIFS HBJOT BOE MPTTFT		16,275	
Administrative expenses		(146,584)	(100,398)
'JOBODF DPTU		(907)	
0UIFS FYQFOTFT		(1,724)	–
Listing expenses		–	(38,918)
3FTFBSDI BOE EFWFMPQNFOU FYQFOTFT		(321,904)	
Loss on changes in fair value of financial liabilities at fair value through profit or loss ("FVTPL")		–	
Loss before tax		(425,270)	
Income tax expense		–	–
Loss and total comprehensive expense for the year		(425,270)	
Loss and total comprehensive expense for the year attributable to:			
m 0XOFST PG UIF $PNQBOZ		(425,270)	
m /PO DPOUSPMMJOH JOUFSFTUT		–	
		(425,270)	
LOSS PER SHARE	9	RMB	3.#
#BTJD BOE EJMVUFE		0.45	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	/05&4	As of December 31, 2019 RMB'000 (audited)	As of December 31, 2018 3.# (audited)
Non-current assets			
&RVJQNFOU		10,988	
3JHIU PG VTF BTTFUT	*10*	90,486	–
Intangible assets		1,980	
1SFQBZNFOUT BOE PUIFS SFDFJWBCMFT	*11*	30,707	
		134,161	
Current assets			
1SFQBZNFOUT BOE PUIFS SFDFJWBCMFT	*11*	14,852	
1SFQBZNFOUT UP SFMBUFE QBSUJFT		–	
#BOL CBMBODFT BOE DBTI	*12*	1,105,600	
		1,120,452	
Current liabilities			
Trade and other payables	*13*	88,317	
Lease liabilities		12,019	–
Deferred income		8,450	
		108,786	
Net Current Assets		1,011,666	
Total Assets Less Current Liabilities		1,145,827	
Non-current liabilities			
Lease liabilities		77,959	–
Deferred income		7,248	9,128
		85,207	9,128
Net Assets		1,060,620	

		As of December 31, 2019	As of December 31, 2018
	/0 5 & 4	*RMB'000*	*3 . #*
		(audited)	(audited)
Capital and reserves			
Share capital		7,209	
Treasury shares held in trust		(729)	
3 F T F S W F T		19	

1. General information

The Company was established in the Cayman Islands as an exempted company with limited liability on /PWFNCFS 5IF BEESFTT PG UIF SFHJTUFSFE PGGJDF JT ,: $BZNBO *TMBOET 5IF QSJODJQBM QMBDF PG CVTJOFTT PG 13$

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as i(SPVQ QBSF QSJODJQBMMZ FOHBHFE JO EFWFMPQJOH B HMPCBM G the treatment of Type 2 diabetes.

2. Basis of preparation of the consolidated financial statements

5IF DPOTPMJEBUFE GJOBODJBM TUBUFNFOUT IBWF CFFO QSFQBS 4UBOEBSET JTTVFE CZ UIF *OUFSOBUJPOBM "DDPVOUJOH 4UBO TUBUFNFOUT JODMVEF BQQMJDBCMF EJTDMPTVSFT SFRVJSFE CZ & YDIBOHF BOE DPNQMJFE XJUI UIF)POH ,POH $PNQBOJFT 0SEJOB

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

5IF GVODUJPOBM DVSSFODZ PG UIF $PNQBOZ JT 3FONJOCJ XIJD consolidated financial statements.

3. Other income

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
	(audited)	(audited)
#BOL JOUFSFTU JODPNF	7,317	
(PWFSONFOU*(note)HSBOUT	22,257	9,129
	29,574	

Note:

5IF HPWFSONFOU HSBOUT IBWF CFFO SFDFJWFE SUFT FDBPSNDQ FBOOTEB UEHF W 4PNF PG UIF HPWFSONFOU HSBOUT JOUFOEFE UP DPNQFOTBUF G UIF (SPVQ UP DPNQMZ XJUI DPOEJUJPOT BUUBDIFE UP UIF HSBOU PG UIFTF DPOEJUJPOT 5IFTF HPWFSONFOU HSBOUT XFSF SFDPHO UIF (SPVQ SFDFJWFE HPWFSONFOU BDLOPXMFEHF PG DPNQMJBOD

0UIFS HPWFSONFOU HSBOUT UIBU BSF SFDFJWBCMF BT DPNQFOTE QVSQPTF PG HJWJOH JNNFEJBUF GJOBODJBM TVQQPSU UP UIF (S or loss in the period in which they become collectable.

