This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Ocumension Therapeutics
歐康維視生物
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1477)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The Board of Directors of the Company is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2021, together with the comparative figures for year ended December 31, 2020 as follows. These consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee and audited by the Company's auditors, Deloitte Touche Tohmatsu.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

BUSINESS HIGHLIGHTS

During the Reporting Period, we have increased our drug assets to 20 in our product portfolio, among which six drug candidates have entered phase III clinical trial stage, covering all major front- and back-of-the-eye diseases. Our drug candidates target various ophthalmology fields which require urgent medical treatment, including uveitis, myopia in children, conjunctivitis, glaucoma, wet age-related macular degeneration and diabetic macular edema. Our significant progress in phase III clinical trials also make us a leading company in terms of ophthalmic innovative drugs in China in terms of the number of innovative opthalmic drugs currently in phase III clinical trials registered with CDE.

During the Reporting Period, we managed to achieve a number of key milestones for our R&D projects in clinical trials. Our six drug candidates, including OT-401 (fluocinolone intravitreal implant), OT-1001 (hydrochloride cetirizine eye drop), OT-702 (aflibercept biosimilar), OT-301 (NO prostaglandin analog), OT-101 (atropine sulfate eye drop) and OT-502 (dexamethasone implant) have entered phase III clinical trial stage, and OT-202 (tyrosine kinase inhibitor), a in-house developed class I new drug for the treatment of dry eye, has entered clinical trial stage.

During the Reporting Period, we actively promoted our commercialized products and achieved the revenue of gross hospital terminal sales of approximately RMB90 million (unaudited), representing an increase of 466.53% as compared to the year ended December 31, 2020. We continued to accelerate the penetration of our drugs in hospitals in the PRC ophthalmology market, achieving a coverage of 1,024 hospitals nationwide, 59 of which are Grade III hospitals.

As of the date of this announcement, the construction of our Suzhou manufacture site has completed and has commenced the trial production. The construction of this modern ophthalmic production base, covering approximately 30,000 square meters, only took 496 days. The manufacture site has a total of four production workshops, and the maximum planned capacity is expected to reach 455 million doses per year.

FINANCIAL HIGHLIGHTS

The revenue of our Group increased from RMB13.1 million for the year ended December 31, 2020 to RMB56.1 million for the year ended December 31, 2021. The increase was mainly attributed to (i) the significant increase in sales volume of ophthalmic products, namely Ou Qin®, brimonidine tartrate eye drop, OT-401 and Kangshu (康姝), resulting from the smooth progression in our marketing and promotion of these products in hospitals; and (ii) the increase in sales-based royalty income in relation to Emadine® and Betoptic® S.

We recorded adjusted net loss of RMB187.0 million (non-IFRS adjustment) for the year ended December 31, 2021, representing a decrease of RMB89.7 million from RMB276.7 million for the year ended December 31, 2020, primarily attributable to an increase in gross profit, mainly due to the increase in revenue generated from sales of ophthalmic products and sales-based royalty income, offset by the decrease in net foreign exchange losses, mainly due to effective implementation of our foreign currency risk management measures during the Reporting Period.

For the year ended December 31, 2021, our adjusted R&D spending (non-IFRS adjustment) were RMB454.7 million, increasing by 27.9% from RMB355.4 million for the year ended December 31, 2020. The increase was primarily because our number of pipeline products and R&D activities for our clinical trial and non-clinical trial stage drug candidates increased, with part of the R&D expenses capitalized as a result of the corresponding drug candidates entering phase III clinical trial stage during the Reporting Period.

As of December 31, 2021, we had approximately RMB1,785.2 million in bank balances and cash.

CORPORATE PROFILE

Overview

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our ophthalmic pharmaceutical platform with clear first-mover advantage positions us well to achieve leadership in ophthalmology in China.

As of December 31, 2021, we had 20 drug assets in our portfolio, having established a comprehensive ophthalmic drug pipeline, among which six drug candidates had entered phase III clinical trial stage, covering all major front- and back-of-the-eye diseases. The following table summarizes our product portfolio and the status of each asset as of December 31, 2021:

Program	Mode of Action	Indication	Commercial Rights	Partner	Pre-IND / Phase I / II / Phase III / NDA / BLA
OT-401 (YUTIQ®)	Fluocinolone intravitreal implant	Chronic NIU-PS[1]	Greater China, Korea and 11 countries in Southeast Asia	EyePoint	China; USA Approved (EyePoint)
OT-1004 (Emadine®)	Emedastine difumarate	Allergic conjunctivitis	China	Novartis	Commercialized
OT-305 (Betoptic® S)	Betaxolol hydrochloride	Glaucoma and ocular hypertension	China	Novartis	Commercialized
OT-204 (歐沁®)[2]	Sodium hyaluronate	Dry eye	China	Huonland	Commercialized
OT-303[3]	Brimonidine tartrate	Glaucoma and ocular hypertension	China	Huonland	Commercialized
OT-601	Moxifloxacin	Bacterial conjunctivitis	Global		China
OT-101	Low-concentration atropine	Myopia	Global		Global
OT-301 (NCX 470®)	NO-donating prostaglandin analog	Glaucoma and ocular hypertension	Greater China, Korea and 12 countries in Southeast Asia	nicox	Global
OT-1001 (ZERVIATE®)	Cetirizine hydrochloride	Allergic conjunctivitis	Greater China and 11 countries in Southeast Asia	nicox	China; USA Approved (Nicox)
OT-702	Anti-VEGF	wAMD	China	Luye Pharma	China
OT-502 (DEXYCU®)	Dexamethasone	Postoperative inflammation	Greater China, Korea and 11 countries in Southeast Asia	EyePoint	China; USA Approved (EyePoint)
OT-202	Tyrosine kinase inhibitor	Dry eye	Global		China
OT-503 (NCX 4251®)	Fluticasone propionate nanocrystals	Blepharitis	Greater China	nicox	China[5]; Phase II USA completed (Nicox)
OT-701	Anti-VEGF	wAMD	Greater China	Senju	China; Phase III Japan completed (Senju and GTS)
OT-703 (ILUVIEN®)	Fluocinolone intravitreal implant	DME	Greater China, Korea and 11 countries in Southeast Asia	Alimera Sciences	China[4]; USA Approved (Alimera)
OT-601-C	Moxifloxacin-dexamethasone sodium phosphate	Postoperative inflammation	Global		China[4]
OT-302	Acetazolamide	Acute glaucoma	Global		China[4]
OT-1301	Cyclosporine implant	Cornea graft rejection	Global		China[4]
OT-1601	Stem cells	Retinitis pigmentosa and dry AMD	Greater China	SanBio	China[4]
OT-1602	Stem cells	Optic neuritis	Greater China	SanBio	China[4]

In-licensed/acquired Internally developed

1. Non-infectious uveitis affecting the posterior segment of the eye.
2. We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the market authorization holder of Ou Qin.
3. We are the exclusive sales agent of Brimonidine Tartrate Eye Drops in Mainland China. Huonland is the drug registrant and registered manufacturer of Brimonidine Tartrate Eye Drops.
4. May not require phase I and phase II clinical trials prior to beginning phase III clinical trials.
5. May not require phase I clinical trials prior to beginning phase II clinical trials.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, we have been making significant progress with respect to our pipeline products and business operations, including the following milestones and achievements:

Research and Development Performance

During the Reporting Period, despite the COVID-19 pandemic continued to rage around the globe, to an extent having affected the overall progress of our R&D projects in domestic and international multi-center clinical trials, we still managed to achieve a number of key milestones for our R&D projects in clinical trials. Our six drug candidates, including OT-401 (fluocinolone intravitreal implant), OT-1001 (hydrochloride cetirizine eye drop), OT-702 (aflibercept biosimilar), OT-301 (NO prostaglandin analog), OT-101 (atropine sulfate eye drop) and OT-502 (dexamethasone implant) have entered phase III clinical trial stage, and OT-202 (tyrosine kinase inhibitor), a self-developed class I new drug for the treatment of dry eye, has entered clinical trial stage. As of the date of this announcement, Ocumension is one of the innovative pharmaceutical enterprises with the largest number of ophthalmic drugs in phase III clinical trials in China.

