信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Innovent Biologics, Inc. (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2019 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2018. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee of the Company and audited by the Company's auditors.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

IFRS Measures:

- **Total revenue** was RMB1,047.5 million for the year ended 31 December 2019, including RMB1,015.9 million attributable to sales of Tyvyt® (sintilimab injection), which was successfully launched in March 2019, as compared with total revenue of RMB9.5 million for the year ended 31 December 2018. Tyvyt® (sintilimab injection) is the Group's first commercial product and the only PD-1 inhibitor admitted to the National Reimbursement Drug List ("**NRDL**") of the People's Republic of China ("**China**" or "**PRC**").

- **Gross profit margin** was 88.1% for the year ended 31 December 2019, reflecting the Company's ability to leverage our fully-integrated multi-functional platform and carry out efficient, high quality production of Tyvyt® (sintilimab injection) at commercial scale.

- **Research and development expenses** were RMB1,294.7 million for the year ended 31 December 2019, as compared with RMB1,221.7 million for the year ended 31 December 2018. The spending was mainly attributable to expenses incurred for our key ongoing pivotal or registrational trials of Tyvyt® (sintilimab injection) in China.

- **Direct selling and marketing expenses** were RMB692.5 million, or 66.1% of total revenue, for the year ended 31 December 2019, as compared with RMB270.1 million, or 78.2% of total revenue, for the six months ended 30 June 2019, and as compared with RMB136.0 million for the year ended 31 December 2018. The year-over-year increases were primarily attributable to the successful launch of Tyvyt® (sintilimab injection) in March 2019. To support the commercialisation efforts, the Group expanded its sales and marketing team from a total of 264 employees as of 31 December 2018 to a total of 688 employees as of 31 December 2019, which was one of the major contributions to the increases in the selling and marketing expenses.

- **Payments under Collaboration Agreement** were RMB499.7 million for the year ended 31 December 2019, while no such expenses were recorded for the year ended 31 December 2018. This represented the milestone payments for various licensing-in products as well as royalty or profit-share payments to the third parties.

- **Loss and total comprehensive expenses** were RMB1,719.9 million for the year ended 31 December 2019, representing a significant decrease of 70.7% from RMB5,873.0 million for the year ended 31 December 2018 during which, as required under the International Financial Reporting Standard ("**IFRS**"), the Group recorded a non-cash, non-recurring loss of RMB4,338.0 million on the fair value changes of preferred shares upon their conversion into ordinary shares at the Company's initial public offering ("**IPO**").

- **Net cash from financing activities** for the year ended 31 December 2019 was RMB2,109.3 million, principally attributable to net cash generated from our successful placement in October 2019.

Non-IFRS Measure:

- **Adjusted loss and total comprehensive expenses**[1] were RMB1,571.8 million for the year ended 31 December 2019, representing an increase of RMB90.1 million from RMB1,481.7 million for the year ended 31 December 2018, primarily due to the increases in research and development expenses and selling and marketing expenses, partially offset by revenue from the sales of Tyvyt® (sintilimab injection).

  Excluding the effect of share-based compensation expenses and loss on fair value changes of preferred shares which deriving this non-IFRS measure, (i) research and development expenses were RMB1,260.7 million for the year ended 31 December 2019, as compared with RMB1,204.3 million for the year ended 31 December 2018; and (ii) direct selling and marketing expenses were RMB676.2 million, or 64.6% of total revenue, for the year ended 31 December 2019, as compared with RMB130.5 million, or 1376.6% of total revenue, for the year ended 31 December 2018.

[1] Adjusted loss and total comprehensive expenses for the year is not a financial measure defined under the IFRS. It represents the loss and total comprehensive expenses for the year excluding the effect brought by certain non-cash items and non-recurring events, such as (a) share-based compensation expenses; and (b) loss on fair value changes of preferred shares. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis – Financial Review – 14. Non-IFRS Measure".

The table below sets forth a reconciliation of loss and total comprehensive expenses to adjusted loss and total comprehensive expenses for the years:

	Year Ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Loss and total comprehensive expenses for the year	**(1,719,950)**	(5,872,982)
Add:		
Share-based compensation expenses	**148,074**	53,244
Loss on fair value changes of preferred shares	**–**	4,338,044
Adjusted loss and total comprehensive expenses for the year	**(1,571,876)**	(1,481,694)

BUSINESS HIGHLIGHTS

We have continued to deliver on our investors' expectations by making significant progress with respect to our drug pipeline and business operations in the Reporting Period, including the following milestones and achievements:

- Commenced sales of Tyvyt® (sintilimab injection) in China for relapsed/refractory classical Hodgkin's lymphoma ("**r/r cHL**") under marketing approval from China's National Medical Products Administration ("**NMPA**").

- Tyvyt® (sintilimab injection) generated RMB1,015.9 million in revenue (in the ten months ended 31 December 2019), becoming one of the best-selling drugs ever launched in China in terms of first-year sales.

- Tyvyt® (sintilimab injection) became the only PD-1 inhibitor to be included in the NRDL and became eligible for reimbursement by government-sponsored insurance.

- Tyvyt® (sintilimab injection) was included in the 2019 Guidelines of the Chinese Society of Clinical Oncology ("**CSCO**") for Lymphoid Malignancies. Key clinical results of Tyvyt® (sintilimab injection) in r/r cHL were published in *The Lancet Haematology* and featured as a cover story.

- 4 pivotal or registrational studies of Tyvyt® (sintilimab injection) related monotherapy or combination therapies for patients with first-line non-squamous non-small cell lung cancer ("**NSCLC**"), first-line squamous NSCLC, second-line squamous NSCLC and hepatocellular carcinoma completed patient enrollment in China.

- NMPA granted priority review status to our new drug applications ("**NDAs**") for IBI-303 (adalimumab biosimilar), IBI-305 (bevacizumab biosimilar) and IBI-301 (rituximab biosimilar). The key Phase 3 clinical results of IBI-303 in ankylosing spondylitis were published in the inaugural issue of *The Lancet Rheumatology*.

- Expanded product pipeline to include 22 valuable assets that are in staggered development status (including 17 assets in more than 50 ongoing clinical trials), covering a variety of novel and validated therapeutic targets and drug modalities, spanning multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promising tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

- Prioritised assets with exceptional clinical and commercial potential for expedited clinical development and accelerated regulatory review process, including our IBI-188 (fully human anti-CD47 monoclonal antibody) which has best-in-class potential and is currently in Phase 1 studies in China and the United States of Amercia ("**U.S.**") for advanced malignant tumors and lymphomas. A global Phase 2/3 registrational study of IBI-188 is under planning.

- Increased the total number of ongoing pivotal or registrational trials to 11; progressed 9 more drug candidates into Phase 1 studies; received investigational new drug ("**IND**") approvals for 7 more drug candidates.

- Increased the number of our drug and drug candidates that received acceptance into the "National Major New Drugs Innovation and Development Program" (國家重大新藥創製專項) to a total of 6 in 2019. The program is co-sponsored by China's National Health and Family Planning Commission ("**NHFPC**") and Ministry of Science and Technology ("**MOST**"), among other government agencies, offering a financial grant, and may provide for priority regulatory review.

- Entered into a licensing agreement with Eli Lilly and Company (**"Lilly"**) for the development and potential commercialisation in China of an oxyntomodulin analog (OXM3), a potentially global best-in-class clinical-stage novel diabetic therapy.

- Completed Good Manufacturing Practice ("**GMP**") commissioning and process validation, and commenced GMP production, with our second manufacturing facilities housing six 3,000L stainless steel bioreactors. This expansion has increased our total production capacity to 23,000L, one of the largest in China, and further boosted our manufacturing capacity per batch by multiple times through continued process optimization.

- In 2019, the Company raised approximately HK$2.4 billion through a placement of new shares, and was included in both the Morgan Stanley Capital International China Index ("**MSCI China Index**") and the Hang Seng Hong Kong-Listed Biotech Index as a high quality biopharmaceutical company.

We have continued to make significant progress in our drug pipeline and business operations after the Reporting Period, including the following major milestones and achievements:

- Tyvyt® (sintilimab injection) combined with ALIMTA® (pemetrexed) and platinum met predefined primary endpoint of progression-free survival ("**PFS**") in an interim analysis in Phase 3 ORIENT-11 study as first-line therapy in nonsquamous NSCLC.

- The U.S. Food and Drug Administration (the "**U.S. FDA**") approved our initiation of a global Phase 3 ORIENT-15 study in the U.S. for Tyvyt® (sintilimab injection) in combination with paclixel and cisplatin in first-line esophageal carcinoma in February 2020.

- Announced first patient dosed in the pivotal Phase 2 registrational clinical trial of pemigatinib (IBI-375) in second-line mCCA with FGFR2 fusions or rearrangements in China.

- Entered into an out-license agreement with Coherus BioSciences, Inc. ("**Coherus**", Nasdaq ticker symbol: CHRS) to commercialise our IBI-305 (bevacizumab biosimilar) in the U.S. and Canada in January 2020.

- Entered into an in-licensing agreement with Alector, Inc. ("**Alector**", Nasdaq ticker symbol: ALEC) to develop and commercialize AL008, a first-in-class anti-SIRP-alpha antibody targeting CD47-SIRP-alpha pathway, a potent survival pathway co-opted by tumors to evade the innate immune system, for the treatment of oncology indications in China.

- Raised approximately HK$2.3 billion through a placement of new shares.

- We have firmly responded to the outbreak by making a charity donation to the City of Wuhan in January and implementing comprehensive measures to protect our staff, prevent interruptions to our business operations, and minimize delays and disruptions to the treatment of our patients. Overall, our operations have gradually resumed since late February and through the month of March.