4. Other gains and losses

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
	(audited)	(audited)
-PTT PO EJTQPTBM PG FRVJQNFOU	–	
Net foreign exchange gain	16,198	
(BJO GSPN DIBOHFT JO GBJS WBMVF PG PUIFS GJOBODJBM BTTFU		
– realized	–	
0UIFST	77	
	16,275	

5. Finance cost

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
	(audited)	(audited)
Interest on lease liabilities	907	–
5SBOTBDUJPO DPTU GPS UIE PJCTWWFSUPJGC NJFF $PNQBOZ		
SFEFFNBCMF QSFGFSSTFE JBCSEFSTZ TVCSTFJE JBSZ		
and written put option over subsidiary	–	
	907	

6. Loss before tax

Loss before tax for the period has been arrived at after charging:

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
	(audited)	(audited)
%FQSFDJBUJPO GPS FRVJQNFOU	3,361	
%FQSFDJBUJPO PG SJHIU PG VTF BTTFUT	6,920	–
Amortization for intangible assets	151	
0UIFS FYQFOTFT	1,724	–
4UBGG DPTU JODMVEJOH EJSFDUPST BOE TVQFSWJTPST SFNVOFSBUJPO BOE CFOFGJUT JO LJOE		
– Salaries and other benefits	116,846	
m 3FUJSFNFOU CFOFGJU TDIFNF DPOUSJCVUJPOT	9,066	
– Share option expenses	74,384	
	200,296	
"VEJUPST SFNVOFSBUJPO	2,480	2,000
&YQFOTFT SFMBUJOH UP TIPSU UFSN MFBTFT	2,560	–
Minimum operating lease payment in respect of rented premises	–	

7. Income tax expense

The Company was incorporated in the Cayman Islands and is exempted from income tax.

/P)POH ,POH QSPGJU UBY XBT QSPWJEFE GPS BT UIFSF XBT OP
,POH TVCTJEJBSZ UIBU XBT TVCKFDU UP)POH ,POH QSPGJU UBY
financial statements.

6OEFS UIF -BX PG UIF 13$ PG &OUFSQSJTF *O
&*5 -BX UIF FTUJNBUFE UBY 13$ BU UIF DPNQMFUJPO
DPOTPMJEBUFE GJOBODJBM TUBUFNFOUT /P 13$ &OUFSQSJTF *O
BTTFTTBCMF QSPGJUT 13$ PG UIF QFSJPET QSFTF
statements.

Deferred taxation had not been recognized on the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

8. License agreement

*O %FDFNCFS UIF $PNQBOZ FOUFSFE JOUP B SFTFBSDI "HSFFNFOU XJUI)PGGNBO -B 3PDIF *OD BOE ')PGGNBO -B 3PDIF VOEFS XIJDI 3PDIF HSBOUFE UIF $PNQBOZ BO FYDMVTJWF MJDFO with respect to a compound which is a glucokinase activator to research, develop and commercialize products i-JDFOTFE u1SPEVDU GJFME PG EJBCFUFT JOUIFE MJDFOTFE (," "HSFFNFOU UIF $PNQBOZ NBEF 64 NJMMJPO OPO SFGVOE NJMFTUPOF QBZNFOU VQPO UIF DPNNFODFNFOU PG DMJOJDBM US 1SPEVDU UP 3PDIF JO BOE SFTQFDUJWFMZ XIJDI XFSF S the corresponding years.

