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 2021

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 2021 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2020. 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, Deloitte Touche Tohmatsu.

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

FINANCIAL HIGHLIGHTS

Non-IFRS Measures[1]:

- **Total revenue** was RMB4,260.9 million for the year ended 31 December 2021, representing an increase of 74.1% from RMB2,446.7 million for the year ended 31 December 2020. Product revenue increased by 69.0% to RMB4,001.1 million for the year ended 31 December 2021, compared to RMB2,367.5 million in the prior year. The leading product TYVYT® (sintilimab injection) has maintained strong growth in both sales revenue and volume as the leading brand in the programmed cell death protein-1 ("**PD-1**") market. Meanwhile, the fast ramp-up of other products and expansion of commercial portfolio have significantly contributed to the strong growth of product revenue, accounting for about 30% of total product revenue for the year ended 31 December 2021.

1 We adopted non-International Financial Reporting Standard ("**IFRS**") measures in order to more clearly illustrate our normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from year to year and company to company to the extent applicable. Non-IFRS measures are not financial measures defined under the IFRS, and represent corresponding financial measures under IFRS excluding the effect brought by certain non-cash items and non-recurring events, such as (a) share-based compensation expenses; and (b) license fee income recognized at a point in time. For the calculation and reconciliation of these non-IFRS measures, please refer to "Management Discussion and Analysis – Financial Review – 10. Non-IFRS Measure".

- **Gross profit margin** of product sales was 88.6% for the year ended 31 December 2021, representing an increase of 3.7% as compared with 84.9% for the year ended 31 December 2020, primarily due to consistent volume growth and manufacturing efficiency improvement as the six 3,000L stainless steel bioreactor production lines were put in use since the fourth quarter of 2020. The large scale stainless steel bioreactor production lines provided market competitive cost advantage of TYVYT® (sintilimab injection) and other antibody drugs.

- **Research and development ("R&D") expenses** increased by RMB398.2 million from RMB1,717.8 million for the year ended 31 December 2020 to RMB2,116.0 million for the year ended 31 December 2021. The steadily growing R&D expenses were mainly spent on clinical trials of late-stage and prioritized assets from our robust pipeline globally to further expand our existing product line's indications as well as develop new products in our pipeline, including pre-clinical product developments.

- **Selling and marketing expenses** were RMB2,541.3 million, or 59.6% of total revenue, or 63.5% of product revenue for the year ended 31 December 2021, as compared with RMB1,258.0 million, or 51.4% of total revenue, or 53.1% of product revenue for the year ended 31 December 2020. Such planned increase in spending was primarily due to the broader commercialization activities with respect to more approved products, strategic sales and marketing team expansion during the year from 1,284 members as at 31 December 2020 to 2,768 members as at 31 December 2021 in order to prepare for the rapidly expanding commercial portfolio and broader coverage, as well as a much lower-than-normal and not usual commercialization activities for the year ended 31 December 2020 due to the outbreak of COVID-19.

- **Loss for the year** was RMB2,242.6 million for the year ended 31 December 2021, representing an increase of RMB249.6 million from RMB1,993.0 million for the year ended 31 December 2020, primarily attributable to continuous investment in R&D.

IFRS Measures:

- **Loss for the year** was RMB3,138.1 million for the year ended 31 December 2021, representing an increase of 214.3% from RMB998.4 million for the year ended 31 December 2020. The increase was primarily due to (i) continuous investment in R&D; (ii) increased share-based compensation expenses; and (iii) license fee income recognized at a point in time decreased by RMB1,388.2 million from RMB1,397.1 million for the year ended 31 December 2020 to RMB8.9 million for the year ended 31 December 2021.

- **Net cash from financing activities** for the year ended 31 December 2021 was RMB5,003.4 million, mainly attributable to proceeds generated from our successful placement in January 2021. As of 31 December 2021, the Company had approximately US$1,415.1 million cash on hand and short term financial assets.

BUSINESS HIGHLIGHTS

During the year ended 31 December 2021, the Company has continued to achieve significant milestones with consistently strong execution and clear growth strategy in aspects of R&D, product development, Chemical Manufacturing and Control ("CMC"), commercialization and business collaboration as follows:

We generated product revenue of RMB4,001.1 million for the year ended 31 December 2021, an increase of 69.0% compared to RMB2,367.5 million in the same period of prior year, with the commercial portfolio expanded to six approved products, and strong year-over-year growth for both TVYTY® (sintilimab injection) and other products. We further expanded the commercial team and strengthened the Company's franchise in China pharmaceutical market.

- During the year ended 31 December 2021, we have expanded the commercial portfolio to six products, with two more approved to market, including NAILIKE (Olverembatinib) approved by the National Medical Products Administration of China (the "**NMPA**") for the treatment of tyrosine kinase inhibitor ("**TKI**")-resistant chronic phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation, and Pemazyre® (pemigatinib) approved in Taiwan market for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("**FGFR2**") fusion or rearrangement.