For details of any of the foregoing, please refer to the rest of this announcement and, where applicable, the Company's prior announcements published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

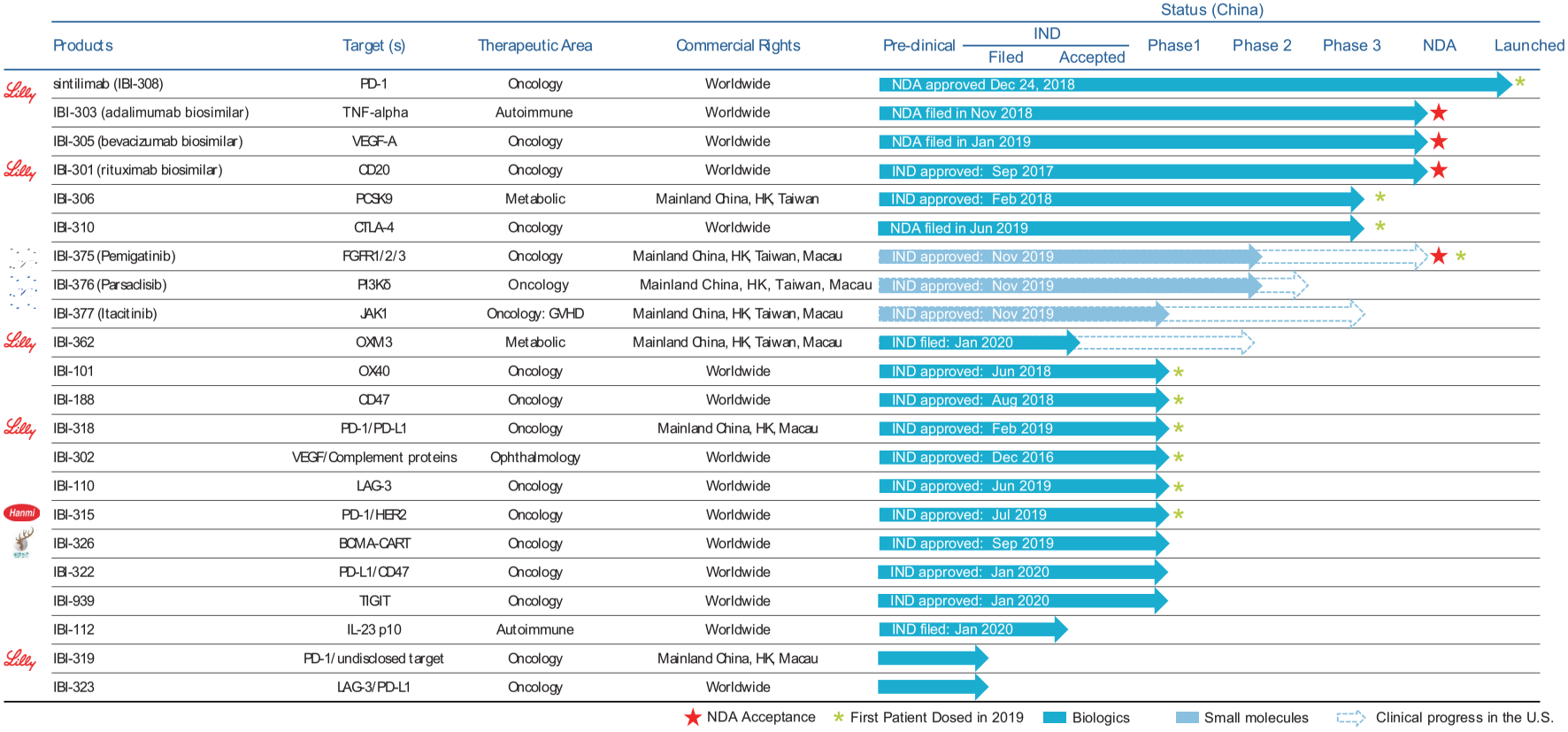
We are a Cayman Island-based global biopharmaceutical company committed to developing and commercialising high-quality innovative therapeutics that are affordable to ordinary people. Founded in 2011 by Dr. De-Chao Michael Yu, we have instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of R&D (research and development), CMC (chemistry, manufacturing and controls), clinical development and commercialisation capabilities.

During the fiscal year of 2019, we successfully launched Tyvyt® (sintilimab injection) in March 2019 and reached approximately RMB1 billion in revenue for the first year of sales. In addition, Tyvyt® (sintilimab injection) was included in China's NRDL as the first and the only PD-1 inhibitor. With the solid foundation layout during 2019, the Company is well positioned for its sales growth in 2020 and beyond. In addition to the first approved indication (r/r cHL), the Company continues to execute a broad clinical development program for Tyvyt® (sintilimab injection) including more than 10 advanced registrational or pivotal trials in some of the largest indications in China (such as lung cancer and liver cancer), which are expected to support the additional NDA filings for Tyvyt® (sintilimab injection). Leveraging the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 22 valuable assets in staggered development status, including 3 assets under NDA review with priority review status (IBI-303 (adalimumab biosimilar), IBI-305 (bevacizumab biosimilar) and IBI-301 (rituximab biosimilar)), 5 assets in Phase 3 or pivotal clinical trials, and a total of 17 assets in more than 50 ongoing clinical trials. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs. The Company is hopeful and confident that the assets and development programs, especially the late-stage assets and the Company's prioritized assets such as IBI-188 (anti-CD47 monoclonal antibody) and IBI-318 (anti-PD-1/PD-L1 bispecific antibody), will lead to a greater number of successful commercial launches and yield tremendous value for the patients and shareholders.

In anticipation of increasing production needs from commercial launches and clinical trials, we also completed GMP commissioning and process validation of the second phase of the manufacturing facility, which houses six 3,000L stainless steel bioreactors. It has now already commenced GMP production. This facility expansion increased the total manufacturing capacity to 23,000L, which stands as one of the largest among China's biopharmaceutical companies. In support of the solid business and commercial operations, the Company drew strong financial backing and raised approximately HK$2.4 billion and HK$2.3 billion through two placements in October 2019 and February 2020, respectively. Both placements were met with overwhelming subscription from well-known international and local investors. By the end of 2019, the Company almost doubled the share price since the IPO listing on the Hong Kong Stock Exchange in October 2018. The Company's stock was also included in both the MSCI China Index and the Hang Seng Hong Kong-Listed Biotech Index, which reflects the market confidence in the Company's past and future performance.

We are headquartered in Suzhou, with operations in Shanghai and Beijing. To expand our global footprint and leverage multinational resources, we have established our international division and set up the first U.S. office in San Francisco, U.S.. Our team has increased to about 2,000 members as of 31 December 2019, providing all-rounded talents and expertise in our drug development and commercialisation efforts.

The following chart summarizes the therapeutic targets, therapeutic areas, commercial rights and development status of our pipeline assets as of the date of this announcement.



BUSINESS REVIEW

In 2019, we continued to deliver on our investors' expectations by making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

Our Commercial and NDA-Stage Products

***Tyvyt® (sintilimab injection)**, an innovative fully human anti-PD-1 monoclonal antibody co-developed with Lilly; accepted into the National Major New Drugs Innovation and Development Program; approved in China*

Commercial Development Milestones and Achievements

- In March 2019, we commenced sales of our Tyvyt® (sintilimab injection) in China for r/r cHL after we received marketing approval from the NMPA in December 2018. Within the ten-month period ended 31 December 2019, Tyvyt® (sintilimab injection) generated RMB1,015.9 million in revenue, becoming one of the best-selling drugs ever launched in China in terms of first-year sales.

- In November 2019, Tyvyt® (sintilimab injection) became the only PD-1 inhibitor to be included in China's NRDL and became eligible for reimbursement by government-sponsored insurance. We agreed to set the annual cost for Tyvyt® (sintilimab injection) under RMB100,000 with a 64% downward price adjustment in order to improve its affordability and accessibility. We also built a national sales network for Tyvyt® (sintilimab injection) that spans over 300 cities, 500 pharmacies and 2,000 hospitals throughout China. We expect that the NRDL inclusion and our strengthened commercialisation capabilities will help us achieve broadened patient access and deepened market penetration in China in the coming years.

- Based on its impressive clinical results, Tyvyt® (sintilimab injection) was included in the 2019 Guidelines of the CSCO for Lymphoid Malignancies. In January 2019, key clinical results of Tyvyt® (sintilimab injection) in r/r cHL (ORIENT-1) were published in *The Lancet Haematology* and featured as a cover story. These recognitions reflect the warm reception that Tyvyt® (sintilimab injection) has earned from medical practitioners and academic researchers.

Clinical Development Milestones and Achievements

We are executing a broad clinical development program for Tyvyt® (sintilimab injection) and we are currently conducting more than 20 clinical studies to evaluate its efficacy and safety in a wide variety of cancer indications, including over 10 registrational or pivotal clinical trials ongoing both as a monotherapy and as part of a combination therapy, and both in China and in the U.S.

The following chart summarizes the on-going clinical development programs for Tyvyt® (sintilimab injection) as of the date of this announcement.

INDICATION	MONO-/COMBO-THERAPY (OTHER COMPONENTS)	STATUS					
		PHASE 1					
		1A	1B	PHASE 2	PHASE 3	NDA FILED	NDA APPROVED
China							
r/r Classical Hodgkin's Lymphoma	Mono						●
1L Non-squamous NSCLC	Combo (pemetrexed and cisplatin)				◔		
1L Squamous NSCLC	Combo (gemcitabine and platinum)				◔		
2L Squamous NSCLC	Mono				◔		
1L Hepatocellular Carcinoma	Combo (IBI-305 /biosimilar to bavecizumab)				◔		
EGFR+ TKI Failure NCSLC (MRCT)	Combo (IBI-305 /biosimilar to bavecizumab)				◐		
1L Gastric Cancer	Combo (capecitabine and oxaliplatin)				◐		
1L Gastric Cancer (CPS ≥10)	Combo (Ramucizumab)				◐		
1L Esophageal Carcinoma (MRCT)	Combo (paclixel and cisplatin/5-FU and cisplatin)				◐		
2L Classical Hodgkin's Lymphoma	Combo (ICE)				◐		
Melanoma (adjuvant)	Combo (IBI-310/CTLA-4 mAb)				◔		
2L ESCC	Mono			◔			
r/r NK/T-cell Lymphoma	Mono			◔			
3L CRC	Combo (IBI-310/CTLA-4 mAb)			◐			
Refractory Gastrointestinal Cancer	Mono		●				
1L Gastric Cancer	Combo (capecitabine and oxaliplatin)		◔				
2L NSCLC	Mono		◔				
1L/2L Melanoma	Mono		◔				
1L Squamous NSCLC	Combo (gemcitabine and cisplatin)		◔				
2L Neuroendocrine Tumor	Mono		◐				
Solid Tumors/colorectal cancer	Combo (Fruquintinib)		◐				
Solid Tumors/cholangiocarcinoma	Combo (Surufatinib)	◔					
3L colorectal cancer	Combo (Chidamide)	◔					
2L Hepatocellular Carcinoma	Combo (siRNA)	◔					
U.S.							
1L Esophageal Carcinoma (MRCT)	Combo (paclixel and cisplatin/5-FU and cisplatin)				◔		
Solid Tumors	Mono		◔				
Late Stage Endometrial Carcinoma	Mono		◔				

Symbols: ● = completed; ◔ = completed patient enrollment; ◐ = in progress; ◔ = to be initiated within next quarter.