During the Reporting Period, the Company continued to make breakthroughs in exploring the acceleration in NDA registration through real-world study. The NMPA accepted the NDA of OT-401 in April 2021 and thus OT-401 became the first Chinese drug in history to file application for marketing entirely based on real-world data. In August 2021, OT-502 was approved by the CDE for carrying out real-world study in Boao Lecheng Pilot Zone, which brought hope to patients suffering from repeated inflammation after cataract surgery. In October 2021, the Company entered into a four-party strategic cooperation agreement in respect of OT-101 in Hainan Province, officially launching the first real-world study on low-concentration atropine in China. Real-world study is an essential component of the evidence chain for evaluating the effectiveness and safety of the new drugs in their application in actual clinical use, and will play an important role in accelerating NDA registration for the products in our pipeline and promoting the commercialization of such products in the future.

We have established a research institute in Suzhou, primarily focusing on preclinical research and chemistry, manufacturing and controls (CMC) work, which enables us to make breakthroughs in our in-house developed product pipelines. OT-101, an in-house developed key product, has completed the first patient enrollment for phase III clinical trials in the U.S., the United Kingdom and China. OT-202, the Company's first in-house developed class I novel targeted new drug for the treatment of dry eye, is a brand-new molecular substance independently developed by our Company. It achieves anti-inflammatory effects by inhibiting the activity of Syk kinase, a brand-new mechanism, and thus to treat dry eye. It is one of the few innovative drugs with brand-new targets in the field of ophthalmology in China. The first patient enrollment for the phase I clinical trial of OT-202 was completed.

Research and Development Milestones

- OT-401 (Fluocinolone Intravitreal Implant)

  In April 2021, the NDA of OT-401 was accepted by the NMPA. It is the first time that NMPA has accepted the NDA based on real-world study data. OT-401 is also the first sustained-release micro-insert submitted for NDA in the PRC that has a controlled release rate for up to 36 months.

  In July 2021, the enrollment of all 150 patients for the phase III clinical trial of OT-401 was completed and we expect to obtain the clinical study report (CSR) for phase III clinical trial in the near future.

  In December 2021, the on-site clinical review of OT-401 for its NDA was conducted and completed.

  We expect the NDA of OT-401 to be approved by NMPA in 2022, and OT-401 is expected to commence sales subsequently within the same year.

- OT-101 (0.01% Atropine Sulfate Eye Drop)

  In April 2021, OT-101 has completed the first patient enrollment for its phase III randomized, double-blind, placebo-controlled, parallel group, multi-center clinical trial on the safety and effectiveness of the treatment of pediatric myopia progression in the U.S.

  In April 2021, OT-101 was approved by the FDA for commencing the Initial Pediatric Study Plan (iPSP), which represents the FDA's authoritative recognition for the drug candidate's safety profile.

In July 2021, OT-101 was approved by the CDE to conduct a phase III clinical trial on the safety and effectiveness of the treatment of myopia progression in children in China. The phase III clinical trial of OT-101 has become the world's first phase III international MRCT for low-concentration atropine and its analogs that includes the Chinese population. Such approval also lays a solid foundation for OT-101 to be registered in numerous countries in the world in the future and makes sufficient preparation for the future clinical trials.

In July 2021, OT-101 was approved by the Medicines and Healthcare products Regulatory Agency (MHRA) of the United Kingdom to conduct a phase III clinical trial in the United Kingdom.

In October 2021, OT-101 was approved by the Central Committee on Research Involving Human Subjects (CCMO) of the Netherlands to conduct a phase III clinical trial in the Netherlands, which is the fourth country in which OT-101 was approved to conduct a phase III clinical trial.

In October 2021, we entered into a strategic cooperation agreement with Boao Lecheng Pilot Zone Administration, the Affiliated Eye Hospital of Wenzhou Medical University (溫州醫科大學附屬眼視光醫院) and Hainan Key Laboratory for Real-World Data Research and Evaluation of the NMPA, officially launching the real-world study on low-concentration atropine OT-101 in China.

In December 2021, OT-101 completed its first patient enrollment for phase III clinical trial in the United Kingdom.

In December 2021, OT-101 completed its first patient enrollment for phase III clinical trial in China.

We expect to continue carrying on the patient enrollments for MRCT and real-world study for OT-101 in 2022.

- OT-1001 (0.24% Cetirizine Eye Drop)

  In October 2021, OT-1001, a new drug for the treatment of allergic conjunctivitis, completed the enrollment of all patients for phase III clinical trial in China.

  We expect to obtain the clinical study report (CSR) for phase III clinical trial in the near future.

- OT-301 (NO-Donating Prostaglandin Analog)

  In December 2021, OT-301 achieved enrollment of its first patient in China for the second phase III clinical trial, namely the Denali trial, in China at the Second Xiangya Hospital of Central South University (中南大學湘雅二醫院).

  We expect to obtain top-line data for Mont Blanc trial and Denali trial of OT-301 in China in the first quarter of 2023 and by the end of 2023, respectively.

- OT-702 (Aflibercept Biosimilar)

  During the Reporting Period, the Company focused on the launch of phase III clinical trial centers and further drove the process for the recruitment of patients for the clinical trial of OT-702.

  We expect to complete the enrollment of all patients for the phase III clinical trial of OT-702 in China by the end of 2022.

- OT-502 (Dexamethasone Implant)

  In July 2021, the application for initiating a phase III clinical trial of OT-502 in China was accepted by the CDE. Meanwhile, OT-502 was also approved by the Hainan Medical Products Administration, allowing it to be imported and used as foreign drugs not yet approved in China for urgent medical needs in Boao Super Hospital.

  In July 2021, OT-502 completed the first patient injection at Boao Super Hospital. Professor Zhao Yune (趙雲娥), a deputy dean of the Affiliated Eye Hospital of Wenzhou Medical University (溫州醫科大學附屬眼視光醫院), injected OT-502 into a postoperative cataract patient in person. As of the end of 2021, more than 20 patients have enrolled in the real-world study for OT-502.

  In August 2021, OT-502 was approved for carrying out real-world study in Boao Lecheng Pilot Zone.

  In September 2021, OT-502 was approved by CDE to conduct a random, double-blind, placebo-control, parallel, multi-center phase III clinical trial for the efficacy and safety analysis on the treatment of postoperative inflammation of cataract.

  We expect to complete the enrollment of all patients for clinical trial study and real-world study in China by the end of 2022.