- During the year ended 31 December 2021, TYVYT® (sintilimab injection) was approved for three additional indications including first-line ("**1L**") non-squamous non-small cell lung cancer ("**NSCLC**"), 1L squamous NSCLC and 1L hepatocellular carcinomas ("**HCC**"). The three new indications were successfully included in the updated National Reimbursement Drug List ("**NRDL**"), effective from January 1, 2022, on top of TYVYT® (sintilimab injection)'s first reimbursed indication of relapsed or refractory classic Hodgkin's lymphoma ("**cHL**").

- During the year ended 31 December 2021, three additional Phase 3 clinical studies for TYVYT® (sintilimab injection) have met the primary endpoint, including the ORIENT-15 for the first-line treatment of gastric or gastroesophageal junction adenocarcinoma ("**G/GEJ**"), the ORIENT-16 for the first-line treatment of esophageal squamous cell carcinoma ("**ESCC**"), and the ORIENT-31 for epidermal growth factor receptor ("**EGFR**")-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy. The NMPA has accepted three supplemental New Drug Applications ("**sNDA**") of TYVYT® (sintilimab injection) for the corresponding indications. The clinical achievements during the Reporting Period have made TYVYT® (sintilimab injection) become the only PD-1 inhibitor with positive Phase 3 data in the first-line treatment of five major types of cancer.

During the year ended December 31, 2021, we continued to make progress in our robust pipeline which consist of 29 valuable assets, including six commercialized products, and 23 assets in various clinical stages:

- **We kept advancing the development progress for multiple assets in registration or pivotal clinical trials which supports at least three potential New Drug Application ("NDA") submissions in the year of 2022, including:**

  – IBI-306, proprotein convertase substilisin/kexin type 9 enzyme ("**PCSK9**") antibody, for the treatment of non-familial hypercholesterolemia ("**non-FH**") and heterozygous familial hypercholesterolemia ("**HeFH**"), which has met primary endpoint in Phase 3 studies with potential NDA submission in the first half of 2022;

  – IBI-326, fully-human B-cell maturation antigen ("**BCMA"**) -targeted chimeric antigen receptor T-cell ("**CAR-T**") therapy, for the treatment of relapsed/refractory multiple myeloma ("**r/r MM**"), with potential NDA submission in the first half of 2022; and

  – IBI-310, anti-cytotoxic T-lymphocyte-associated protein 4 ("**CTLA-4**"), in combination therapy with TYVYT® (sintilimab injection) for 1L HCC and the second-line ("**2L**") treatment of cervical cancer ("**CC**"), with potential NDA submission in the second half of 2022 for 2L CC.

- **We achieved positive Proof-of-Concept ("PoC") data readout for seven novel assets to potentially move forward into the late clinical stage and even NDA submissions in the year of 2022, all with promising market potentials in global and/or regional markets, including:**

  – IBI-326, BCMA CAR-T for r/r MM;

  – IBI-310, CTLA-4 in combination with TYVYT® (sintilimab injection) for 2L CC and 1L HCC;

  – IBI-188, fully human anti-CD47 monoclonal antibody, in combination with azacitidine for the treatment of 1L higher risk myelodysplastic syndrome ("**MDS**");

  – IBI-344, taletrectinib, a next-generation TKI designed to effectively target repressor of silencing 1 and neuro trophin receptor kinase ("**ROS1/NTRK**") for the treatment of ROS1 fusion positive NSCLC;

  – IBI-362, dual glucagon-like petide-1 ("**GLP-1**") and glucagon receptor ("**GCGR**") agonist, for the treatment of Type 2 diabetes and obesity;

  – IBI-302, anti-vascular endothelium growth/complement ("**VEGF/C**") bispecific fusion protein, for the treatment of neovascular age-related macular degeneration ("**nAMD**"); and

  – IBI-112, long-acting anti-interleukin-23p19 subunit (IL23p19) monoclonal antibody, for the treatment of psoriasis.

We have fortified our powerful discovery engine, the Innovent Academy, with top talents in the industry and established an advisory board with world-renowned scientists that constantly enhances innovation with novel modalities and frontier technology:

- We established our United States ("**U.S.**") Lab and significantly expanded our global product development team, which is an important innovation hub bridging scientific discovery with product development and regulatory filing.

- We established the Scientific Advisory Board ("**SAB**") comprising three world-renowned scientists, Professor Dr. Lewis L. Lanier, Professor Dr. Lawrence Fong, and Professor Carlos Garcia-Echeverria, who will provide scientific advices to our research programs and clinical development of novel pipeline with their top academic background and industry experience.

- Innovent Academy have established over 80 research programs focusing on seven taskforces, all of which have been progressing at a well-planned and high-efficient pace.

- Innovent Academy has successfully delivered seven molecules into the investigational new drug ("**IND**") enabling stage, all of which have the global potential and proprietary under the Modalities of Actions ("**MoA**") spanning from cancer biology and immunology, to ophthalmology area.

We strived to be the best partner of choice for global and regional biopharmaceutical companies and we are pleased to establish multiple meaningful collaborations in expanding the breadth of our pipeline covering various disease areas:

- Co-development and co-commercialization to unlock the great potential of best-in-class assets and complementing product portfolio, including:

  – IBI-344, taletrectinib – a next-generation TKI designed to effectively target ROS1 and NTRK with AnHeart Therapeutics Co., Ltd. ("**AnHeart**").

  – IBI-348, olverembatinib – a novel third-generation BCR-ABL TKI with Ascentage Pharma Group International ("**Ascentage**").