Note : r/r: relapsed/refractory; 2L: second-line; 1L: first-line; NSCL: non-small cell lung cancer; EGFR + TKI: epidermal growth factor receptor-tyrosine kinase inhibitor; ESCC: esophageal squamous cell carcinoma.

- Completed patient enrollment in:

  – the Phase 3 ORIENT-11 study to evaluate sintilimab injection in combination with ALIMTA® (pemetrexed) and platinum in first-line advanced or recurrent non-squamous NSCLC, without sensitive EGFR mutation or ALK rearrangement in China;

  – the Phase 3 ORIENT-12 study to evaluate sintilimab injection in combination with gemcitabine and platinum in first-line squamous NSCLC;

  – the Phase 3 ORIENT-3 study to evaluate sintilimab injection as a monotherapy in second-line squamous NSCLC in China; and

  – the pivotal Phase 2/3 ORIENT-32 study to evaluate sintilimab injection in combination with our IBI-305 (bevacizumab biosimilar), as a first-line treatment for patients with advanced hepatocellular carcinoma in China.

- Completed first patient dosing in:

  – the Phase 3 ORIENT-15 study to evaluate sintilimab injection in combination with paclitaxel and cisplatin, as a first-line treatment in patients with advanced, recurrent or metastatic esophageal squamous cell carcinoma in China;

  – the Phase 3 ORIENT-16 study to evaluate sintilimab injection in combination with capecitabine and oxaliplatin, as a first-line treatment for patients with advanced, recurrent or metastatic gastric or gastroesophageal junction adenocarcinoma in China;

  – the Phase 3 ORIENT-31 study in China to evaluate sintilimab injection with or without our IBI-305 (bevacizumab biosimilar), in combination with pemetrexed and cisplatin, in patients with EGFR-mutant locally advanced or metastatic non-squamous NSCLC who have progressed from prior treatment with epidermal growth factor receptor tyrosine kinase inhibitor (EGFR-TKI), and

  – a Phase 1 dose-escalation study in China to evaluate sintilimab injection in combination with Hutchison China MediTech Limited ("**Chi-Med**")'s fruquintinib in patients with solid tumors.

- Presented key results from 6 clinical studies of Tyvyt® (sintilimab injection) either orally or by posters/abstracts at the 55th Annual Meeting of the American Society of Clinical Oncology ("**ASCO**") in May-June 2019, including:

  – the results of relapsed/refractory extranodal NK/T cell lymphoma (ORIENT-4);

  – the results of extended follow-up on Tyvyt® (sintilimab injection) for r/r cHL (ORIENT-1);

  – the results of circulating tumor DNA (ctDNA) for predicting response and resistance by anti-PD-1 therapy in Chinese patients with r/r cHL (ORIENT-1);

  – the preliminary results of Tyvyt® (sintilimab injection) in combination with chemotherapy for first-line advanced or metastatic NSCLC (ORIENT-11);

  – the preliminary efficacy and safety results of neoadjuvant PD-1 blockade with Tyvyt® (sintilimab injection) in resectable squamous NSCLC (ORIENT-12); and

  – the preliminary efficacy and safety results of Tyvyt® (sintilimab injection) in combination with CAPOX in first-line gastric or gastroesophageal junction carcinoma (GC/GEJC) (ORIENT-16).

- Entered into research collaborations with strategic partners to explore the potential of Tyvyt® (sintilimab injection) in combination therapies, including collaborations with:

  – Chi-Med to evaluate our Tyvyt® (sintilimab injection) in combination with Chi-Med's surufatinib in patients with advanced solid tumors;

  – Shenzhen Chipscreen Biosciences Co., Ltd. ("**Chipscreen Biosciences**") to evaluate our Tyvyt® (sintilimab injection) and IBI-305 (bevacizumab biosimilar) in combination with Chipscreen Biosciences' Chidamide in advanced colorectal cancer patients;

  – Shenogen Pharma Group Ltd. ("**Shenogen**") to evaluate Tyvyt® (sintilimab injection) in combination with Shenogen's SNG1005 in advanced cancer patients; and

  – Sirnaomics Inc. ("**Sirnaomics**") to evaluate Tyvyt® (sintilimab injection) in combination with Sirnaomics's RNAi drug candidate STP705 (cotsiranib) in advanced cancers, such as hepatocellular carcinomas.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, we and Lilly jointly announced that the Phase 3 ORIENT-11 study in China of Tyvyt® (sintilimab injection) in combination with ALIMTA® (pemetrexed) and platinum in first-line advanced or recurrent nonsquamous NSCLC met the predefined primary endpoint of PFS in an interim analysis.

- In February 2020, the U.S. FDA approved our initiation of a global Phase 3 ORIENT-15 study in the U.S. for Tyvyt® (sintilimab injection) in combination with paclixel and cisplatin or 5-FU and cisplatin in first-line esophageal carcinoma. We expect to enroll the first patient in the first half of 2020.

- In 2020 or early 2021, we expect to submit up to 5 NDAs to the NMPA for Tyvyt® (sintilimab injection) in various cancer indications, including:

  – first-line non-squamous NSCLC;

  – first-line squamous NSCLC;

  – second-line squamous NSCLC;

  – first-line hepatocellular carcinoma; and

  – second-line esophageal squamous cell carcinoma.

- In 2020 or early 2021, we expect to announce top-line results from 5 registrational or pivotal trials for Tyvyt® (sintilimab injection), including:

  – the Phase 3 ORIENT-11 study to evaluate sintilimab injection in combination with gemcitabine and platinum in first-line nonsquamous NSCLC in China;

  – the Phase 3 ORIENT-12 study to evaluate sintilimab injection in combination with gemcitabine and platinum in first-line squamous NSCLC in China;

  – the Phase 3 ORIENT-3 study to evaluate sintilimab injection as a monotherapy in second-line squamous NSCLC in China;

  – the Phase 2/3 ORIENT-32 study to evaluate sintilimab injection in combination with our IBI-305 (bevacizumab biosimilar), as a first-line treatment for patients with advanced hepatocellular carcinoma in China; and

  – the Phase 3 ORIENT-2 study to evaluate sintilimab injection as a second-line treatment for patients with second-line esophageal squamous cell carcinoma in China.

- We expect to present key results of 5 trials for Tyvyt® (sintilimab injection) at medical conferences in 2020, including:

  – the results of two-year follow-up on Tyvyt® (sintilimab injection) as monotherapy for r/r cHL (ORIENT-1) at the annual meeting of the ASCO;

  – the interim data analysis on Tyvyt® (sintilimab injection) in combination with chemotherapy for first-line advanced or metastatic nonsquamous NSCLC (ORIENT-11) at the Europe Lung Cancer Conference ("**ELCC**") or the annual meeting of the American Association for Cancer Research ("**AACR**"), and biomarker analysis on data from the same trial at the annual meeting of ASCO;

  – the top-line data analysis on Tyvyt® (sintilimab injection) as a monotherapy in second-line esophageal squamous cell carcinoma (ORIENT-2) at the annual meeting of ASCO;

  – the preliminary results of dose-escalation study on Tyvyt® (sintilimab injection) in combination of Chi-Med's fruquintinib in solid tumors at the annual meeting of the Society for Immunotherapy of Cancer ("**SITC**"); and

  – the Phase 1 study data analysis on Tyvyt® (sintilimab injection) as a monotherapy for late-stage endometrial carcinoma at the annual meeting of SITC.

IBI-303 (adalimumab biosimilar)*, a fully-human anti-TNF-α monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program; NDA submitted in China*

Milestones and Achievements

- In March 2019, the NMPA granted priority review status to our previously submitted and accepted NDA of IBI-303 for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis.

- In August 2019, the key clinical results from a Phase 3 trial of IBI-303 in ankylosing spondylitis were published in the inaugural issue of *The Lancet Rheumatology*, along with a commentary from Professor Stanley Cohen of the University of Texas Southwestern Medical Center. This marked the first time that a China-based Phase 3 biosimilar trial has been reported in a first-tier international medical journal.

Post-Reporting Period Expected Milestones and Achievements

- We expect to receive approval for the NDA in 2020. Our preparation for the launch of IBI-303's commercialisation has been underway.

***IBI-305 (bevacizumab biosimilar)**, a fully-human anti-VEGF monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program; NDA submitted in China*

Milestones and Achievements

- In April 2019, the NMPA granted priority review status to our previously submitted and accepted NDA of IBI-305 for the treatment of metastatic colorectal cancer and advanced, metastatic or recurrent NSCLC.

- In June 2019, we presented the clinical efficacy and safety results of IBI-305 as compared with bevacizumab in advanced, first-line, non-squamous NSCLC patients at the 55th Annual Meeting of the ASCO. The trial achieved the predefined primary end points and met the pre-specified clinical similarity measures for overall response rate ("**ORR**"). The trial results demonstrate the therapeutic similarities between IBI-305 and bevacizumab.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, we entered into an out-license agreement with Coherus, a leading biosimilar company to commercialise our IBI-305 (bevacizumab biosimilar) in the U.S. and Canada.

- We expect to receive approval for the NDA of IBI-305 in 2020. Our preparation for the launch of IBI-305's commercialisation has been underway.

***IBI-301 (rituximab biosimilar)**, a recombinant chimeric murine/human anti-CD20 monoclonal antibody co-developed with Lilly; accepted into the National Major New Drugs Innovation and Development Program; NDA submitted in China*

Milestones and Achievements

- In August 2019, the NMPA granted priority review status to our previously submitted and accepted NDA of IBI-301 for the treatment of non-Hodgkin's lymphoma ("**NHL**").