- OT-202 (Tyrosine Kinase Inhibitor)

  In October 2021, OT-202, a class I new drug self-developed by us for the treatment of dry eye, was approved by the CDE to conduct clinical trial. OT-202 was our seventh new drug that has been approved for clinical trial and was also one of the few new molecular substance admitted to clinical trials in China. Syk is the target of OT-202, which achieves anti-inflammatory effects by inhibiting the activity of Syk kinase, which has shown significant therapeutic effects and anti-inflammatory effects in the guinea pigs' immune-type dry eye model and the mice's scopolamine dry eye model. The toxicology studies have also shown that it is well-tolerated in the body of animals.

  In January 2022, the first patient for the clinical trial of OT-202 was enrolled at the Affiliated Eye Hospital of Wenzhou Medical University.

  We expect to complete the phase I clinical trial of OT-202 in 2022.

- OT-703 (ILUVIEN®, fluocinolone acetate intravitreal implant)

  In April 2021, the Company and Alimera entered into an exclusive license agreement, a share purchase agreement and a warrant subscription agreement. In consideration of an upfront payment in the amount of US$10 million (equivalent to approximately HK$77.7 million), we obtained the exclusive licensed rights from Alimera in relation to the development and commercialization of ILUVIEN®, a drug used for the treatment of diabetic macular edema (DME), in Greater China, South Korea and 11 countries in Southeast Asia. ILUVIEN® is an injectable, non-biodegradable fluocinolone acetate intravitreal implant and is the only FDA-approved corticosteroid intraocular implant for the treatment of DME with a three-year sustained-release period.

  We expect to conduct a phase III clinical trial and the real-world study for OT-703 in 2022.

WARNING UNDER RULE 18A.08(3) OF THE LISTING RULE: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCT AND DRUG CANDIDATES SUCCESSFULLY.

Commercialized Products

During the Reporting Period, we have achieved the revenue of gross hospital terminal sales of approximately RMB90 million (unaudited) generated from our six commercialized products, representing an increase of 466.53% as compared to the year ended December 31, 2020. We continued to accelerate the penetration of our drugs in hospitals in the PRC ophthalmology market, achieving a coverage of 1,024 hospitals nationwide, 59 of which are Grade III hospitals. Ou Qin (sodium hyaluronate eye drop) is a preservative-free artificial tear with high viscosity. Leveraging its exceptional profile on comfort and safety, Ou Qin made its headway into the in-hospital market rapidly since its launch, demonstrating strong academic promotion capability of the Company, and laying a solid foundation for the commercialization of subsequent pipeline products. Kangshu (康姝) is an eye-cleaning cotton containing 0.02% chlorine-fixation glucose hydrochloride, which can thoroughly clean the skin around an eye and precisely remove mites without alcohol added as components. Since its launch on Tmall at the end of 2021, the sales volume has climbed to the fourth place in the best-selling list for eye pad products.

In August 2021, the Company entered into an asset purchase agreement with Novartis, a world-renowned pharmaceutical group, pursuant to which the Company acquired from Novartis, among others, all approvals, licenses, registrations, or authorizations necessary to market the pharmaceutical products commercialized under the brand names Emadine® (emedastine difumarate ophthalmic solution) and Betoptic® S (betaxolol hydrochloride eye drop) in the PRC for a total consideration of US$35 million, along with a technical transfer plan to transfer the manufacture of the two products to the Company. The introduction of advanced ophthalmic manufacture technology through this transaction further enhanced our Group's production level and capability. The acquisition also further enriched the gradient layout of our pipeline portfolio, brought promising prospects for the improvement in ophthalmic pharmaceutical preparation technology of our manufacture site in Suzhou, increased our revenue in sales and sales-based royalty income, and thus helped us to accelerate the expansion of admission channel to the public hospitals, in particular, Grade III hospitals.

Manufacturing Performance

Our Suzhou Xiaxiang manufacture site was inaugurated in October 2021 and has commenced the trial production. The construction of this modern ophthalmic production base, covering approximately 30,000 square meters, only took 496 days. The manufacture site has a total of four production workshops, and the maximum planned capacity is expected to reach 455 million doses per year.

Capital Market Performance

Since the Listing of our Company, we have always been aiming to achieve a better performance to bring investment return for the Shareholders and thus to have them grow with us.

On March 15, 2021, the Company was officially included in Hong Kong Stock Connect list under the Shenzhen-Hong Kong Stock Connect, and our investor base in China was thereby expanded. Furthermore, our Company is gaining more attention from mainland China investors, and the shareholding ratio held by our investors through Hong Kong Stock Connect increases continuously.

On April 14, 2021, we acquired approximately 16.6% of the enlarged total outstanding shares of common stock of Alimera for a total consideration of approximately US$10 million. We also issued Alimera 1,000,000 unlisted and non-transferable warrants conferring Alimera the rights to subscribe for an aggregate of 1,000,000 Shares at the subscription price of HK$23.88 per Share upon the exercise of such warrants. The issue of warrants was completed on August 13, 2021.

On May 28, 2021, the Company was officially selected as a constituent stock of the MSCI China Small Cap Index (MSCI 中國小型股指數), which is a recognition towards our performance and value from the capital market.

Impact of Covid-19

Although the impact of COVID-19 on our business in China was weakening in 2021, there is still uncertainty about its future impact on China and the world. The pandemic of COVID-19 may have potential impacts on our business, including but not limited to the sales of our products, hiring of staff, the involvement of our staff and patients in clinical trials, obtaining approvals from regulatory authorities and the procurement of raw materials. We will continue to closely monitor the trend of the spread of the COVID-19 and make all necessary preparations in advance.

Future Development and Outlook

Currently, the entire pharmaceutical market in China is undergoing major changes unprecedented in the past 30 years. On one hand, people's growing demand for health and life quality created market opportunities; on the other, changes of policies in market access also brought challenges for the enterprises in the pharmaceutical industry.

Ophthalmology, as a non-fatal disease area, presents the characteristics of having multiple subfields and relatively fragmented markets, while the product characteristics span a larger range, which makes the overall strategy and operation of ophthalmic pharmaceutical companies significantly different from those of the enterprises in other fields.

Ocumension, as a leading enterprise in terms of innovative ophthalmic drugs, has established a highly comprehensive pipeline, from patient-directed treatment for common dry eye and myopia to specialized treatment for uveitis and macular degeneration, to fit the fragmented nature of the entire ophthalmic market. Going forward, our Company will continue to expand and develop its pipeline to become a genuine solution provider in the ophthalmology field, with the aim of providing help to patients with any kind of eye disease.

Due to the complexity and delicacy of the eye structure, ophthalmic drugs have very high standards and requirements for the technology and quality of preparations, which makes it essential for a leading ophthalmic enterprise to establish its manufacture base with high quality and high operational efficiency. In 2021, Ocumension's Suzhou manufacture site was inaugurated. In the year of 2022, the new site will benchmark against the national advanced level and establish a comprehensive quality management system in line with international standards by taking advantage of the opportunity of the transfer of production of Emadine® and Betoptic® S, so as to enable our Company to provide best-in-class drug products to the patients, relieving their pain and suffering.

The survival and development of a company is inseparable from its income, which is not only a basic requirement for being an enterprise, but also an embodiment of its social recognition. Since the first day of establishment, Ocumension has been paying attention to its commercialization development, and preliminarily established an entire industry chain commercialization system with nationwide coverage in 2021. In 2022, our Company will continue to strengthen its capability in product promotion to maximize the efficiency of the entire commercialization team, so that the Company's sales scale can achieve a significant increase and reach a new level.