5IF $PNQBOZ JT PCMJHBUFE UP NBLF B 64 NJMMJPO NJMFTUP 1SPEVDU JO UIF NBJOMBOE $IJOB BOE BO BHHSFHBUF PG 64 N Licensed Territory other than mainland China. Upon commercialization, the Company is contingently obligated UP NBLF B 64 NJMMJPO NJMFTUPOF QBZNFOU GPS UIF GJSTU FYDFFE 64 NJMMJPO BOE BO BEEJUJPOBM 64 NJMMJPO P UFSSJUPSZ XJEF DBMFOEBS ZFBS OFU TBMFT FYDFFE 64 CJMM payments at the applicable incremental royalty rate at the applicable incremental royalty rate based on sales of UIF -JDFOTFE 1SPEVDU

9. Loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	For the year ended December 31,	
	2019	2018
	RMB'000	*3.#*
	(audited)	(audited)
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	(425,270)	

Number of shares:

	For the year ended December 31,	
	2019	2018
	(audited)	(audited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	942,060,515	

The computation of basic and diluted loss per share for the years ended December 31, 2019 and 2018 respectively excluded the unvested restricted shares and unvested restricted stock units of the Company.

The computation of diluted loss per share for the year ended December 31, 2019 did not assume the exercise of share options since their assumed exercise would result in a decrease in loss per share.

The computation of diluted loss per share for the year ended December 31, 2018 did not assume the conversion of the convertible redeemable preferred shares, the exercise of share options or the overallotment options since their assumed conversion or exercise would result in a decrease in loss per share.

10. Right-of-use assets

5IF (SPVQ FOUFSFE JOUP TFWFSBM OFX MFBTF PS MFBTF NPEJG
BOE WFIJDMFT GPS UXP UP TJY ZFBST BOE UIF OFU CPPL WBMV
3.#

11. Prepayments and other receivables

	As of December 31, 2019 *RMB'000* (audited)	As of December 31, 2018 *3.#* (audited)
1SFQBZNFOUT GPS SFTFBSDI BOE EFWFMPQNFOU	2,838	FSWJDFT

13. Trade and other payables

	As of December 31, 2019 *RMB'000* (audited)	As of December 31, 2018 *3.#* (audited)
Trade payables	51,601	
1BZSPMM BOE CPOVT QBZBCMFT	28,577	
0UIFST	8,139	
	88,317	

5IF BWFSBHF DSFEJU QFSJPE PO QVSDIBTFT PG HPPET TFSWJDFT

5IF BHJOH BOBMZTJT PG UIF USBEF QBZBCMFT QSFTFOUFE CBTFE at the end of each reporting period is as follows:

	As of December 31, 2019 *RMB'000* (audited)	As of December 31, 2018 *3.#* (audited)
Uninvoiced or within 30 days	51,552	
UP EBZT	–	
UP EBZT	–	
UP EBZT	49	–
	51,601	

Other information

Purchase, sale or redemption of the company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the
$PNQBOZ TJTUFE TFDVSJUJFT EVSJOH UIF ZFBS FOEFE %FD

Employees and remuneration policy

"T PG %FDFNCFS UIF (SPVQ FNQMPZFE B UPUBM P
FNQMPZFFT BT PG %FDFNCFS 5IF NBKPSJUZ PG
$IJOB 'PS UIF ZFBS FOEFE %FDFNCFS FNTUVBVOGFO
CVU FYDMVEJOH BOZ DPOUSJCVUJPOT UP QFOTJPO TDIF
DPNQBSFE UP 3.# NJMMJPO GPS UIF ZFBS FOEFE %FD

5IF (SPVQ XJMM DPOUJOVF UP PGGFS DPNQFUJUJWF SFN
BOE CPOVTFT UP TUBGGT UP SFXBSE UIFJS DPOUSJCVUJPOT UP UIF (SPVQ'T PQFSBUJPOT QPMJDZ J
account factors such as remuneration in respect of the overall remuneration standard in the industry
BOE FNQMPZNFOU DPOEJUJPOT 5IF NBOBHFNFOU DPNNJUUFF XJMM SFWJFX

5IF GPMMPXJOH UBCMF TFUT GPSTU WITH UIF FGTQBSUWFFEG USBJT
0GGFSJOH BT PG %FDFNCFS

		% of use of proceeds	Net proceeds from the Global Offering	Actual usage up to December 31, 2019	Unutilized net proceeds as of December 31, 2019
			3.# NJMMJPO	*3P#O NJMMJPO*	*3P#O NJMMJPO*
(a)	Dorzagliatin research and development				
(b)	Dorzagliatin lifecycle management and additional indications			19.0	
(c)	Dorzagliatin launch and commercialization		201.8	21.9	
(d)	New product and diabetes care technology development		82.2	8.1	
F	1SPEVDU MJDFOTJOH BOE QBSUOFSIJQ		29.9	–	29.9
G	(FOFSBM XPSLJOH DBQJUBM				
	Total				

Final dividend

5IF #PBSE IBT SFTPMWFE OPU UP EFDMBSF BOZ GJOBM E
(December 31, 2018: NIL).