- In September 2019, we presented data from two clinical studies of IBI-301 at the 22nd Annual Meeting of the CSCO: (i) a multi-center, randomized, double-blind, parallel-controlled trial for pharmacokinetics and safety of IBI-301 in comparison with rituximab in patients with CD20-positive B-cell lymphoma; and (ii) a randomized, double-blind, parallel-group, Phase 3 trial for efficacy and safety study of IBI-301 plus standard CHOP (I-CHOP) in comparison with rituximab plus CHOP (R-CHOP) in patients with previously untreated diffuse large B-cell lymphoma (DLBCL). Both studies directly compared IBI-301 with rituximab and achieved the intended primary endpoint.

Post-Reporting Period Expected Milestones and Achievements

- We expect to receive approval for the NDA in the second half of 2020 or the first half of 2021. Our preparation for the launch of IBI-301's commercialisation has been underway.

Our Clinical-Stage Drug Candidates

***IBI-306**, a novel anti-PCSK9 monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program*

Milestones and Achievements

- Completed a Phase 2 clinical trial in China for non-familial hypercholesterolemia.
- Completed first patient dosing in:
  - a Phase 3 clinical trial in China for heterozygous familial hypercholesterolemia ("**HeFH**"); and
  - a pivotal Phase 2b/3 clinical trial in China for homozygous familial hypercholesterolemia ("**HoFH**").
- Completed a Phase 1 single ascending dose ("**SAD**") study in China in healthy subjects to support trials for the three abovementioned indications (non-familial hypercholesterolemia, HeFH and HoFH). Completed patient enrollment for a Phase 2 multiple ascending dose (**"MAD"**) study in China for hypercholesterolemia to support the trials for the three abovementioned indications (non-familial hypercholesterolemia, HeFH and HoFH). We have finalized the protocol for Phase 3 of the MAD study.
- In December 2019, IBI-306 received acceptance into the National Major New Drug Innovation and Development Program co-sponsored by China's NHFPC and MOST, among other government agencies. The program offers a financial grant and may provide for priority regulatory review.

Post-Reporting Period Expected Milestones and Achievements

- We expect to initiate a Phase 3 clinical trial in China for non-familial hypercholesterolemia and enroll the first patient in 2020.
- We expect to complete patient enrollment for the Phase 3 trial for HeFH and the pivotal Phase 2b/3 trial for HoFH in 2021.
- We expect to present key data in medical conferences.

***IBI-310**, an anti-CTLA-4 monoclonal antibody*

Milestones and Achievements

- We have completed a Phase I study in China for IBI-310 in combination with our Tyvyt® (sintilimab injection) in patients with melanoma and been in preparation for a Phase 3 registrational study initiation.

Post-Reporting Period Expected Milestones and Achievements

- In the first half of 2020, we expect to dose the first patient in:
  - a Phase 3 registrational study in China for IBI-310 in combination with our Tyvyt® (sintilimab injection) in patients with melanoma; and
  - a pivotal Phase 2 study in China for IBI-310 in combination with our Tyvyt® (sintilimab injection) in patients with DNA Mismatch Repair Deficient ("**dMMR**") or Microsatellite Instability High ("**MSI-H**") locally-advanced or metastatic colorectal cancer.
- We expect to present preliminary data of the dose-escalation study of IBI-310 combined with Tyvyt® (sintilimab injection) in patients with melanoma at the annual meeting of the ASCO.

***IBI-188**, a novel fully human anti-CD47 monoclonal antibody; with best-in-class potential*

Market Opportunities and Competition

- Cluster of differentiation 47 (CD47), a cell transmembrane protein which releases a "don't eat me" signal that cancer cells use to achieve immune evasion, has emerged as a target of a new generation of immune-oncology therapy after PD-1/PD-L1 and CTLA-4. With our pre-clinical data that suggest IBI-188's promising anti-tumor efficacy and significant synergistic anti-tumor efficacy in monotherapy and combined with targeted therapies respectively, we have prioritised IBI-188 for expedited clinical development and have sought accelerated regulatory review and approval, both in China and the U.S. We believe that our IBI-188 has best-in-class potential.

- There are currently no approved anti-CD47 therapies in China or in the U.S., although numerous drug candidates targeting CD47 are in pre-clinical and clinical development around the world. In addition to our clinical-stage IBI-188, for example, California-based Forty Seven, Inc. is evaluating its lead drug product magrolimab (an anti-CD47 monoclonal antibody) in multiple clinical trials and presented results from a Phase 1b study of magrolimab in myelodysplastic syndrome ("**MDS**") and acute myeloid leukemia ("**AML**") patients at the American Society of Hematology ("**ASH**") meeting in December 2019. In March 2020, Gilead Sciences, Inc. announced its agreement to acquire magrolimab (along with its developer Forty Seven, Inc.) for approximately US$4.9 billion.

Milestones and Achievements

- In January 2019, we announced the first patient dosed in a Phase 1 clinical trial in China evaluating the safety, tolerability and initial efficacy of IBI-188 in patients with advanced malignant tumors.

- In March 2019, we announced the first patient dosed in a Phase 1 clinical trial in the U.S. evaluating the safety, tolerability and initial efficacy of IBI-188 in patients with advanced malignant tumors and lymphomas.

Post-Reporting Period Expected Milestones and Achievements

Currently clinical phase I dose escalation study is on-going in both the U.S. and China. Preliminary data indicates IBI-188 is well tolerated in patients. A global registrational study is being planned.

- In China, we expect to complete patient enrollment for the 1a phase of a Phase 1 trial to evaluate IBI-188 in advanced malignant tumors and, subject to communications with and to be consent from the NMPA, to initiate a pivotal Phase 21 trial in AML with first patient enrolled in the second half of 2020.

- In the U.S., we expect to complete patient enrollment for the 1a phase of a Phase 1 trial to evaluate IBI-188 in advanced malignant tumors and lymphomas and, subject to communications with and consent from the U.S. FDA, to initiate a global pivotal Phase 2/3 trial in MDS with the first patient to be enrolled in the second half of 2020.

***IBI-375 (pemigatinib)**, a novel FGFR inhibitor in-licensed from Incyte Biosciences International Sarl ("**Incyte**", a subsidiary of Incyte Corporation (Nasdaq ticker symbol: INCY)).*

Milestones and Achievements

- In November 2019, we received IND approval from the NMPA for pemigatinib (IBI-375).

- In December 2019, the U.S. FDA accepted the NDA submitted by Incyte for pemigatinib in second-line metastatic cholangiocarcinoma ("**mCCA**") with FGFR2 fusions or rearrangements. The U.S. FDA has granted priority review status to this NDA and previously granted pemigatinib breakthrough therapy designation. The Prescription Drug User Fee Act ("**PDUFA**") target action date is May 30, 2020.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, Incyte announced that the European Medicines Agency ("**EMA**") validated Incyte's Marketing Authorization Application ("**MAA**") for pemigatinib for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 (FGFR2) fusion or rearrangement that is relapsed or refractory after at least one line of systemic therapy.

- In March 2020, we announced first patient dosed in the pivotal Phase 2 registrational trial of pemigatinib (IBI-375) in second-line mCCA with FGFR2 fusions or rearrangements in China. If this study is successful, we expect to submit NDAs for pemigatinib (IBI-375) in second-line mCCA to China Main Land, Hong Kong and Taiwan in 2021.

- We expect to join an Incyte-sponsored global Phase 3 clinical trial (FIGHT-302) to evaluate the efficacy and safety of pemigatinib (IBI-375) versus gemcitabine plus cisplatin chemotherapy in first-line treatment of mCCA with FGFR2 rearrangement.

***IBI-376 (parsaclisib)**, a novel PI3Kδ inhibitor in-licensed from Incyte*

Milestones and Achievements

- In November 2019, we received IND approval from the NMPA for parsaclisib (IBI-376).

- In the U.S., Incyte is evaluating parsaclisib in 3 Phase 2 studies in patients with relapsed or refractory follicular, marginal zone and mantle cell lymphoma, respectively.

Post-Reporting Period (Expected) Milestones and Achievements

- We expect to dose the first patient in a pivotal Phase 2 trial in China to evaluate parsaclisib (IBI-376) as a third-line treatment for patients with follicular lymphoma or marginal zone lymphoma in the first half of 2020.

***IBI-377 (itacitinib)**, a novel JAK1 inhibitor in-licensed from Incyte*

Milestones and Achievements

- In November 2019, we received IND approval from the NMPA to evaluate itacitinib (IBI-377) in patients with newly diagnosed acute graft-versus-host disease ("**GVHD**").

- In January 2020, Incyte announced that its Phase 3 trial of itacitinib (IBI-377) in patients with newly diagnosed acute GVHD did not meet the primary endpoint.

Post-Reporting Period Expected Milestones and Achievements.

- Keep on developing IBI-377 in other indications, as the clinical data suggested it may have specific effects in other indications.

***IBI-318**, a first-in-class anti-PD-1/PD-L1 bispecific antibody co-developed with Lilly*

Milestones and Achievements

- In April 2019, the Company announced first patient dosed in a Phase 1 clinical trial of IBI-318 in patients with advanced malignancies in China.

Post-Reporting Period Expected Milestones and Achievements

- We expect to initiate a pivotal study in the second half of 2020.

- Present preliminary clinical data in major medical conferences.

***IBI-315**, a first-in-class anti-PD-1/HER2 bispecific antibody co-developed with Hanmi Pharmaceutical Co., Ltd.*

Milestones and Achievements

- In November 2019, the Company announced the first patient dosed in a Phase 1 clinical trial of IBI-315 in patients with advanced malignancies in China.

Post-Reporting Period Expected Milestones and Achievements

- We expect to assess the recommended phase 2 dose of IBI-315 in the second half of 2020.

***IBI-326**, a novel fully-human anti-BCMA CAR-T therapy, co-developed with Nanjing IASO Biotherapeutics*

Milestones and Achievements

- In September 2019, we received IND approval from the NMPA to evaluate IBI-326 in hematology.

- In June and December 2019, we presented the clinical results of IBI-326 by oral presentation and poster at three of the world's most prestigious clinical conferences in the fields of hematology and oncology, including the 24th Congress of EHA, the 55th Annual Meeting of ASCO and the 61th Annual Meeting of ASH. The results were from an investigator-initiated trial ("**IIT**") in China to evaluate IBI-326 in relapsed/refractory multiple myeloma ("**RRMM**") and showed an impressive efficacy and safety profile.