The year of 2021 was a tough year, not only bringing great challenges to our Company, but also toughening and empowering us from a different perspective. Looking forward to the year of 2022, we expect that with the melting of cold ice and snow, flowers will come into full bloom in this balmy spring.

Financial Review

Revenue

The revenue of our Group increased from RMB13.1 million for the year ended December 31, 2020 to RMB56.1 million for the year ended December 31, 2021. The increase was mainly attributed to (i) the significant increase in sales volume of ophthalmic products, namely Ou Qin®, brimonidine tartrate eye drop, OT-401 and Kangshu (康姝), resulting from the smooth progression in our marketing and promotion of these products in hospitals; and (ii) the increase in sales-based royalty income in relation to Emadine® and Betoptic® S.

The revenue generated from sales of ophthalmic pharmaceutical products increased by 379.8% from RMB9.1 million for the year ended December 31, 2020 to RMB43.6 million for the year ended December 31, 2021. The revenue generated from pharmaceutical products promotion services totalled RMB1.3 million for the year ended December 31, 2021 (2020: RMB4.0 million). The revenue generated from sales-based royalty income in relation to licensing ophthalmic pharmaceutical products to a third party reached RMB11.2 million for the year ended December 31, 2021 (2020: nil).

	For the year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Sales of ophthalmic products	**43,627**	9,093
Pharmaceutical products promotion services	**1,324**	4,003
Sales-based royalty income	**11,195**	–
Total Revenue	**56,146**	13,096

Cost of Sales

Our cost of sales consists of the purchase price of goods. Cost of sales of our Group increased from RMB1.7 million for the year ended December 31, 2020 to RMB19.2 million for the year ended December 31, 2021. The increase was mainly attributed to the increased cost in relation to our sales of Ou Qin®, OT-401 and Kangshu (康姝) and amortization of license rights.

Gross Profit

The gross profit of our Group increased by 224.8% from RMB11.4 million for the year ended December 31, 2020 to RMB36.9 million for the year ended December 31, 2021. The increase in the gross profit was mainly in line with the growth in revenue.

Other Income

Our other income consists of bank interest income arising from our bank deposit primarily. Other income of our Group increased from RMB19.3 million for the year ended December 31, 2020 to approximately RMB27.6 million for the year ended December 31, 2021. The increase was primarily due to the increase in the amount of our bank deposit derived from funds raised from our top-up placing of Shares in January 2021, partially offset by the decrease in government grant income. For further details of the funds raised from the top-up placing, please also refer to the section headed "Other Information – Use of Proceeds from Listing and Placing" in this announcement.

Other Gains and Losses

For the year ended December 31, 2021, our other gains and losses primarily consist of (i) the gain of RMB10.6 million from changes in fair value of other financial assets; (ii) a one-time gain of RMB100.6 million in relation to the transaction with EyePoint; (iii) a one-time gain of RMB14.5 million in relation to the transactions with Alimera; (iv) the fair value loss of financial liabilities at FVTPL of nil, as compared with the one-time fair value loss of RMB1,694.5 million for the year ended December 31, 2020 due to conversion of all of our preferred Shares upon Listing; and (v) net foreign exchange losses of RMB13.4 million, as compared with net foreign exchange losses of RMB102.6 million for the year ended December 31, 2020, which is primarily due to effective implementation of our foreign currency risk management measures during the Reporting Period.

Selling and Marketing Expenses

Our selling and marketing expenses mainly consist of (i) salary and benefits expenses for our commercialization team; (ii) share-based payments for our commercialization team; and (iii) marketing and promotion expenses. For the year ended December 31, 2021, our selling and marketing expenses were RMB127.6 million, representing an increase of RMB76.9 million from RMB50.7 million for the year ended December 31, 2020, primarily attributable to (i) the expansion of our commercialization team; (ii) the grant of options under the 2021 Share Option Scheme and the grant of awards under the 2021 Share Award Scheme to our staff in commercialization team; and (iii) the increasing marketing and promotion activities for our products.

The following table sets forth the components of our selling and marketing expenses for the years indicated:

	For the year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Salaries and benefits	**62,262**	19,480
Share-based payments	**43,128**	16,378
Marketing and promotion	**13,377**	8,418
Others	**8,880**	6,453
Total selling and marketing expenses	**127,647**	50,729

R&D Expenses and Adjusted R&D Spending

For the year ended December 31, 2021, our adjusted R&D spending were RMB454.7 million, increasing by 27.9% from RMB355.4 million for the year ended December 31, 2020. The increase was primarily because our number of pipeline products and R&D activities for our clinical trial and non-clinical trial stage drug candidates increased, with part of the R&D expenses capitalized as a result of the corresponding drug candidates entering phase III clinical trial stage during the Reporting Period. We capitalized certain R&D spending as the relevant drug candidates have met the capitalization criteria in accordance with relevant accounting standards for the Reporting Period, further details of which are set out in the subsection headed "Non-IFRS Measures" in this section.

The following table sets forth the components of our R&D expenses and adjusted R&D spending for the years indicated:

	For the year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Third-party contracting costs and upfront and milestone payments	**54,458**	65,832
Staff costs	**104,999**	107,676
Depreciation and amortization	**1,999**	989
Others	**7,599**	5,053
Total R&D expenses	**169,055**	179,550
Add:		
Capitalized R&D spending	**285,672**	175,876
Adjusted R&D spending for the year	**454,727**	355,426

Administrative Expenses

Our administrative expenses primarily consist of (i) salaries and other expenses such as benefits, travel and share-based payments; and (ii) professional service fee.

For the year ended December 31, 2021, we recorded administrative expenses of RMB126.2 million, representing a decrease from RMB232.8 million for the year ended December 31, 2020, which is primarily attributable to a decrease in staff costs due to (i) the share-based payments under the 2021 Share Option Scheme and 2021 Share Award Scheme we adopted during the Reporting Period is significantly less than that of the RSU Scheme we adopted for the year ended December 31, 2020; and (ii) human resources optimization.

Income Tax Expenses

Our income tax expense for the year ended December 31, 2021 was nil (2020: nil).

Loss for the Year

As a result of the above factors, for the year ended December 31, 2021, our loss was RMB260.0 million, representing a decrease of RMB2,004.9 million from RMB2,264.9 million for year ended December 31, 2020, mainly due to (i) the fair value loss of financial liabilities at FVTPL of nil, as compared with the one-time fair value loss of RMB1,694.5 million for the year ended December 31, 2020 attributable to the conversion of all of our preferred Shares upon Listing; and (ii) a decrease in share-based payments of RMB105.5million as the share-based payments under the 2021 Share Option Scheme and 2021 Share Award Scheme we adopted during the Reporting Period is significantly less than that of the RSU Scheme we adopted for the year ended December 31, 2020.

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use non-IFRS measures to present our operating performance, which include (i) adjusted net loss; and (ii) adjusted R&D spending for the year.