  – IBI-351, GFH925 – a novel, orally active, potent KRAS G12C inhibitor with GenFleet Therapeutics (Shanghai) Inc. ("**GenFleet**").

  – IBI-343, orismilast – a novel, orally active, potent phosphodiesterase 4 ("**PDE4**") inhibitor for broad target indications with UNION therapeutics A/S ("**UNION**").

  – BYVASDA® (bevacizumab biosimilar) - out-licensed to PT Etana Biotechnologies Indonesia ("**Etana**") for potential product launch in the Indonesia market, with NDA filed in 2021.

- Collaboration on technology-platform development to further expand current pipeline potential benefit to satisfy unmet medical needs, including:

  – The development of the proprietary antibody-drug conjugate ("**ADC**") technologies with Synaffix B.V. ("**Synaffix**"); and

  – The development of three new anti-cancer therapeutic immune-stimulating antibody conjugate ("**ISAC**") candidates with Bolt Biotherapeutics, Inc. ("**Bolt**") (NASDAQ ticker symbol: BOLT).

We have upgraded our manufacturing capabilities and efficiency to commensurate the steady expansion in our business and strengthen our market competitiveness and cost advantages:

- In the second half of 2021, we successfully expanded our production capacity from 24,000L to 60,000L. We completed the construction of a new commercial facility in Suzhou site (the "**M2 site**") that is designed to house additional twelve 3,000L production capacities in stainless steel bioreactors.

We have kept our Company in a healthy financial position that enables us to strategically focus on the Company's long-term growth strategies:

- We successfully raised approximately HK$4.7 billion through a placing of new shares in January 2021. As of 31 December 2021, the Company had approximately US$1,415.1 million cash on hand and short term financial assets. The healthy financial position enables us to attentively focus on our key strategies of improving drug R&D capability, expanding our global R&D team, pursing global development of novel molecules, and at the same time, expanding our commercial portfolio and enhancing our business performance.

- In December 2021, our stock was included in the Hang Seng China Enterprises Index ("**HSCEI**"), one of the most influential indexes in the Hong Kong and global stock markets. We are the first and only biopharmaceutical company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under Chapter 18A of The Rule Governing the Listing of Securities on the Stock Exchanges (the "**Listing Rules**") to be included in the HSCEI.

After the end of the Reporting Period and up to the date of this announcement, the Company has continued to make significant progress in our drug pipeline and business operations, including the following major milestones and achievements:

- In January 2022, the Hong Kong Department of Health approved the NDA of Pemazyre® for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement that have progressed after at least one prior line of systematic therapy.

- In January 2022, we entered into an agreement pursuant to which Sana Biotechnology, Inc. (NASDAQ ticker symbol: SANA) shall obtain from IASO Biotherapeutics ("**IASO Bio**") and the Company non-exclusive commercial rights to a clinically validated fully-human BCMA CAR construct for use in certain in vivo gene therapy and ex vivo hypo-immune cell therapy applications.

- In February 2022, IBI-326 received the Orphan Drug Designation by the U.S. Food and Drug Administration ("**FDA**"). IBI-326 will be eligible for certain development incentives, including FDA support for clinical studies, a waiver or reduction of registration application fee, and a seven-year U.S. market exclusivity granted upon product approval.

- In February 2022, IBI-306 met the primary endpoint of low-density lipoprotein cholesterol (LDL-C) in two Phase 3 studies (CREDIT-1 and CREDIT-4) for the treatment of non-FH and hypercholesterolemia including non-FH and HeFH respectively.

- In March 2022, the FDA has issued a complete response letter ("**CRL**") for the Biologics License Application ("**BLA**") for sintilimab in combination with pemetrexed and platinum chemotherapy for the first-line treatment of people with non-squamous NSCLC. Sintilimab is being developed by the Company and Eli Lilly and company ("**Lilly**"). The CRL indicates that the review cycle is complete but the FDA is unable to approve the application in its current form, which is consistent with the outcome of the Oncologic Drugs Advisory Committee ("**ODAC**") Meeting in February 2022.

- In March 2022, we established expanded strategic partnership with Lilly in oncology for the Company to obtain the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in mainland China, and right of first negotiation for future commercialization of pirtobrutinib (Bruton's tyrosine kinase ("**BTK**") inhibitor) in mainland China.

- In the first quarter of 2022, we announced three first-patient-dosed for novel assets with global rights, including:

  – IBI-325, proprietary CD73 antibody, in patients with advanced solid tumor;

  – IBI-345, first-in-class universal "modular" Claudin 18.2-targeting CAR-T cell therapy for the treatment of advanced Claudin 18.2-positive solid tumors; and

  – IBI-389, proprietary bispecific antibody targeting Claudin 18.2/CD3 in patients with advanced malignancies.

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 and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Innovent Biologics, Inc. is a biopharmaceutical company committed to developing and commercializing 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, CMC, clinical development and commercialization capabilities.

We have developed a rich pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, cell therapy and small molecules), spanning multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and with promising tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

2021 Review: Another year of strong execution to build solid foundation and expand robust pipeline

Bearing the ambition of growing into a global premier biopharmaceutical company, 2021 continued to be a year of strong execution to expand our robust innovative pipeline. We have continuously made significant achievements in all aspects of commercial growth, pipeline development, manufacturing and business collaboration, with further detailed discussions in the "Business Highlights" section.