Post-Reporting Period Expected Milestones and Achievements

- We are in active communication with the NMPA to initiate a pivotal Phase 2 trial of IBI-326 in the patients with hematology and will complete first patient dosing later this year. We also expect to report the results of extended follow-up on IIT at the annual meeting of ASH in December 2020.

***IBI-302**, a potential first-in-class anti-VEGF/complement bispecific fusion protein; accepted into the National Major New Drugs Innovation and Development Program*

Milestones and Achievements

- In April 2019, the Company announced the first patient dosed in a Phase 1 clinical trial of IBI-302 in China for wet age-related macular degeneration ("**wet AMD**").

- In December 2019, IBI-302 was accepted into the National Major New Drugs Innovation and Development Program co-sponsored by China's NHFPC and MOST, among other government agencies. The program offers a financial grant and may provide for priority regulatory review.

Post-Reporting Period Expected Milestones and Achievements

- We expect to complete the first patient dosing in a Phase 1b study in China to evaluate IBI-302 for wet AMD in 2020.

- We expect to have data readout for the Phase 1 study in China to evaluate IBI-302 for wet AMD in the second half of 2020 and have the topline data results of Ph1b in early 2021. We also expect to present the clinical results of the Phase 1 study at a scientific conference.

***IBI-101**, a novel fully humanized anti-OX40 monoclonal antibody*

Milestones and Achievements

- In February 2019, we first patient dosage was completed in both (i) a Phase 1a study of IBI-101 as a monotherapy; and (ii) a Phase 1b study of IBI-101 in combination with Tyvyt® (sintilimab injection), in each case in advanced solid tumors in China.

- We have obtained IND approval for IBI-101 from the U.S. FDA in advanced solid tumors.

Post-Reporting Period Expected Milestones and Achievements

- We expect to complete patient enrollment of the Phase 1 trials to evaluate IBI-101 in advanced solid tumors in the second half of 2020.

***IBI-110**, a novel anti-LAG-3 monoclonal antibody*

Milestones and Achievements

- In December 2019, the Company announced the first patient dosed in a Phase 1 clinical trial in China to evaluate IBI-110 in advanced solid tumors.

***IBI-322**, a novel first-in-class anti-CD47/PD-L1 bispecific antibody*

Milestones and Achievements

- In October and December 2019, we filed an IND application with each of the NMPA and the U.S. FDA to evaluate IBI-322 as a monotherapy in solid tumors in China and in the U.S., respectively.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, we received IND approvals from the NMPA and the U.S. FDA respectively. We expect to initiate Phase 1 trials of IBI-322 in China and in the U.S. later this year.

***IBI-939**, a novel anti-TIGIT monoclonal antibody*

Milestones and Achievements

- In September 2019, we submitted an IND application for IBI-939 to the NMPA in solid tumors.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, IBI-939 received IND approval from the NMPA in the treatment of advanced solid tumors and hematological malignancies.

- We expect to complete first patient dosing both in a Phase 1a study of IBI-939 as a monotherapy and a Phase 1b study in combination with our Tyvyt® (sintilimab injection), in each case in advanced solid tumors and hematological malignancies in China later this year.

***IBI-362**, an oxyntomodulin analog (OXM3) in-licensed from Lilly, potential global best-in-class clinical-stage diabetes drug candidate*

Milestones and Achievements

- In September 2019, we entered into a licensing agreement with Lilly for the development and potential commercialization of an oxyntomodulin analog (OXM3) in China. OXM3 is a dual GLP-1 and glucagon receptor agonist that will enter China as a potential best-in-class, mid-stage clinical development diabetes compound.

- In December 2019, we submitted IND applications for IBI-362 to the NMPA in Type II diabetes and obesity.

- In 2019, Lilly completed the patient enrollment of a Phase 1b study in the U.S. to evaluate IBI-362 in patients with Type II diabetes.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, the NMPA accepted our IND applications for IBI-362. We expect to complete first patient dosing in Phase I trials in China for Type II diabetes and obesity later this year.

- Lilly has initiated a Phase 2 study in Europe to evaluate IBI-362 in patients with Type II diabetes.

Our Selected Preclinical Drug Candidates

IBI-112*, a novel anti-IL-23 (p10 subunit) monoclonal antibody*

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2020, the NMPA accepted our IND application for IBI-112 in inflammatory enteritis and other autoimmune diseases.

- We expect to receive the IND approval in the first half of 2020 and plan to complete the first patient dosing of a Phase 1 trial of IBI-112 in China for the treatment of inflammatory enteritis and other autoimmune diseases in the second half of 2020.

IBI-319*, a bispecific antibody incorporating sintilimab anti-PD-1-binding backbone*

Post-Reporting Period (Expected) Milestones and Achievements

- We expect to submit an IND application for IBI-319 to the NMPA in advanced cancer in 2020.

IBI-323*, a novel LAG-3/PD-L1 bi-specific antibody*

Post-Reporting Period (Expected) Milestones and Achievements

- We expect to submit an IND application for IBI-323 to the NMPA in advanced cancer in 2020.

Cautionary Statement required by Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"): The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Our Manufacturing Facilities

- Operating five 1,000L bioreactors to support our production needs for Tyvyt® (sintilimab injection) and other product candidates in our pipeline, with a high success rate and improved efficiency as we gain more experience in commercial production.

- Completed GMP commissioning and process validation, and commenced GMP production, with our second manufacturing facilities housing six 3,000L stainless steel bioreactors. This expansion has increased our total production capacity to 23,000L, one of the largest in China, and further boosted our manufacturing capacity per batch by multiple times through continued process optimization. This expansion of manufacturing capacity will also contribute to lower production cost owing to greater economies of scale, and facilitate accelerated introduction of new drugs through more clinical trials.

- We plan to further expand our manufacturing facilities to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions.

Our Corporate Development

- In August 2019, the Company entered into a licensing agreement with Lilly for the development and potential commercialisation of an oxyntomodulin analog (OXM3) in China. OXM3 is a potential global best-in-class clinical-stage novel diabetic therapy. The agreement will strategically expand the Company's product offering in the therapeutic area of metabolic diseases.

- In March 2020, the Company entered into an in-licensing agreement with Alector to develop and commercialize AL008, a first-in-class anti-SIRP-alpha antibody targeting CD47-SIRP-alpha pathway, a potent survival pathway co-opted by tumors to evade the innate immune system, for the treatment of oncology indications in China. AL008 has a unique dual mechanism of action that non-competitively antagonizes the CD47-SIRP-alpha pathway by inducing the internalization and degradation of the inhibitory receptor on macrophages to relieve immune suppression (a "don't eat me signal") while also engaging FcγR2A, an activating IgG Fc receptor, to promote immuno-stimulatory pathways that drive anti-tumor immunity.

- On January 2020, the Company entered into an out-license agreement with Coherus to commercialise our IBI-305 (bevacizumab biosimilar) in the U.S. and Canada in early 2020.

- In October 2019 and February 2020, we raised approximately HK$2.4 billion and HK$2.3 billion through share placement, respectively. Both placements were met with overwhelming subscription from well-known international and local investors, and they also received wide media coverage.

- In 2019, we were included in both the MSCI China Index and the Hang Seng Hong Kong-Listed Biotech Index as a high quality biopharmaceutical company.

- Our successful IPO in October 2018 and stellar aftermarket trading performance earned us the International Financing Review ("**IFR**") Asia-Pacific IPO of the Year award, the IFR Asia Review Hong Kong Equity Issue of the Year award, and the 10th Anniversary China Healthcare Investment Conference ("**CHIC**") "IPO of the Year" award.

- We have substantially expanded our patent portfolio. As of 31 December 2019, we owned 23 issued patents and 53 patent applications in China, 4 issued patents and 8 patent applications in the U.S., and 23 issued patents and 112 patent applications in the rest of the world relating to our products and technologies. These patent applications included 40 international patent applications under the Patent Cooperation Treaty.

Our Responses to COVID-19

- We have firmly responded to the outbreak by making a charity donation to the City of Wuhan in January and implementing comprehensive measures to protect our staff, prevent interruptions to our business operations, and minimize delays and disruptions to the treatment of our patients. Overall, our operations have gradually resumed since late February and through the month of March.

FUTURE DEVELOPMENT

In the near future, we plan to focus on the following areas of growth and development:

- **Leverage NRDL inclusion to expand patient access to Tyvyt® (sintilimab injection)**

  We will continue to expand and mobilize our national sales network for Tyvyt® (sintilimab injection) to achieve deepened market penetration. We will work closely with government authorities, physicians and patients to ensure compliance with the relevant medical insurance policies and regulations, and to accelerate expansion of patient access to Tyvyt® (sintilimab injection) in the healthcare system and especially hospital channel. We will also continue to explore innovative distribution, prescription and payment schemes with our partners so that more cancer patients could benefit from our innovative drug product.

  With the NRDL inclusion of our Tyvyt® (sintilimab injection) as the only PD-1 inhibitor, we believe that we are well-positioned to realize our lead product's substantial market potential and that the strong sales momentum will continue in 2020.

  Meanwhile, we will continue to optimize our internal operational procedures to achieve greater synergies between various departments, to fully capture the market opportunities available to us and to meet our challenges as we have entered the commercial stage of our business.

- **Commercialise IBI-305 (bevacizumab biosimilar), IBI-301 (rituximab biosimilar) and IBI-303 (adalimumab biosimilar)**

  We expect to receive NDA approvals for IBI-305 (bevacizumab biosimilar) and IBI-303 (adalimumab biosimilar) in 2020, and for IBI-301 (rituximab biosimilar) by late 2020 or early 2021. We expect these drugs will be well positioned in the biosimilar space and enjoy significant early-mover advantages over their competitors.

  Through efforts to continuously strengthen our commercialization capability and expertise, we have been preparing for the commercialization of these NDA-stage biosimilar products. We expect to establish an unparalleled market presence in China.

- **Expedite regulatory review and approval of our upcoming NDA filings and accelerate clinical development programs with our fully-integrated multi-functional platform and global collaborations**

  We will seek expedited regulatory review and approval of our upcoming NDA filings, especially the NDAs for Tyvyt® (sintilimab injection) in first-line NSCLC, second-line NSCLC, first-line hepatocellular carcinoma, and second-line esophageal squamous cell carcinoma.