Adjusted net loss for the year, as an additional financial measure, is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from year to year by eliminating impacts of such non-cash items (and, for fair value loss of financial liabilities at FVTPL, also an item that pertains to financial instruments that will cease upon Listing) that our management considers to be not indicative of our operating performance, and provides useful information to Shareholders and investors in evaluating our operating results in the same manner of our management. However, our presentation of the adjusted net loss for the year may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS. We define adjusted net loss for the year as loss for the year adjusted by (a) adding back (i) fair value loss of financial liabilities at FVTPL; and (ii) share-based payments, and (b) deducting the one-time gain generated from the transactions with EyePoint and Alimera, respectively. The following table reconciles our non-IFRS adjusted net loss for the year with our loss for the year, which is the most directly comparable financial measure calculated with IFRS financial results:

	For the year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Loss for the year	**(259,992)**	(2,264,866)
Add:		
Loss on changes in fair value of financial liabilities at FVTPL	**–**	1,694,543
Gains related to transaction with EyePoint	**(100,621)**	–
Gains related to transaction with Alimera	**(14,534)**	–
Share-based payments	**188,116**	293,588
Non-IFRS adjusted net loss for the year	**(187,031)**	(276,735)

Adjusted R&D spending for the year, as an additional financial measure, is not required by, or presented in accordance with, IFRS. Our adjusted R&D spending for the year ended December 31, 2021 was RMB454.7 million, which consists of (i) R&D expenses of RMB169.1 million incurred as an expense on the consolidated financial statement, representing a decrease of 5.8% from RMB179.6 million for the year ended December 31, 2020 primarily because R&D expenses incurred for the drug candidates that entered phase III clinical trial stage were capitalized; and (ii) our capitalized R&D spending of RMB285.7 million as a result of the relevant drug candidates having met the capitalization criteria in accordance with relevant accounting standards for the year. The following table reconciles our non-IFRS adjusted R&D spending for the year, which is the most directly comparable financial measure regarding our actual spending on R&D for the Reporting Period:

	For the year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Total R&D expenses for the year	**169,055**	179,550
Add:		
Capitalized R&D spending	**285,672**	175,876
Adjusted R&D spending for the year	**454,727**	355,426

Selected Data from Consolidated Statement of Financial Position

	As of December 31,	
	2021	2020
	RMB'000	*RMB'000*
Total current assets	**1,834,567**	2,103,404
Total non-current assets	**1,496,486**	496,158
Total assets	**3,331,053**	2,599,562
Total current liabilities	**215,854**	91,925
Total non-current liabilities	**7,026**	5,309
Total liabilities	**222,880**	97,234
Net assets	**3,108,173**	2,502,328

Trade Receivables

We allow an average credit period of 30 to 90 days to its trade customers.

A majority of the trade receivables aged less than 90 days.

Trade Payables

A majority of the trade payables aged less than one year.

Working Capital and Source of Capital

Our primary uses of cash related to (i) upfront and milestone payments and fees incurred under the Novarits transaction and other in-licensing projects; (ii) R&D expenses in relation to the clinical trials for our drugs and/or drug candidates; (iii) spending with respect to the development of new manufacturing facilities and equipment of Suzhou Xiaxiang manufacture site, and (iv) expenses and costs for our daily operation and commercial promotion activities. We primarily funded our working capital needs through equity financing and also cash generated from (i) the sales of Ou Qin®, brimonidine tartrate eye drop, OT-401 and Kangshu (康姝) and (ii) the sales-based royalty income in relation to Emadine® and Betoptic® S. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2021, our cash and cash equivalents amounted to RMB1,125.2 million (December 31, 2020: RMB2,034.3 million). The decrease in our cash and cash equivalents is primarily attributable to our primary uses of cash in the aspects stated above and placement of term deposits, partially offset by the funds raised from our top-up placing of Shares in January 2021. Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

Borrowings

As of December 31, 2021, we did not have any borrowings (December 31, 2020: nil).

Capital Commitment

As of December 31, 2021, we have capital commitment of RMB27.9 million for the contracts in relation to the acquisition of property, plant and equipment (December 31, 2020: RMB197.5 million).

Contingent Liabilities

As of December 31, 2021, we did not have any contingent liabilities, guarantees or any litigation against it (December 31, 2020: nil).

Pledge of Assets

As of December 31, 2021, we pledged RMB20.0 million deposits to a bank to secure the letter of credit granted to our Group (December 31, 2020: RMB17.5 million).

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and term deposits with initial term of over three months, divided by total equity and multiplied by 100%. As of December 31, 2021, we were in a net cash position and thus, gearing ratio is not applicable.

Material Investments, Acquisitions and Disposals

On December 31, 2020, the Company and EyePoint entered into a share purchase agreement, pursuant to which the Company agreed to acquire 3,010,722 shares of EyePoint for a total consideration of approximately US$15.7 million (equivalent to approximately HK$121.8 million). EyePoint principally focuses on developing and commercializing innovative ophthalmic products for the treatment of serious eye diseases. Upon completion of such investment on January 1, 2021, the Company held approximately 16.6% of the enlarged total outstanding shares of EyePoint. Subsequent to such investment, as a result of share allotment and issue of new ordinary shares by EyePoint, the Group's shareholding in EyePoint was diluted from 16.6% to 10.5%.

As of December 31, 2021, the carrying amount of EyePoint as equity instruments at FVTOCI of the Group was approximately RMB235.0 million (December 31, 2020: nil). Accordingly, the fair value of such investment compared to the Group's total assets as of December 31, 2021 was approximately 7.1%. For the year ended December 31, 2021, no dividend related to such investment was received.

Saved as disclosed above, the Company did not have any other material investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2021. The Company did not have any future plans for material investments or capital assets as of December 31, 2021.

Foreign Exchange

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Certain of our bank balances and cash, trade and other receivables and trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. Our Group currently implements foreign currency hedging measures under our funding and treasury policies. In addition, we will continue to manage the foreign exchange risk by closely monitoring our foreign exchange exposure and will consider implementing more detailed measures to hedge significant foreign currency exposure thus to prevent significant net foreign exchanges losses in the future.

Employees and Remuneration

As of December 31, 2021, we had a total of 244 employees (December 31, 2020: 136). For the year ended December 31, 2021, the total remuneration cost incurred, including the share-based payments, was RMB298.4 million (2020: RMB359.6 million). The following table sets forth a breakdown of our employees by function as of December 31, 2021:

Function	**Number**	**Percentage of total employees**
Commercial	101	41.4%
R&D	49	20.1%
Manufacturing	69	28.3%
Management and administrative	25	10.2%
Total	244	100%

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees from time to time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by departments serving different functions but working with or supporting each other in our day-to-day operations.

The remuneration of the employees of our Group comprises salaries, bonuses, employees' provident fund, share-based payments, social security contributions and other welfare payments which is determined by their responsibilities, qualifications, positions and seniority. The Group regularly reviews and determines the remuneration and compensation package of the employees by reference to, among other things, their performance, qualifications, respective responsibilities and market levels of salaries paid by comparable companies. In accordance with applicable laws and regulations, we made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