- **We have contiuned to expand our commercial portfolio and maintain strong revenue growth performance.** During the year of 2021, we have expanded commercial portfolio to six products with the approval of two additional novel drugs, and achieved RMB4,001.1 million product revenue, an increase of 69.0% compared to RMB2,367.5 million in the prior year. TYVYT® (sintilimab injection), as a leading PD-(L)1 brand in the market, has maintained fast growth in both revenue and volume in 2021. Meanwhile, higher revenue contribution obtained from other newly launched products further validated our commercial platform and capability.

- **We have built a robust pipeline with 29 clinical stage assets, kept moving our late stage innovative assets ahead, and achieved positive PoC data for seven promising assets.** We have advanced the assets in pivotal or registrational trials including IBI-306 (PCSK-9), IBI-310 (CTLA-4), IBI-326 (BCMA CAR-T), IBI-344 (ROS1/NTRK) etc. that enables us to keep enriching commercial portfolio covering core disease areas, and will provide near-term to mid-term sustainable growth to the Company.

  In addition to the fast progress of the late stage assets, in 2021, we've achieved positive PoC data readouts for the efficacy and safety of seven promising assets that enable us to keep moving more candidates into late stage studies, including IBI-188 (CD47), IBI-362 (GLP-1/GCGR), IBI-326 (BCMA CAR-T), IBI-310 (CTLA-4), IBI-344 (ROS1/NTRK), IBI-302 (VEGF/C), and IBI-122 (IL-23p19).

- **We have rolled out development for the global and/or high potential early stage assets in 2021.** We have 18 assets in early Phase 1/2 stage. In 2021, we have prioritized and accelerated the development of over 10 early clinical stage assets with global rights and global competitiveness potentials. We entered into a series of Phase 1 to Phase 1b/Phase 2 PoC studies to explore the potential of these novel assets represented by the clusters of CD47, LAG-3, TIGIT, and VEGF etc. We have obtained positive PoC data for IBI-188 (CD47) in 1L MDS and for IBI-302 (VEGF/C) in nAMD first, and anticipate to have more data readout in 2022. The rich early stage pipeline, together with over 80 projects at preclinical and drug discovery stage, can provide a robust and well-diversified pipeline for accelerated and sustainable growth of the Company in mid to long term in both China and the broader global markets.

- **We have further enhanced our R&D structure and platform to facilitate the global R&D of our pipeline.** In the past year, we have more than doubled our scientist team under the technology platform. The team has increased to about 300 scientists under our drug discovery engine, Innovent Academy. Further, we have successfully established our U.S. Lab in Maryland, and our SAB comprising three world-renowned scientists. During the year, we have built a fully-functional global development team and established an effective global development and registration platform and process to carry out the global R&D of our novel pipeline.

- **We have entered into a series of collaborations with both global and regional pharmaceutical companies that further empower our technology platform and enrich our pipeline with synergy in clinic and commercialization.** In 2021, we have established a series of business collaborations, including with AnHeart, Ascentage, GenFleet and UNIION in the development and/or commercialization of multiple novel and differentiated assets, which further complement our product portfolio in oncology and autoimmune disease areas with significant synergy. We also collaborated on technology-platform with leading biotech companies in certain technology areas by leveraging the advantages of both parties to empower the development of advanced technology, including collaboration with Synaffix in ADC, and collaboration with BOLT in ADC ISAC.

- **We have maintained the Company in a healthy financial position.** As of December 2021, the Company had approximately US$1,415.1 million cash on hand and short term financial assets. The healthy financial position and consistently efficient capital allocation will enable us to focus on the long-term growth strategy despite near-term market fluctuations.

2021 is the last year of the first decade of our Company's history. Through ten years of efforts and dedication, we have grown to be one of the few leading biopharmaceutical company in China with an established platform foundation, sustained strong execution, and favorable financial position. Going forward, we are in an even more advantageous position to firmly focus on investing in the Company's long-term growth strategy, despite the temporarily fluctuating macro and capital market environment.

2022 Outlook: Strategically focus on the growth strategy of global innovation

Heading into the first year of the second decade of our Company's history, we anticipate that 2022 will continue to be a harvest year from the commercialized and late-stage pipeline, and the transformative year to further expand our global R&D footprint. We will firmly implement our corporate strategy in the following areas:

We will continue to expand our commercial portfolio supported by our proven commercial capability and abundant late stage pipeline. As a leading biopharmaceutical company in China, we have built up a nationwide commercial team with nearly three thousand people, whose capability is validated by the successful commercialization of TYVYT® (sintilimab injection), and also the fast ramp up of other newly launched products. With a robust late stage pipeline of over 13 products and a proven commercial capability, we have entered into the harvest period for continuous new product launch and ramp up, which will further strengthen our leadership among the emerging Chinese biopharmaceutical companies.

- As we have announced in March 2022, the expanded strategic partnership with Lilly has added one newly approved oncology drug and one NDA stage oncology asset to our commercial portfolio. We anticipate that in 2022, our commercial portfolio will expand from six to eight products, and maintain meaningful product revenue growth during the year.