Securities transactions by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code u BT UIF HVJEFMJOFT GPS SESFBHVMBUJOH UIF
PG UIF $PNQBOZ 4QFDJGJD FORVJSZ IBT CFFO NBEF UP F
that they have complied with the applicable standards set out in the Model Code throughout the year ended December 31, 2019.

Corporate governance

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

5IF $PNQBOZ IBT BEPQUFE UIF DPEF QSPWJTJPOT TFU P
$PSQPSBUF (PWFSOBODF $PEF 3 BQTPSU UP MFU JO "QQFOEJY U
its own code of corporate governance.

5IF #PBSE JT PG UIF WJFX UIBU UIF $PNQBOZ IBT DPNQM
UIF $($PEF UISPVHIPVU UIF ZFBS FOEFE %FDFNCFS
governance structure and practices from time to time and shall make necessary arrangements when
UIF #PBSE DPOTJEFST BQQSPQSJBUF

Review of annual results

5IF DPOTPMJEBUFE GJOBODJBM SFTVMUT PG UIF (SPVQ
CFFO BVEJUFE CZ UBMFE JUPNQBOZ 2 MPJUUF 5PVDIF 5PINBUTV
$PNNJUUFF PG UIF $PNQBOZ XIJDI DPOTJTUT PG .S 8BM
Keller and Dr. Lian Yong Chen.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

5IF GJHVSFT JO SFTQFDU PG GJOBODJBM QPTJUJPO BOE QSPGJU PS MPTT BOE PUIFS DPNQSFIFOTJWF JODPNF BOE UIF SFMBUFE OPUFT UIFSFUP GPS UIF
statement of profit or loss and other comprehensive income and the related notes thereto for the
ZFBS FOEFE %FDFNCFS BT TFU PVU JO UIJT BOOPV
BVEJUPST .FTTST %FMPJUUF 5PVDIF 5PINBUTV BOE JUT
consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche
Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong
,POH 4UBOEBSET PO "VEJUJOH)POH ,POH 4UBOEBSET
4UBOEBSET PO "TTVSBODF &OHBHFNFOUT JTTVFE CZ UI
"DDPVOUBOUT BOE DPOTFRVFOUMZ OP BTTVSBODF IBT
Tohmatsu on this announcement.

Annual general meeting and closure of register of shareholders

5IF BOOVBM HFOFSBM NFFUJOH "(. PG UIF $PNQBOZ JT
OPUJDF DPOWFOJOH UIF "(. XJMM CF QVCMJTIFE BOE EJT
UIF NBOOFS SFRVJSFE CZ UIF -JTUJOH 3VMFT JO EVF DPV

'PS EFUFSNJOJOH UIF FOUJUMFNFOU UP BUUFOE BOE WP
UIF $PNQBOZ XJMM CF DMPTFE GSPN +VOF UP +V
which period no transfer of shares of the Company will be registered. In order to be eligible to
BUUFOE BOE WPUF BU UIF "(. BMM USBOTGFS PG TIBSFT
TIBSF DFSUJGJDBUFT NVTU CF MPHHFE, PS IBWF CFFO SFHJTUFSFE XJUI UIF
4FSWJDFT -JNJUFE MPDBUFE BU -FWFM 3 PG &RVBUFY 1SPQFSUZ 4PMVUJPOT
SFHJTUSBUJPO OPU MBUFS UIBO QN PO +VOF

Publication of the annual results and 2019 annual report on the websites of the Stock Exchange and the Company

This annual results announcement is published on the respective websites of the Stock Exchange
XXX ILFYOFXT IL BOE UIF $PNQBOZ XXX IVBOGFVBMOSFDQ
UIF ZFBS FOEFE %FDFNCFS DPOUBJOJOH BMM UIF
will be published on the respective websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company in due course.

#Z PSEFS PG UIF
Dr. Li Chen
$IJFG &YFDVUJWF
and
Executive Director

)POH ,POH .BSDI