  We will continue to leverage our fully-integrated multi-functional platform as well as our strategic global collaborations to rapidly advance the ongoing and planned clinical programs for our pipeline assets, both in China and in the U.S. We plan to formulate and maintain a staggered product launching plan. We believe that will allow us to maximize the commercial synergy between our valuable assets, including realization of their potential in combination therapies.

- **Establish Innovent Academy to pursue science and innovation and to continuously develop innovative products**

  We believe that our commitment to innovation and quality brings value to our patients and shareholders alike. With this belief, we are committed to not only reinvesting a significant share of our revenues in high-quality drug innovation, but also to further enriching our research and development talent pool.

  Driven by the pursuit of science and innovation, we have set out to establish Innovent Academy in order to build a research platform for new drug target discovery, innovative treatment technologies and translational medicine, and to help us explore frontier research areas such as disease biology, disruptive therapeutic technologies and artificial Intelligence. Through this establishment, we believe we will be able to continuously explore, generate and develop innovative biopharmaceutical products with differentiation advantages and superior therapeutic value for patients in needs.

- **Further expand manufacturing capacity**

  Our newly built manufacturing facilities have commenced GMP production and possess sufficient manufacturing capacity to support our growing production needs for the foreseeable future.

  Going forward, more of our pipeline assets will progress through clinical development and approach commercialisation. Among others, we expect to release and present key results from numerous trials of our various clinical-stage drug candidates at professional conferences or in academic journals in 2020. We plan to further expand our manufacturing facilities and increase manufacturing capacity that will commensurate with our growing and maturing drug pipeline and will support our continuous business expansions.

We are proud of the work we do every day, which is to develop and commercialise high-quality innovative drugs that are equally accessible and affordable to everyone in need. However, we know that there is still much that remains to be done. If we continue to develop and advance our drug assets and maintain our commitment to innovation and quality, we will be able to offer a diverse portfolio of medicines and achieve sustainable long-term growth. We will continue to cooperate with partners around the world who share our vision and will spare no efforts to fulfill people's shared dream of curing diseases and living a better life.

FINANCIAL REVIEW

Year Ended 31 December 2019 Compared to Year Ended 31 December 2018

IFRS measure	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,047,525**	9,477
Cost of sales	**(124,878)**	–
Gross profit	**922,647**	9,477
Other income	**144,081**	93,795
Other gains and losses	**15,075**	(4,272,090)
Research and development expenses	**(1,294,724)**	(1,221,687)
Administrative expenses	**(255,299)**	(220,315)
Selling and marketing expenses		
– Direct selling and marketing expenses	**(692,515)**	(136,006)
– Payments under collaboration arrangements	**(499,725)**	–
Listing expenses	**–**	(57,187)
Finance costs	**(59,490)**	(68,969)
Loss and total comprehensive expenses for the year	**(1,719,950)**	(5,872,982)
Non-IFRS measure:		
Adjusted loss and total comprehensive expenses for the year	**(1,571,876)**	(1,481,694)

1. Overview

For the year ended 31 December 2019, the Group recorded revenue from contracts with customers of RMB1,047.5 million, as compared with RMB9.5 million for the year ended 31 December 2018, and the loss and total comprehensive expenses of RMB1,719.9 million for the year ended 31 December 2019, as compared with RMB5,873.0 million for the year ended 31 December 2018.

Research and development expenses of the Group were RMB1,294.7 million for the year ended 31 December 2019, as compared with RMB1,221.7 million for the year ended 31 December 2018. Direct selling and marketing expenses were RMB692.5 million for the year ended 31 December 2019, as compared with RMB136.0 million for the year ended 31 December 2018. Payments under collaboration arrangement for the year ended 31 December 2019 were RMB499.7 million, while no such payments were recorded for the year ended 31 December 2018. Administrative expenses were RMB255.3 million for the year ended 31 December 2019, as compared with RMB220.3 million for the year ended 31 December 2018.

The adjusted loss and total comprehensive expenses were RMB1,571.8 million for the year ended 31 December 2019, representing an increase of RMB90.1 million from RMB1,481.7 million for the year ended 31 December 2018, primarily due to the increase in research and development expenses and selling and marketing expenses, partially offset by the sales of Tyvyt® (sintilimab injection).

2. Revenue

For the year ended 31 December 2019, the Group recorded revenue from contracts with customers of RMB1,047.5 million. The Group generated revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) research and development services provided to its customers. The following table sets forth the components of the revenue from contracts with customers for the years:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Timing of revenue recognition:		
A point in time		
Sales of pharmaceutical products	**1,015,871**	–
License fee income	**10,000**	–
	1,025,871	–
Overtime		
Research and development service fee income	**3,786**	9,477
License fee income	**17,868**	–
	21,654	9,477
Total revenue from contracts with customers	**1,047,525**	9,477

For the sales of pharmaceutical products, revenue is recognised when control of the goods has been transferred to customers. As the Group's lead drug Tyvyt® (sintilimab injection) received marketing approval in China in December 2018, the Group commenced marketing and sales of Tyvyt® (sintilimab injection) as its first commercial drug product in March 2019. Within 10 months, as of 31 December 2019, the Group recorded revenue from sales of Tyvyt® (sintilimab injection) of RMB1,015.9 million, while no such revenue was recorded for the year ended 31 December 2018.

The Group provides licence of its patented intellectual property ("**IP**") or commercialisation licence to customers and revenue is recognised when the customers obtain rights to access or use the underlying IP or licence. The consideration for licence comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and royalties). Licence fee income is recognised at a point of time upon the customer obtained control of IP, or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The Group recognised a point in time license fee income of RMB10.0 million, as well as RMB17.9 million of over time license fee income for the year ended 31 December 2019, while no such revenue was recorded for the year ended 31 December 2018.

Research and development service fee income is recognised as a performance obligation satisfied over time. The Group continues to generate revenue under research and development agreements with customers and receive related non-refundable milestone payments. For the year ended 31 December 2019, research and development service fee income was RMB3.8 million, as compared with RMB9.5 million for the year ended 31 December 2018.

3. Cost of Sales

The Group's cost of sales consist of cost of direct labor, manufacturing cost, raw material and manufacturing overhead related to the production of the products sold. For the year ended 31 December 2019, the Group recorded cost of sales of RMB124.9 million attributable to the production costs of Tyvyt® (sintilimab injection), while no such cost was recorded for the year ended 31 December 2018.

4. Gross profit

The Group's gross profit reached RMB922.6 million for the year ended 31 December 2019, and the gross profit margin was 88.1%.

5. Other Income

The Group's other income consist of bank interest income and government grants income. Government grants consist of (i) government subsidies specifically for the capital expenditure related to the purchase of plant and machinery, which is recognised over the useful life of related assets, and (ii) incentive and other subsidies for IPO, research and development activities and interest subsidies, which are recognised upon compliance with certain conditions.

For the year ended 31 December 2019, other income of the Group increased by RMB50.3 million to RMB144.1 million, from RMB93.8 million for the year ended 31 December 2018. The increase was primarily due to the interest earned on the proceeds of the Company's IPO on the Stock Exchange and the top-up placement.

6. Other Gains and Losses

The Group's other gains and losses consist of (i) changes in foreign currency exchange rates; and (ii) fair value changes of wealth management plan (financial assets mandatorily measured at fair value through profit or loss ("**FVTPL**")).

For the year ended 31 December 2019, other gains and losses of the Group was a gain of RMB15.1 million, as compared with a loss of RMB4,272.1 million for the year ended 31 December 2018. The Group's other gains and losses for the year ended 31 December 2018 was primarily comprised of RMB4,338.0 million of loss on the fair value changes of preferred shares. Such loss on the fair value changes of preferred shares was a non-cash and non-recurring accounting adjustment recognised as of 31 October 2018 ("**the Listing Date**"), as the fair value of the preferred shares was deemed to be increased upon the completion of the IPO of the Company. As all of the Company's preferred shares were converted to ordinary shares upon the Listing Date, the Group did not incur any additional losses related to the fair value changes of preferred shares in 2019.

7. Research and Development Expenses

The Group's research and development expenses, including the Group's four core drug or drug candidates (i.e. Tyvyt® (sintilimab injection), IBI-305 (bevacizumab biosimilar), IBI-301 (rituximab biosimilar) and IBI-303 (adalimumab biosimilar), collectively the ("**Core Drug Candidates**"), primarily consist of:

- third-party contracting costs incurred under agreements with consultants, contract research organizations, and clinical trial sites that conduct research and development activities on the Group's behalf;
- costs associated with purchasing raw materials for research and development of the Group's drug candidates;
- employee salaries and related benefit costs, including share-based compensation expenses, for research and development personnel;
- payment of license fees pursuant to collaboration agreements and/or license agreements; and
- expenses associated with inspection and maintenance of facilities, depreciation and amortization expenses, travel expenses, insurance, utilities and other supplies used in research and development activities.

The below table sets forth the components of the Group's research and development expenses for the following years:

	Year ended 31 December		Changes	
	2019	2018		
	RMB'000	*RMB'000*	*RMB'000*	*%*
Third-party Contracting Costs	**596,117**	406,668	189,449	47
Raw material	**189,466**	228,038	(38,572)	(17)
Staff Costs	**276,643**	154,254	122,389	79
License Fee	**108,179**	292,727	(184,548)	(63)
Depreciation and Amortization	**37,269**	60,326	(23,057)	(38)
Other	**87,050**	79,674	7,376	9
Total research and development expenses	**1,294,724**	1,221,687	73,037	6

Research and development expenses of the Group increased to RMB1,294.7 million for the year ended 31 December 2019, from RMB1,221.7 million for the year ended 31 December 2018. The spending was mainly attributable to expenses incurred for our key ongoing pivotal or registrational trials of Tyvyt® (sintilimab injection) in China.

8. Administrative Expenses

Administrative expenses increased to RMB255.3 million for the year ended 31 December 2019, from RMB220.3 million for the year ended 31 December 2018, which were primarily caused by the increase in administrative staff costs.