- We have been following the pivotal studies for our late stage assets, among which, we anticipate to file NDA for at least three new assets, including IBI-310 (CTLA-4), IBI-306 (PCSK-9) and IBI-326 (BCMA CAR-T) during 2022.

- The positive PoC data achieved in the past year will enable us to proceed to additional pivotal or registrational studies with more promising assets. In 2022, we plan to proceed with IBI-188 (CD47) for Phase 3 study for 1L MDS. We will proceed with IBI-362 (GLP1/GCGR) for Phase 3 studies for both indications of obesity and diabetics. We will also proceed with IBI-112 (IL-23 p19) for Phase 3 study for psoriasis.

- Besides, under a well-planned and developed long term growth strategy, we have built up a pipeline consisting of 19 assets in Phase 1/2 stages and over 80 projects in preclinical stage. We are confident that we are able to continuously make significant progress with novel assets for late clinical stage, bring more products to benefit patients across the world, and sustainably grow our business.

We are accelerating the global R&D of our novel pipeline as a key strategy. Supported by the transformative enhancement of the drug discovery engine, Innovent Academy, the clear global R&D strategy for novel molecules, and the established capable global product development team, we are rapidly expanding our business and R&D operation from the China market to global markets.

- We own over a dozen of assets with global rights in Phase 1/2 clinical stage, including eight molecules with IND approval by the FDA. We also anticipate to have more data readout in 2022 for multiple global assets which are currently at the PoC stage, including IBI-188 (CD47) with preliminary data achieved, IBI-110 (LAG-3), and IBI-322 (CD47/PD-L1) etc. Besides, we will continue to advance more novel assets such as IBI-351 (KRAS G12C), IBI-939 (TIGIT), IBI-323 (LAG-3/PD-L1) which are currently in Phase 1 studies.

- Besides, we plan to proceed multiple more novel candidates into the clinic this year with more advanced modalities and novel MoAs spanning from monoclonal antibody and bispecific antibody to ADC, T cell engager, and cell therapy, such as first-in-class IL-2 based bispecific antibody IBI-363 (PD-1/IL-2), ophthalmology bispecific antibodies IBI-333 (VEGF-A/VEGF-C) and IBI-324 (VEGF/ANG-2), and IBI-346 (CLDN18.2 CAR-T) with first-in-class modular cell therapy technology.

- In the past year, we have built a fully-functional global development team and established an effective global development platform and process. The rapidly expanding overseas team, which cooperates seamlessly with the product development team in China of 1000+ people, is capable of carrying out global development of our novel assets that will meet the requirements of various regulatory agencies in major markets.

We are strategically focused on delivering global potential molecules through the leading drug discovery powerhouse, Innovent Academy. The team expansion and infrastructure improvement of Innovent Academy have significantly enhanced our state-of-art antibody engineering platform, refined our understanding in immunology science and cancer biology, which bring Innovent Academy from a China leading platform to a powerhouse with true global competitiveness.

- With the goal to launch potential global blockbuster drugs, Innovent Academy has established over 80 research programs focusing on seven major taskforces, and keeps delivering certain amount of novel molecules into IND enabling stage each year. Among these novel molecules, it has successfully delivered seven new molecules into CMC stage in 2021, which are anticipated to enter first-in-human clinical study starting from 2022, such as first-in-class IL-2 based bispecific antibodies, IBI-363 (PD-1/IL-2), IBI-395 (PD-1/IL-21/IL-2) and novel ophthalmology bispecific antibodies IBI-333 (VEGF-A/VEGF-C) and IBI-324 (VEGF/ANG-2).

We continue to leverage our business development capability to empower internal R&D and fuel globalization. Innovent has a proven track record of establishing 25 partnerships with global pharmaceutical companies and biotech companies since inception. We will continue to look for partnerships and collaborations from platform technology to clinical development, and product commercialization in any potential deals in the form of license in/license out, equity investment and merger and acquisitions. We believe that collaborations could further empower our drug discovery, and add significant synergy and value to our clinical and commercial pipeline.

- In March 2021, we expanded our long standing partnership with Lilly to commercialize one newly approved product and another ready to launch asset in China, and obtain right of first negotiation for one late stage asset. The further recognition of the world-class pharmaceutical partner further validated the value and capability of our commercial platform. The collaborations also further enhance the Company's franchise in major cancer indications including NSCLC, GC and HCC, as well as potentially hematological malignancies.