The Company has also adopted the ESOP, the RSU Scheme, the 2021 Share Option Scheme and the 2021 Share Award Scheme to provide incentives for the Group's employees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	NOTES	**2021** ***RMB'000***	2020 *RMB'000*
Revenue	*3*	**56,146**	13,096
Cost of sales		**(19,211)**	(1,724)
Gross profit		**36,935**	11,372
Other income	*4*	**27,589**	19,271
Other expenses		**(160)**	(1,753)
Other gains and losses	*5*	**112,403**	(1,789,480)
Selling and marketing expenses		**(127,647)**	(50,729)
Research and development expenses		**(169,055)**	(179,550)
Administrative expenses		**(126,159)**	(232,811)
Listing expenses		**–**	(41,127)
Share of results of an associate		**(13,331)**	–
Finance costs		**(567)**	(59)
Loss for the year		**(259,992)**	(2,264,866)
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		**(305)**	–
		(305)	–
Total comprehensive expense for the year		**(260,297)**	(2,264,866)
Loss per share			
– Basic and diluted (RMB)	*7*	**(0.43)**	(7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	NOTES	**2021** ***RMB'000***	2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**346,411**	66,085
Right-of-use assets		**19,451**	15,940
Intangible assets		**709,973**	201,652
Equity instruments at FVTOCI		**272,401**	–
Deposits and prepayments		**148,250**	212,481
		1,496,486	496,158
Current assets			
Inventories		**4,993**	3,027
Trade and other receivables	*8*	**44,353**	48,558
Bank balances and cash	*9*	**1,785,221**	2,051,819
		1,834,567	2,103,404
Current liabilities			
Trade and other payables	*10*	**211,668**	89,998
Lease liabilities		**4,186**	1,927
		215,854	91,925
Net current assets		**1,618,713**	2,011,479
Total assets less current liabilities		**3,115,199**	2,507,637
Non-current liability			
Lease liabilities		**7,026**	5,309
		7,026	5,309
Net assets		**3,108,173**	2,502,328
Capital and reserves			
Share capital		**46**	41
Reserves		**3,108,127**	2,502,287
Total equity		**3,108,173**	2,502,328

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited effective from July 10, 2020.

The Company (together with its subsidiaries, collectively referred to as the "Group") is a specialty biopharmaceutical platform company committed to discovering (through either in-licensing or self-development), developing and commercializing innovative and best-in-class therapies for ophthalmic patients in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform-Phase 2

In addition, the Group also applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts-Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after January 1, 2023.

[2] Effective for annual periods beginning on or after January 1, 2022.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 April 2021.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. As at December 31, 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB10,987,000 and RMB11,212,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of accumulated losses (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue:

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time		
Sales of ophthalmic pharmaceutical products	**43,627**	9,093
Pharmaceutical products promotion services	**1,324**	4,003
Sales-based royalty income	**11,195**	–
	56,146	13,096

(ii) Performance obligations for contracts with customers

Sales of ophthalmic pharmaceutical products

For the sale of ophthalmic pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location, i.e. when the products are delivered and titles have passed to customers upon receipt by customer. Following delivery, the customer has the primary responsibility when selling the goods and bears the risk of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 30 to 90 days upon delivery. Under the Group's standard contract terms, customers can only return or request refund if the goods delivered do not meet required quality standards. Therefore, the probability of significant reversal in revenue in relation to sales return in the future is remote.

Pharmaceutical products promotion services

For pharmaceutical products promotion services, the Group is an agent under the pharmaceutical products promotion services contracts as its performance obligation is to arrange for sales and delivery of pharmaceutical products supplied by another parties. In this regards, the Group does not control the products provided by another party before those goods sold and delivered to customers. Accordingly, revenue is recognised at a point in time when the Group satisfies its obligation to arrange for sales and delivery of pharmaceutical products pursuant to the service contracts. The normal credit term is 30 days upon delivery. Payment for services is not due from the customer until the Group's customer has received settlements for its sales and therefore a contract asset is recognised at the point of time in which the services are performed. No further obligation is bear by the Group after the promotion services have been completed.

Sales-based royalty income

The Group grants its license right to a customer for product sales in exchange for sales-based royalty income. The income is based on the profit margin of each sale and is recognised at a point of time upon the customer completes its sales. Such income is settled by month with the normal credit period of 60 days.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by products; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance as a whole. Hence, no further segment information other than entity wide information was presented.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the CODM for review.

Geographical information

All revenue from external customers is attributed to the Group and all non-current assets of the Group are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group are as follows:

	2021	2020
	RMB'000	*RMB'000*
Customer A (note i)	**11,195**	–
Customer B (note ii)	*****	4,003
Customer C (note iii)	**11,972**	3,839
Customer D (note iii)	**7,771**	3,275
Customer E (note iii)	**7,800**	*

Notes:

(i) Revenue on sales-based royalty income

(ii) Revenue on pharmaceutical product promotion services

(iii) Revenue on sales of ophthalmic pharmaceutical products

* The relevant amount is less than 10% of the total sales of the Group.

4. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Bank interest income	**26,885**	14,251
Government grant income (note)	**382**	5,020
Others	**322**	–
	27,589	19,271

Note:

Government grants include subsidies from the PRC government which are specifically for the incentive and other subsidies for IPO, research and development activities, employment support and training, which are recognised upon compliance with attached conditions.

5. OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
Gain from changes in fair value of other financial assets	**10,622**	7,630
Other gains related to EyePoint (note a)	**100,621**	–
Gain on acquisition of an equity instrument at FVTOCI (note b)	**14,534**	–
Loss on changes in fair value of financial liabilities at FVTPL (note c)	**–**	(1,694,543)
Net foreign exchange loss	**(13,374)**	(102,567)
	112,403	(1,789,480)

Notes:

(a) The other gains related to EyePoint are summarised as follows:

	2021	2020
	RMB'000	*RMB'000*
Gain on acquisition of an associate (note i)	**25,941**	–
Gain on dilution on shares of an associate (note ii)	**29,440**	–
Gain on deemed disposal of an associate (note iii)	**45,240**	–
	100,621	–

i) The gain on acquisition of an associate represented the gain resulting from the acquisition on the shares of EyePoint, which is the difference between the acquisition date market quoted prices and the agreed subscription prices of shares.

ii) The gain on dilution on shares of an associate represented the gain as a result of the share allotment and issue of new shares by EyePoint, which decreased the proportionate ownership interests held by the Group.

iii) The gain on deemed disposal of an associate represented the gain as a result of the loss of significant influence over EyePoint, which is the difference between the carrying amount of the associate and the fair value of the retained interest in EyePoint.

(b) The gain on acquisition of an equity instrument at FVTOCI represented the gain resulting from the acquisition on the shares of Alimera, which is the difference between the acquisition date market quoted prices and the agreed subscription prices of shares.

(c) Loss on changes in fair value of financial liabilities at FVTPL represented the changes in the fair value of the Series A and Series B Preferred Shares (the "Preferred Shares") charged to profit or loss during the year ended December 31, 2020. Details of the key terms and fair value movement of Preferred Shares for the year ended December 31, 2020, were set out in note 23 of consolidated financial statements presented in the annual report 2020 dated March 19, 2021. All issued Preferred Shares were automatically converted into 378,915,070 ordinary shares upon the successful IPO of shares of the Company on July 10, 2020, taking into account the sub-division of shares.

6. INCOME TAX EXPENSE

No income tax expense has been incurred by the Group for the years ended December 31, 2021 and 2020.

7. 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:

	2021	2020
Loss:		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share (RMB'000)	**(259,992)**	(2,264,866)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	**607,143,512**	302,348,710

The computation of basic and diluted loss per share for the reporting period excluded the unvested restricted ordinary shares of the Company, the shares held by Coral Inventivization Limited for unexercised awarded restricted share units and the shares held by Computershare Hong Kong Trustees Limited for unvested share awards.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for both years are calculated based on the assumption that the sub-division of shares had been effected since January 1, 2020.

The computation of diluted loss per share for December 31, 2021 did not assume the exercise of share options and RSUs, the vesting of restricted ordinary shares and share awards and the exercise of warrants since their assumed exercise would result in a decrease in loss per share.