9. Selling and Marketing Expenses

Direct selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities. Direct selling and marketing expenses increased by RMB556.5 million to RMB692.5 million for the year ended 31 December 2019, from RMB136.0 million for the year ended 31 December 2018. The year-over-year increases were primarily attributable to the successful launch of Tyvyt® (sintilimab injection) in March 2019. To support the commercialisation efforts, the Group expanded its sales and marketing team from a total of 264 employees as of 31 December 2018 to a total of 688 employees as of 31 December 2019, which was one of the major contributions to the increases in the direct selling and marketing expenses.

Payments under collaboration arrangement represent milestone payments for the various licensing-in products as well as royalty or profit-share payments to the third parties. Payments under collaboration arrangement were RMB499.7 million for the year ended 31 December 2019, while no such expenses were recorded for the year ended 31 December 2018. The Group enter into collaborative and other similar arrangements to develop and commercialise drug candidates. Collaborative activities may include research and development, manufacturing, and commercialisation. In certain arrangements, collaborators require the Group to pay upfront or milestone payments for acquisition of commercial rights, contingent upon the occurrence of certain future events linked to the success of the asset in development by collaboration partners and the payments are only capitalised upon the inflow of economic benefit to the entity is probable. Furthermore, certain arrangements require royalty or profit-share payments to collaborators during commercialisation stage and are recognised at the time the Group obligated to pay in accordance with the relevant terms.

10. Listing Expenses

For the year ended 31 December 2018, the Group recognised one-off listing expenses of RMB57.2 million, incurred in connection with the IPO and the listing of the Company's shares on the Stock Exchange on 31 October 2018. No such expenses were recognised for the year ended 31 December 2019.

11. Finance Costs

Finance costs include interest on the Group's bank borrowings, interest arising from a contract containing a significant financing component and interest expenses on lease liabilities.

For the year ended 31 December 2019, finance costs of the Group were RMB59.5 million, as compared with RMB69.0 million for the year ended 31 December 2018. The Group entered into a collaboration agreement to provide commercialisation license with a customer, and received upfront payment and collaboration fee during development stage. Since the period between the transfer of license and customer's payments was, at contract inception, expected to be more than one year, the Group concluded that the contract contained a significant financing component and 4.9% and 11% (2018: 11%) were used in adjusting for the effect of time value of money over the promised amount of consideration, the interest expenses so recognised during the years ended 31 December 2019 and 2018 were RMB33.5 million and RMB43.9 million, respectively.

12. Income Tax Expense

The Company is tax exempted under the laws of the Cayman Islands.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate has charged at flat rate of 21%.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%, except for which is taxed at a preferential rate of 15%.

The Group had no provision for taxation for the years ended 31 December 2019 and 2018, as there were no assessable profits arising or derived from the PRC and Hong Kong.

13. Loss for the Reporting Period

As a result of the above factors, the loss and total comprehensive expenses of the Group decreased by RMB4,153.1 million to RMB1,719.9 million for the year ended 31 December 2019, from RMB5,873.0 million for year ended 31 December 2018.

14. Non-IFRS Measure

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

Adjusted loss and total comprehensive expenses for the year represents the loss and total comprehensive expenses for the year excluding the effect of certain non-cash items, namely share-based compensation expenses and, for the year ended 31 December 2018, a one-time event of the loss on fair value changes of preferred shares (other financial liabilities measured at FVTPL). The term adjusted loss and total comprehensive expenses for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and it should not be considered in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures reflect the Group's normal operating results by eliminating impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from year to year and company to company to the extent applicable.

The table below sets forth a reconciliation of adjusted loss and total comprehensive expenses for the year to loss and total comprehensive expenses for the years:

Non-IFRS measure	**Year ended 31 December**	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,047,525**	9,477
Cost of sales	**(113,374)**	–
Gross profit	**934,151**	9,477
Other income	**144,081**	93,795
Other gains and losses	**15,075**	65,953
Research and development expenses	**(1,260,773)**	(1,204,299)
Administrative expenses	**(169,017)**	(190,001)
Selling and marketing expenses		
—Direct selling and marketing expenses	**(676,178)**	(130,463)
—Payments under collaboration arrangements	**(499,725)**	–
Listing expenses	**–**	(57,187)
Finance costs	**(59,490)**	(68,969)
Adjusted loss and total comprehensive expenses for the year	**(1,571,876)**	(1,481,694)
Less:		
Share-based compensation expenses	**(148,074)**	(53,244)
Loss on fair value changes of preferred shares	—	(4,338,044)
Loss and total comprehensive expenses for the year	**(1,719,950)**	(5,872,982)

Selected Data from Statement of Financial Position

	As at 31 December 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Total current assets	**5,455,423**	4,686,261
Total non-current assets	**1,775,106**	1,426,316
Total assets	**7,230,529**	6,112,577
Total current liabilities	**1,043,556**	670,321
Total non-current liabilities	**1,430,842**	1,247,842
Total liabilities	**2,474,398**	1,918,163
Net current assets	**4,411,867**	4,015,940

15. Liquidity and Source of Funding and Borrowing

As at 31 December 2019, the Group's bank balances and cash and current portion of other financial assets were RMB4,695.2 million, as compared with RMB4,525.4 million as at 31 December 2018. The increases in research and development expenses and selling and marketing expenses for the year ended 31 December 2019 were partially offset by revenue from the sales of Tyvyt® (sintilimab injection) and the top-up placement of approximately HK$2.4 billion in October 2019.

As at 31 December 2019, the current assets of the Group were RMB5,455.4 million, primarily including bank balances and cash and current portion of other financial assets of RMB4,695.2 million. As at 31 December 2019, the current liabilities of the Group were RMB1,043.6 million, primarily including other payables and accrued expenses of RMB885.0 million. Other payables and accrued expenses primarily included accrued research and development expenses, selling and marketing expenses and staff payroll payables.

As at 31 December 2019, the Group had available unutilized short-term bank loan facilities of approximately RMB85.0 million, as compared with RMB128.0 million as at 31 December 2018.

16. Key Financial Ratios

The following table sets forth the key financial ratios for the dates indicated:

	As at 31 December 2019	As at 31 December 2018
Current ratio[2]	**5.2**	7.0
Quick ratio[3]	**4.9**	6.9
Gearing ratio[4]	**NM[4]**	NM[4]

17. Material Investments

The Group did not make any material investments during the year ended 31 December 2019.

18. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2019.

19. Pledge of Assets

As at 31 December 2019, the Group pledged RMB569.7 million of property, plant and equipment and RMB52.8 million of land use rights to secure its loans and banking facilities.

20. Contingent Liabilities

As at 31 December 2019, the Group did not have any material contingent liabilities.

21. Foreign Exchange Exposure

During the year ended 31 December 2019, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. As at 31 December 2019, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 31 December 2019. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange of the Group exposure should the need arise.

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2 Current ratio is calculated using current assets divided by current liabilities as of the same date.

3 Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

4 Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%. Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative.

22. Employees and Remuneration

As at 31 December 2019, the Group had a total of 1,982 employees. The following table sets forth the total number of employees by function as of 31 December 2019:

Function	Number of employees	% of total
Research and Development	701	35
Manufacturing	455	23
Selling and Marketing	688	35
General and Administrative	138	7
Total	**1,982**	**100**

The total remuneration cost incurred by the Group for the year ended 31 December 2019 was RMB796.6 million, as compared to RMB371.2 million for the year ended 31 December 2018.

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based payment expenses. In accordance with applicable Chinese laws, the Group has 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 the Group's employees.

The Company also has adopted a Pre-IPO Share Incentive Plan (the "**Pre-IPO Plan**"), a post-IPO share option scheme (the "**Post-IPO ESOP**") and the Innovent Biologics, Inc. 2018 Restricted Share Plan (the "**RS Plan**"). Please refer to the section headed "Statutory and General Information – D. Equity Plan" in Appendix IV to the prospectus of the Company dated 18 October 2018 (the "**Prospectus**") for further details.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2019.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, 12 June 2020 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 June 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 28 April 2011 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 31 October 2018.

1. Compliance with the Corporate Governance Code

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

During the year ended 31 December 2019, the Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules except for the following deviation.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The Company does not have separate chairman of the Board and chief executive officer, and Dr. De-Chao Michael Yu, our executive Director, currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2019.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

2. Compliance with the Model Code for Securities Transactions by Director

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2019. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the year ended 31 December 2019.

3. 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 31 December 2019 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.

4. Audit Committee

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The audit committee comprises of three non-executive Directors (including independent non-executive Directors), namely, Ms. Joyce I-Yin Hsu, Mr. Shuyun Chen and Dr. Kaixian Chen. Ms. Joyce I-yin Hsu, an independent non-executive Director, is the chairman of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019 and has met with the independent auditor, Messrs. Deloitte Touche Tohmatsu. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

In addition to the audit committee, the Company has also established a nomination committee, a remuneration committee and a strategy committee.

6. Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2019.

7. Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2019. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended 31 December 2019.