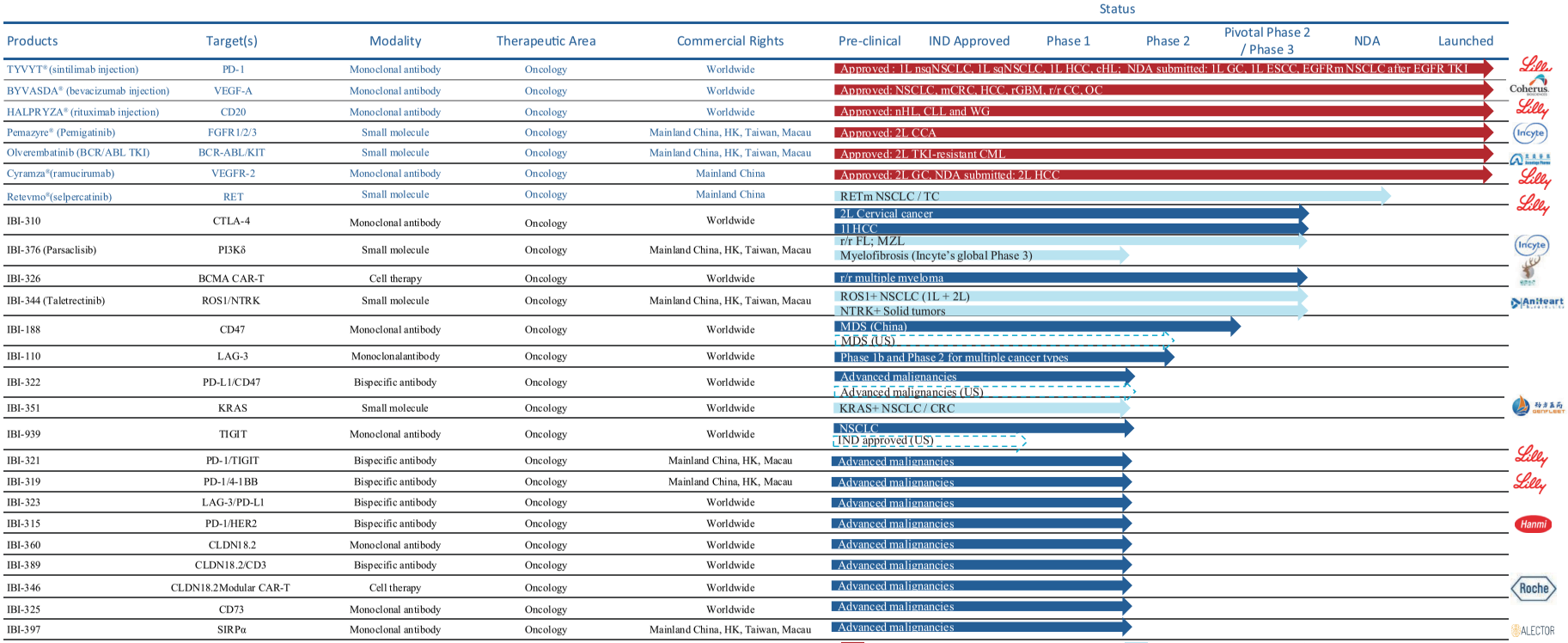
- In February 2022, we also successfully moved one novel cell therapy asset into the first-in-human clinical study, that is discovered based on the first-in-class technology platform collaborated by the Company and Roche Group ("**Roche**"). This represents an excellent example of unveiling extra value of novel technologies through leveraging the technology advantages of two parties and proves the Company's capability to cooperate with world-leading pharmaceutical companies on technology basis.

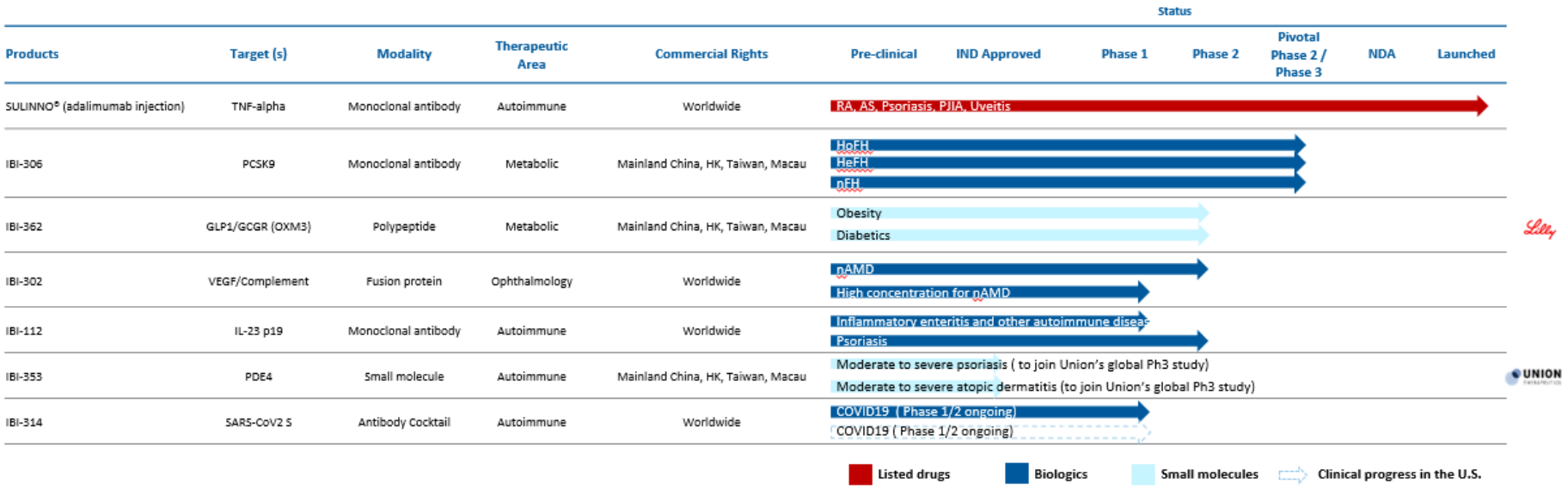
2022 is the first year of the second decade of the Company's development. As one of the few leading biopharmaceutical company with an established platform foundation, sustained strong execution, and favorable financial position, we will strategically focus on improving R&D capability, expanding global R&D team, pursing global development of novel molecules, and at the same time, expanding our commercial portfolio and enhancing business performance. We are fully committed and determined to develop the Company into a global biopharmaceutical company, and to deliver sustainable value to our patients, employees, shareholders and the society.