The computation of diluted loss per share for December 31, 2020 did not assume the conversion of preferred shares, the exercise of share options and RSUs, over-allotment option before exercise and the vesting of restricted ordinary shares since their assumed conversion or exercise would result in a decrease in loss per share.

8. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivable, presented based on invoice date:

	2021	2020
	RMB'000	*RMB'000*
0-90 days	**18,231**	7,810
91-180 days	**278**	–
	18,509	7,810

9. BANK BALANCES AND CASH

	2021	2020
	RMB'000	*RMB'000*
Cash at bank	**815,221**	1,149,256
Term deposits	**970,000**	902,563
	1,785,221	2,051,819
Analysed as:		
Cash and cash equivalents	**1,125,221**	2,034,319
Term deposits with maturity date between three months to one year	**640,000**	–
Pledged bank deposits (note)	**20,000**	17,500
	1,785,221	2,051,819

Note: Pledged bank deposits represented deposits pledged to a bank to secure the letter of credit granted to the Group and classified as current asset.

10. TRADE PAYABLES

The average credit period purchases of goods and services of the Group is within 30 days. Ageing analysis of the Group's trade payables based on the invoice dates at the end of the reporting period is as follows:

	2021	2020
	RMB'000	*RMB'000*
0-30 days	**4,407**	9,281
31-60 days	**–**	62
	4,407	9,343

11. DIVIDEND

No dividend was paid or declared during the year ended December 31, 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

OTHER INFORMATION

Compliance with the Corporate Governance Code

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.

The Company has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines during the Reporting Period. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

Use of Proceeds from Listing and Placing

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on July 10, 2020. The total net proceeds raised from the issue of new Shares by the Company in its Listing and the full exercise of over-allotment option (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$1,646.41 million. The intended use of the net proceeds and the change in the intended use of the net proceeds were set out in the Prospectus and the announcement of the Company dated September 11, 2020, respectively. As of December 31, 2021, such net proceeds were utilized as follows in accordance with the intended use:

Use of proceeds from the Listing	Amount of net proceeds for planned applications *(HK$ million)*	Percentage of total net proceed *(%)*	Unutilized net proceeds as of December 31, 2020 *(HK$ million)*	Utilized net proceeds as of December 31, 2021 *(HK$ million)*	Unutilized net proceeds as of December 31, 2021 *(HK$ million)*	Expected time frame for unutilized amount
For the Core Product						
1. For funding the costs and expenses in connection with R&D personnel as well as the continuing R&D activities of OT-401	197.57	12.00%	174.37	55.79	141.78	by the end of 2025
2. For milestone payments of OT-401	49.39	3.00%	15.49	33.90	15.49	by the end of 2022

Use of proceeds from the Listing	Amount of net proceeds for planned applications *(HK$ million)*	Percentage of total net proceed *(%)*	Unutilized net proceeds as of December 31, 2020 *(HK$ million)*	Utilized net proceeds as of December 31, 2021 *(HK$ million)*	Unutilized net proceeds as of December 31, 2021 *(HK$ million)*	Expected time frame for unutilized amount
3. For the commercialization of OT-401	246.96	15.00%	246.96	46.27	200.69	by the end of 2023
For the other drug candidates, including OT-101, OT-301, OT-1001, OT-502,OT-202, OT-503 and OT-701						
1. For the continuing R&D activities of other drug candidates, including OT-101, OT-301, OT-1001, OT-502,OT-202,OT-503 and OT-701	562.42	34.16%	474.69	273.72	288.70	second half of 2023
2. For milestone payments of our other in-licensed drug candidates	96.15	5.84%	38.04	73.68	22.47	by the end of 2023
3. For the further expansion of our sales and marketing team	164.64	10.00%	164.64	46.27	118.37	by the end of 2023
For the acquisition of 100% equity interest in Suzhou Xiaxiang as disclosed in our announcement dated September 11, 2020	**164.64**	**10.00%**	**74.99**	**164.64**	**–**	**by the end of 2021**
For our working capital and other general corporate purposes	**164.64**	**10.00%**	**92.82**	**138.47**	**26.17**	**by the end of 2022**
Total	**1,646.41**	**100.00%**	**1,282.00**	**832.74**	**813.67**	

Note: The sum of the data may not add up to the total due to rounding.

As of December 31, 2021, all the unused net proceeds are held by the Company in short-term deposits with licensed banks or authorised financial institutions.

Use of Proceeds from the Placing

On January 15, 2021, an aggregate of 28,000,000 placing Shares have been successfully placed by Morgan Stanley & Co. International plc to not less than six placees at the placing price of HK$28.35 per Share in accordance with the placing and subscription agreement, and the placing and subscription of Shares have been completed on January 15, 2021 and January 22, 2021, respectively. The net price per Share for the subscription after deducting related fees and expenses is approximately HK$27.95 per Share. The subscription of Shares have a market value of approximately HK$834.4 million based on the closing price of HK$29.80 per Share as of January 12, 2021 and an aggregate nominal value of US$280.

The net proceeds arising from the placing and subscription amount approximately HK$781.7 million, of which the intended use was set out in the announcement of the Company dated January 22, 2021. The placing and subscription is being undertaken to strengthen the Group's financial position and for the long term funding of its business, expansion and growth plan. As of December 31, 2021, the net proceeds from placing and subscription were utilized as follows in accordance with the intended use:

Use of proceeds from placing and subscription	Amount of net proceeds for planned applications *(HK$ million)*	Percentage of total net proceeds *(%)*	Utilized net proceeds as of the date of December 31, 2021 *(HK$ million)*	Unutilized proceeds as of the date of December 31, 2021 *(HK$ million)*	Expected time frame for unutilized amount
Expansion of the Company's commercial team in view of the proposed launch of its new therapies	**234.51**	**30%**	**–**	**234.51**	**by the end of 2025**
Funding of International multi-centre clinical trials of the Company's therapies	**273.60**	**35%**	**45.76**	**227.84**	**by the end of 2023**
OT-702 (Eylea biosimilar)	99.66	12.75%	45.76	53.90	by the end of 2023
OT-301 (NCX-470)	50.03	6.40%	–	50.03	by the end of 2023
OT-101 (low-concentration atropine)	43.78	5.60%	–	43.78	by the end of 2024
OT-1001 (Zerviate)	30.10	3.85%	–	30.10	by the end of 2022
OT-202 (TKI)	50.03	6.40%	–	50.03	by the end of 2023
Building and development of new manufacturing facilities and equipment of Suzhou Xiaxiang and active pharmaceutical ingredients manufacturing facilities	**195.43**	**25%**	**193.26**	**2.17**	**by the end of 2022**
Other general corporate purposes	**78.17**	**10%**	**–**	**78.17**	**by the end of 2023**
Total	**781.70**	**100%**	**239.02**	**542.69**	

Note: The sum of the data may not add up due to rounding.

As of December 31, 2021, all the unused net subscription proceeds have been deposited into the bank account(s) maintained by our Group.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated 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 Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited 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 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

Purchase, Sale or Redemption of the Listed Securities of the Company

Save as disclosed in "Use of Proceeds from Listing and Placing" above in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended December 31, 2021.

Review of the Annual Results

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ting Yuk Anthony WU, Mr. Lianming HE and Mr. Yiran HUANG. The chairman of the Audit Committee is Mr. Ting Yuk Anthony WU. The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2021 and has recommended for the Board's approval thereof.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2021. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

Final Dividend

The Board does not recommend any payment of a final dividend for the year ended December 31, 2021 (2020: nil).