8. Use of Proceeds

(a) Use of Net Proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on Listing Date with a total of 271,802,000 offer shares (including shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the global offering were approximately HK$3,645.9 million (approximately RMB3,234.7 million). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

As at 31 December 2019, approximately RMB2,241.7 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus *Note* *RMB million*	**Utilization as at 31 December 2018** *RMB million*	**Unutilized as at 31 December 2018** *RMB million*	**Utilization as at 31 December 2019** *RMB million*	**Unutilized as at 31 December 2019** *RMB million*
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches (including production, sales and marketing) of Tyvyt® (sintilimab injection)	1,682.1	121.3	1,560.8	1,208.6	473,5
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of IBI-305 (bevacizumab biosimilar)	258.8	10.9	247.9	88.7	170.1
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of IBI-301 (rituximab biosimilar)	129.3	9.2	120.1	52.8	76.5

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus [Note]	Utilization as at 31 December 2018	Unutilized as at 31 December 2018	Utilization as at 31 December 2019	Unutilized as at 31 December 2019
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of IBI-303 (adalimumab biosimilar)	32.4	3.6	28.8	25.2	7.2
For the ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of the other drug candidates in the Group's pipeline	808.7	94.3	714.4	555.2	253.5
For working capital and general corporate purposes	323.4	159.2	164.2	311.2	12.2
	3,234.7	398.5	2,836.2	2,241.7	993.0

Note: The net proceeds figure has been translated to Renminbi for the allocation and the utilization calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

(b) Use of Net Proceeds from the 2019 Placing

The placing of existing Shares and top-up subscription of new shares pursuant to the share placing and subscription agreement dated 9 October 2019 was completed on 18 October 2019 (the "**2019 Placing**"). The net proceeds raised from the 2019 Placing were approximately HK$2,351.3 million (approximately RMB2,122.7 million). As at 31 December 2019, approximately RMB219.3 million of the net proceeds of the 2019 Placing had been utilized in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2019 Placing, and RMB1,903.4 million remained unutilized. There has been no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Revenue from contracts with customers	*3*	**1,047,525**	9,477
Cost of sales		**(124,878)**	–
Gross profit		**922,647**	9,477
Other income		**144,081**	93,795
Other gains and losses	*4*	**15,075**	(4,272,090)
Research and development expenses		**(1,294,724)**	(1,221,687)
Administrative expenses		**(255,299)**	(220,315)
Selling and marketing expenses			
– Direct selling and marketing expenses		**(692,515)**	(136,006)
– Payments under collaboration arrangement	*5*	**(499,725)**	–
Listing expenses		**–**	(57,187)
Finance costs		**(59,490)**	(68,969)
Loss and total comprehensive expenses for the year		**(1,719,950)**	(5,872,982)
Loss and total comprehensive expenses for the year attributable to:			
Owners of the Company		**(1,719,950)**	(5,771,492)
Non-controlling interests		**–**	(101,490)
		(1,719,950)	(5,872,982)
Loss per share	*7*		
– Basic (RMB Yuan)		**(1.46)**	(17.24)
– Diluted (RMB Yuan)		**(1.46)**	(17.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,344,788**	1,078,053
Right-of-use assets		**91,516**	–
Prepaid lease payments		**–**	52,842
Deposits for acquisition of property, plant and equipment		**84,849**	45,114
Other receivables and tax recoverables		**251,969**	250,307
Other financial assets		**1,984**	–
		1,775,106	1,426,316
Current assets			
Inventories		**358,597**	66,121
Trade receivables	*8*	**247,854**	–
Deposits, prepayments and other receivables		**151,626**	72,309
Contract assets		**2,185**	7,505
Income tax recoverables		**–**	13,726
Prepaid lease payments		**–**	1,248
Other financial assets		**462,519**	–
Bank balances and cash		**4,232,642**	4,525,352
		5,455,423	4,686,261
Current liabilities			
Trade payables	*9*	**84,275**	42,821
Other payables and accrued expenses		**885,004**	600,498
Contract liabilities		**41,727**	17,002
Borrowings		**17,000**	10,000
Lease liabilities		**15,550**	–
		1,043,556	670,321
Net current assets		**4,411,867**	4,015,940
Total assets less current liabilities		**6,186,973**	5,442,256

	2019 *RMB'000*	2018 *RMB'000*
Non-current liabilities		
Contract liabilities	**581,786**	449,887
Borrowings	**808,000**	782,000
Government grants	**16,518**	15,955
Lease liabilities	**24,538**	–
	1,430,842	1,247,842
Net assets	**4,756,131**	4,194,414
Capital and reserves		
Share capital	**87**	79
Reserves	**4,756,044**	4,194,335
Total equity	**4,756,131**	4,194,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Innovent Biologics, Inc. (the "**Company**") is an exempted Company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company is an investment holding company. The Company's subsidiaries are principally engaged in research and development of antibody and protein medicine products, sale and distribution of pharmaceutical products, and provision of consultation and research and development services.

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board (the "**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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")

New and amendments to IFRSs that are mandatorily effective for the current year

The Group have applied the new and amendments to IFRSs issued by the IASB for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 -2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years or on the disclosures set out in these consolidated financial statements.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of offices in the People's Republic of China (the "**PRC**") was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.75%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	26,835
Lease liabilities discounted at relevant incremental borrowing rates	26,025
Less: Recognition exemption – short-term leases	(955)
Lease liabilities as at 1 January 2019	25,070
Analysed as	
Current	7,723
Non-current	17,347
	25,070

The carrying amount of right-of-use assets for own used as at 1 January 2019 comprises the following:

	Notes	**Right-of-use assets** *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		25,070
Reclassified from prepaid lease payments	*(a)*	54,090
Adjustments on rental deposits at 1 January 2019	*(b)*	331
		79,491

(a) Upfront payments for leasehold land in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB1,248,000 and RMB52,842,000 respectively were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied under deposits. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB331,000 was adjusted to refundable rental deposits paid and right-of-use assets.

There is no impact of transition to IFRS16 on accumulated losses at 1 January 2019.

Impact on the consolidated statement of financial position

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2018** *RMB'000*	**Adjustment** *RMB'000*	**Carrying amounts under IFRS 16 at 1 January 2019** *RMB'000*
Non-current assets				
Right-of-use assets	*(a), (b)*	–	79,491	79,491
Prepaid lease payment	*(a)*	52,842	(52,842)	–
Current assets				
Prepaid lease payment	*(a)*	1,248	(1,248)	–
Deposit, prepayments and other receivables – rental deposits	*(b)*	2,791	(331)	2,460
Current liabilities				
Lease liabilities		–	7,723	7,723
Non-current liabilities				
Lease liabilities		–	17,347	17,347

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	2019	2018
	RMB'000	*RMB'000*
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**1,015,871**	–
Licence fee income	**10,000**	–
	1,025,871	–
Overtime		
Research and development service fee income	**3,786**	9,477
Licence fee income	**17,868**	–
	21,654	9,477
	1,047,525	9,477

Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

Substantially all of the Group's operations and non-current assets are located in the PRC. An analysis of the Group's revenue from external customers, analysed by delivery of goods and services, is detailed below:

Revenue by geographical location

	2019	2018
	RMB'000	*RMB'000*
The PRC	**1,047,525**	9,477

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2019	2018
	RMB'000	*RMB'000*
Customer A	**N/A***	9,177
Customer B *(Note)*	**933,853**	N/A*

* The corresponding revenue did not constitute over 10% of the total revenue of the Group.

Note: Revenue from customer B is mainly from sales of pharmaceutical products and licence fee income.

4. OTHER GAINS AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**–**	(3,316)
Gain from changes in fair value of wealth management plans (financial assets mandatorily measured at FVTPL)	**2,627**	5,141
Loss from changes in fair value of other financial liabilities measured as at FVTPL	**–**	(4,338,044)
Net foreign exchange gains	**12,448**	64,129
	15,075	(4,272,090)

5. COLLABORATION ARRANGEMENT

The Group enter into collaborative and other similar arrangements to develop and commercialise drug candidates. Collaborative activities may include research and development, manufacturing, and commercialisation.

The collaboration agreements are structured such that each party contributes its respective skills in the various phases of the development projects. For certain of the agreements, it contains contractual terms regarding sharing of control over the relevant activities under the agreement and consider joint operation under *IFRS 11 Joint Arrangement*. Revenue, expenses, receivables and payables in connection with those collaboration arrangement, if any, are included in the related financial lines and footnotes.

The collaboration arrangements are not contracts with customers itself but are evaluated to determine whether any aspects of the arrangements are contracts with customers under IFRS 15 *Revenue from contract with customers*. Revenue related to products sold pursuant to these arrangements or license provision for customers' access is recognised at a point of time and upfront received for providing commercialisation licence to customers for a term of period, is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation. All payments received in advance of performance under the contract are included in contract liabilities and recognised as revenue in accordance with above said timing.

In certain arrangements, collaborators require the Group to pay upfront or milestone payments for acquisition of commercial rights, contingent upon the occurrence of certain future events linked to the success of the asset in development by collaboration partners and the payments are only capitalised upon the inflow of economic benefit to the entity is probable. Furthermore, certain arrangements require royalty or profit-share payments to collaborators during commercialisation stage and recognised at the time the Group obligated to pay in accordance with the relevant terms. All these expenses are reported as "selling and marketing expenses".

Other expenses incurred pursuant to support the Group's research and development activities or upfront or development milestone paid for in-licensing of antibodies used in Group's research and development activities are accounted as internal research and development costs and reported under "research and development expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX EXPENSE

No income tax expense has been incurred by the Group for the years ended 31 December 2019 and 2018.

7. LOSS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,719,950)**	(5,771,492)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,177,686,162**	334,683,802

The computation of basic loss per share for both years excluded the unvested restricted shares of the Company.

For the year ended 31 December 2018, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been retrospectively adjusted for the share subdivision.

(b) Diluted

31 December 2019

The Company had two categories of potential ordinary shares, unvested restricted shares of the Company and the shares options awarded under the Pre-IPO Plan, the RS Plan and the Post-IPO ESOP. As the Group incurred losses for the year ended 31 December 2019, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the year ended 31 December 2019 is the same as basic loss per share.

31 December 2018

The Company had four categories of potential ordinary shares, namely unvested restricted shares of the Company, over-allotment options, preferred shares issued by the Company and the shares options awarded under the Pre-IPO Plan. Diluted loss per share for the year ended 31 December 2018 did not assume vesting of restricted shares, conversion of series A, B, C and E preferred shares, and exercise of share options, as their inclusion would be anti-dilutive. As the Group incurred losses for the year ended 31 December 2018, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the year ended 31 December 2018 is the same as basic loss per share.

8. TRADE RECEIVABLES

The following is an aging analysis of trade receivables, presented based on the invoice date:

	At 31 December 2019 *RMB'000*	At 31 December 2018 *RMB'000*
0 - 60 days	**247,854**	–

As at 31 December 2019, included in the Group's trade receivables balances are debtors with aggregate carrying amount of nil (2018: nil) which are past due as at reporting date.

9. TRADE PAYABLES

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

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.innoventbio.com. The annual report of the Group for the year ended 31 December 2019 will be published on the aforesaid websites of the Stock Exchange and the Company, and will be dispatched to the Company's shareholders in due course.

By order of the Board
Innovent Biologics, Inc.
Dr. De-Chao Michael Yu
Chairman and Executive Director

Hong Kong, China, 30 March 2020

As at the date of this announcement, the Board comprises Dr. De-Chao Michael Yu as Chairman and Executive Director and Mr. Ronald Hao Xi Ede as Executive Director, Mr. Shuyun Chen as Non-executive Director, and Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu and Dr. Kaixian Chen as Independent Non-executive Directors.