Pipeline summary

Leveraging on the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 29 valuable assets during the year ended December 31, 2021, and successfully expanded to 32 assets by the date of the announcement. 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 following charts summarize the therapeutic targets, therapeutic areas, commercial rights and development status of our pipeline assets as of the date of this announcement.


Status
Products
Target(s)
Modality
Therapeutic Area
Commercial Rights
Pre-clinical
IND Approved
Phase 1
Phase 2
Pivotal Phase 2 / Phase 3
NDA
Launched
TYVYT® (sintilimab injection) PD-1 Monoclonal antibody Oncology Worldwide
Approved：1L nsqNSCLC, 1L sqNSCLC, 1L HCC, cHL；NDA submitted: 1L GC, 1L ESCC, EGFRm NSCLC after EGFR TKI
BYVASDA® (bevacizumab injection) VEGF-A Monoclonal antibody Oncology Worldwide
Approved: NSCLC, mCRC, HCC, rGBM, r/r CC, OC
HALPRYZA® (rituximab injection) CD20 Monoclonal antibody Oncology Worldwide
Approved: nHL, CLL and WG
Pemazyre® (Pemigatinib) FGFR1/2/3 Small molecule Oncology Mainland China, HK, Taiwan, Macau
Approved: 2L CCA
Olverembatinib (BCR/ABL TKI) BCR-ABL/KIT Small molecule Oncology Mainland China, HK, Taiwan, Macau
Approved: 2L TKI-resistant CML
Cyramza®(ramucirumab) VEGFR-2 Monoclonal antibody Oncology Mainland China
Approved: 2L GC, NDA submitted: 2L HCC
Retevmo®(selpercatinib) RET Small molecule Oncology Mainland China
RETm NSCLC / TC
IBI-310 CTLA-4 Monoclonal antibody Oncology Worldwide
2L Cervical cancer
1l HCC
IBI-376 (Parsaclisib) PI3Kδ Small molecule Oncology Mainland China, HK, Taiwan, Macau
r/r FL; MZL
Myelofibrosis (Incyte's global Phase 3)
IBI-326 BCMA CAR-T Cell therapy Oncology Worldwide
r/r multiple myeloma
IBI-344 (Taletrectinib) ROS1/NTRK Small molecule Oncology Mainland China, HK, Taiwan, Macau
ROS1+ NSCLC (1L + 2L)
NTRK+ Solid tumors
IBI-188 CD47 Monoclonal antibody Oncology Worldwide
MDS (China)
MDS (US)
IBI-110 LAG-3 Monoclonalantibody Oncology Worldwide
Phase 1b and Phase 2 for multiple cancer types
IBI-322 PD-L1/CD47 Bispecific antibody Oncology Worldwide
Advanced malignancies
Advanced malignancies (US)
IBI-351 KRAS Small molecule Oncology Worldwide
KRAS+ NSCLC / CRC
IBI-939 TIGIT Monoclonal antibody Oncology Worldwide
NSCLC
IND approved (US)
IBI-321 PD-1/TIGIT Bispecific antibody Oncology Mainland China, HK, Macau
Advanced malignancies
IBI-319 PD-1/4-1BB Bispecific antibody Oncology Mainland China, HK, Macau
Advanced malignancies
IBI-323 LAG-3/PD-L1 Bispecific antibody Oncology Worldwide
Advanced malignancies
IBI-315 PD-1/HER2 Bispecific antibody Oncology Worldwide
Advanced malignancies
IBI-360 CLDN18.2 Monoclonal antibody Oncology Worldwide
Advanced malignancies
IBI-389 CLDN18.2/CD3 Bispecific antibody Oncology Worldwide
Advanced malignancies
IBI-346 CLDN18.2Modular CAR-T Cell therapy Oncology Worldwide
Advanced malignancies
IBI-325 CD73 Monoclonal antibody Oncology Worldwide
Advanced malignancies
IBI-397 SIRPα Monoclonal antibody Oncology Mainland China, HK, Taiwan, Macau
Advanced malignancies
Listed drugs
Biologics
Small molecules
Clinical progress in the U.S.