AGM and Closure of the Register of Members

The Company will arrange the time of convening the AGM as soon as practicable and in accordance with the Listing Rules. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules and the Articles of Association in due course. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in the notice of the AGM.

Events After the Reporting Period

On March 1, 2022, the Company entered into a series of cooperation arrangements with Viatris Pharmaceuticals Co., Ltd. ("**Viatris China**", a Chinese affiliate of Viatris Inc., a corporation incorporated and existing under the laws of the Delaware, the U.S., together with its affiliates, are collectively referred to as "**Viatris**"), pursuant to which the Group became the exclusive promoter to promote and market in hospitals nationwide in the PRC two ophthalmic drugs of Viatris, namely Xalatan and Xalacom, and will charge Viatris China promotion service fees. The initial term of the promotion arrangement is from March 1, 2022 to December 31, 2026, with conditional automatic renewal. Reciprocally, Viatris China became the exclusive distributor to distribute, promote and market the Company's sodium hyaluronate eye drops in the out-of-hospital distribution and retail drug markets in the PRC, and will charge the Company relevant fees during a period. The initial term of the distribution arrangement is from March 1, 2022 to December 31, 2026, with conditional automatic renewal. For details, please refer to the Company's announcement dated March 1, 2022.

Saved as disclosed in elsewhere of this announcement and the above, there was no event which has occurred after the year ended December 31, 2021 that would cause material impact on the Group.

Publication of Annual Results and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.ocumension.com). The annual report of the Company for the year ended December 31, 2021 containing all the information in accordance with the requirements under the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITION, ACRONYMS AND GLOSSARY OF TECHNICAL TERMS

"2021 Share Award Scheme"	the share award scheme adopted by the Company in accordance with the scheme rules thereof on July 2, 2021, the details of which are set out in the circular of the Company dated August 11, 2021
"2021 Share Option Scheme"	the share option scheme adopted by the Board in accordance with the rules thereof on July 2, 2021 and approved by the Shareholders on the extraordinary general meeting of the Company held on August 31, 2021, the details of which are set out in the circular of the Company dated August 11, 2021
"AGM"	the annual general meeting of the Company
"Alimera"	Alimera Sciences, Inc. a biopharmaceutical company organized and existing under the laws of the State of Delaware of the United States, whose shares of common stock are traded on the NASDAQ (ticker symbol: ALIM)
"AMD"	age-related macular degeneration, a disease that causes damage to the macula and leads to progressive loss of central vision
"Articles of Association"	the articles of association of the Company conditionally adopted on June 23, 2020 and affective on July 10, 2020, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Boao Lecheng Pilot Zone"	Boao Lecheng International Medical Tourism Pilot Zone (博鰲樂城國際醫療旅遊先行區) in Hainan Province, China
"Boao Super Hospital"	Boao Super Hospital (博鰲超級醫院) in Boao Lecheng Pilot Zone, Hainan Province, China
"Board"	the board of directors of the Company

"CDE"	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"chronic NIU-PS"	chronic non-infectious uveitis affecting the posterior segment of the eye
"Company"	Ocumension Therapeutics (歐康維視生物), a company incorporated under the laws of the Cayman Islands with limited liability on February 27, 2018, the shares of which were listed on the Main Board of the Stock Exchange on July 10, 2020
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this announcement, our Core Product refers to OT-401 (YUTIQ)
"COVID-19"	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019
"Director(s)"	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors
"DME"	diabetic macular edema
"ESOP"	the employee stock option plan adopted by our Company on May 23, 2018, as amended from time to time, the details of which are set out in the Prospectus
"EyePoint"	EyePoint Pharmaceuticals, Inc., a company whose shares of common stock are listed on the NASDAQ (ticker symbol: EYPT) and a biopharmaceutical company committed to developing and commercializing innovative ophthalmic products for the treatment of eye diseases
"FDA"	the United States Food and Drug Administration
"FVTOCI"	fair value through other comprehensive income

"FVTPL"	fair value through profit or loss
"Greater China"	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Group" or "Ocumension"	the Company and its subsidiaries
"Grade III hospitals"	a top-level hospital in China, as hospitals in China are divided into three classes by National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), among which, Class III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huonland"	Beijing Huonland Pharmaceutical Co., Ltd. (北京匯恩蘭德製藥有限公司), a limited liability company established under the laws of the PRC on August 3, 2012 and one of our licensing partners. Hounland primarily engages in development, production and sales of ophthalmology products
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials. Also known as clinical trial application in China
"IOP"	intraocular pressure, the fluid pressure inside the eye
"Listing" or "IPO"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

"MRCT"	multi-regional clinical trial, a clinical trial that is conducted in different regions under a common trial design for simultaneous global new drug development
"NASDAQ"	The Nasdaq Stock Market LLC
"NDA"	new drug application, an application through which the drug sponsor formally proposes that the relevant regulatory authority approve a new drug for sales and marketing
"Nicox"	Nicox S.A., a corporation incorporated under the laws of France on February 15, 1996, one of our licensing partners whose shares are listed on the Euronext exchange (ticker symbol: COX)
"NMPA"	National Medical Products Administration (國家藥品監督管理局), formerly the China Food and Drug Administration (國家食品藥品監督管理局), or CFDA
"NO"	nitric oxide, colorless gas and is one of the principal oxides of nitrogen
"Novartis"	refers to (a) Novartis AG, a Swiss multinational pharmaceutical company based in Basel, Switzerland, the shares of which are traded on the Swiss Stock Exchange under the stock code "NOVN" and on the New York Stock Exchange under the ticker symbol "NVS", (b) Novartis Ophthalmics AG, (c) Novartis Pharma AG, each a company organized under the laws of Switzerland, and (d) Novartis Technology LLC, a company organized under the laws of Delaware, the United States, collectively, and where the context requires, either of Novartis AG, Novartis Ophthalmics AG, Novartis Pharma AG, and Novartis Technology LLC, include their respective affiliate or affiliates
"Prospectus"	the prospectus issued by the Company dated June 29, 2020
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the one-year period from January 1, 2021 to December 31, 2021
"RSU(s)"	the restricted share unit
"RSU Scheme"	the restricted share unit scheme adopted by the Company on April 28, 2020, the details of which are set out in the Prospectus
"R&D"	research and development

"Share(s)"	ordinary shares in the share capital of our Company of US$0.00001 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Suzhou Xiaxiang"	Suzhou Xiaxiang Biomedicine Co., Ltd. (蘇州夏翔生物醫藥有限公司), a limited liability company established in the PRC on October 18, 2019
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"wAMD"	wet age-related macular degeneration
"Written Guidelines"	the Guidelines for Securities Transactions by Directors adopted by the Company
"%"	Per cent

By order of the Board
Ocumension Therapeutics
Dr. Lian Yong CHEN
Chairman and Non-executive Director

Hong Kong, March 25, 2022

As of the date of this announcement, the Board comprises Mr. Ye LIU and Dr. Zhaopeng HU as executive Directors, Dr. Lian Yong CHEN, Dr. Wei LI, Mr. Yanling CAO and Ms. Yumeng WANG as non-executive Directors, and Mr. Ting Yuk Anthony WU, Mr. Lianming HE and Mr. Yiran HUANG as independent non-executive Directors.