Status
Products
Target (s)
Modality
Therapeutic Area
Commercial Rights
Pre-clinical
IND Approved
Phase 1
Phase 2
Pivotal Phase 2 / Phase 3
NDA
Launched
SULINNO® (adalimumab injection) TNF-alpha Monoclonal antibody Autoimmune Worldwide
RA, AS, Psoriasis, PJIA, Uveitis
IBI-306 PCSK9 Monoclonal antibody Metabolic Mainland China, HK, Taiwan, Macau
HoFH
HeFH
nFH
IBI-362 GLP1/GCGR (OXM3) Polypeptide Metabolic Mainland China, HK, Taiwan, Macau
Obesity
Diabetics
IBI-302 VEGF/Complement Fusion protein Ophthalmology Worldwide
nAMD
High concentration for nAMD
IBI-112 IL-23 p19 Monoclonal antibody Autoimmune Worldwide
Inflammatory enteritis and other autoimmune disea
Psoriasis
IBI-353 PDE4 Small molecule Autoimmune Mainland China, HK, Taiwan, Macau
Moderate to severe psoriasis (to join Union's global Ph3 study)
Moderate to severe atopic dermatitis (to join Union's global Ph3 study)
IBI-314 SARS-CoV2 S Antibody Cocktail Autoimmune Worldwide
COVID19 (Phase 1/2 ongoing)
COVID19 (Phase 1/2 ongoing)
Listed drugs
Biologics
Small molecules
Clinical progress in the U.S.

BUSINESS REVIEW

Our Commercial Stage Products

Commercial Stage Products Highlights during the Reporting Period and Post-Reporting Period (Expected)

- During the Reporting Period, we have successfully expanded our commercial portfolio into six products spanning over multiple therapeutic areas with strong synergies to provide integrated patient solutions.

- During the Reporting Period, we have increased product revenue by 69.0% to RMB4,001.1 million for the year ended 31 December 2021, compared to RMB2,367.5 million in the same period last year, mainly driven by the solid growth of our leading product TYVYT® (sintilimab injection) coupled with continued expansion of commercial portfolio, and ramp up of new products.

- We have established a well-structured commercial team with over 2,700 professional and experienced marketing and sales people, dedicated to work on the market access and academic marketing promotion of the product matrix. Commercial channel coverage has expanded to about 5,100 hospitals and 1,100 Direct-To-Patient ("**DTP**") pharmacies across more than 320 cities as of 31 December 2021.

- In March 2022, we established expanded strategic partnership with Lilly for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in mainland China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

- In 2022, we anticipate to expand our commercial portfolio into eight products. We remain confident to drive a robust product revenue growth given well-positioned commercial presence and an agile and efficient team of marketing and sales people. We are committed to delivering more innovative medicines for more complex patient populations.

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

TYVYT® (sintilimab injection): *an innovative fully human anti-PD-1 monoclonal antibody co-developed with Lilly; was accepted into the National Major New Drugs Innovation and Development Program; and approved and included in the updated NRDL for four indications of major cancer types.*

During the Reporting Period, TYVYT® (sintilimab injection), as a leading brand in China PD-(L)1 market has maintained strong growth momentum in terms of both sales revenue and sales volume. The encouraging performance of TYVYT® (sintilimab injection) was attributable to the competitive commercial strategy, including the comprehensive and competitive marketing strategy supported by the approval of additional indications, broader network coverage in tiered cities, and expanding sales and promotion team.

- During the Reporting Period, TYVYT® (sintilimab injection) was approved for three additional indications including 1L non-squamous NSCLC, 1L squamous NSCLC and 1L HCC. The three new indications were successfully included in the updated NRDL, effective from January 1, 2022, on top of TYVYT® (sintilimab injection)'s first reimbursed indication of cHL. The approval and reimbursement could further enhance the accessibility of the Company's high quality PD-1 drug and alleviate financial burden for Chinese patients and their families.

- During the Reporting Period, three additional Phase 3 clinical studies of TYVYT® (sintilimab injection) met primary endpoints, including ORIENT-15 for 1L ESCC, ORIENT-16 for 1L G/GEJ and ORIENT-31 for EGFR mutated non squamous NSCLC after EGFR-TKI therapy. The interim results were presented in the form of online posters or abstracts at the European Society for Medical Oncology ("**ESMO**") Annual Congress and ESMO Virtual Plenary, respectively. The NMPA accepted the corresponding sNDAs for TYVYT® (sintilimab injection) in China and the regulatory review is ongoing with expected regulatory actions in the year of 2022.

- The clinical achievements during the Reporting Period have made TYVYT® (sintilimab injection) become the only PD-1 inhibitor with positive Phase 3 data in the first-line treatment of five major types of cancer, i.e., non-squamous NSCLC, squamous NSCLC, HCC, ESCC and GC.

- During the Reporting Period, three collaboration with strategic partners were established to further explore the potential of TYVYT® (sintilimab injection) as an immunotherapy backbone, including:

  – Entered into a collaboration agreement with Laekna Therapeutics Shanghai Co., Ltd. ("**Laekna**") to conduct clinical studies assessing the combination therapy of sintilimab and Laekna's pan-AKT kinase inhibitor afuresertib in patients with multiple types of solid tumors that have been refractory – or failed to respond – to treatment with PD-1/PD-L1 inhibitors.

  – Entered into a collaboration agreement with NeoCura Bio-Medical Technology Co., Ltd. ("**NeoCura**") to conduct a clinical study assessing the combination therapy of sintilimab and NeoCura's individualized neoantigen vaccine NEO_PLIN2101 in patients with multiple types of solid tumors to improve objective response rate of PD-1/PD-L1 inhibitors.

  – Entered into an exclusive license agreement for the development and commercialization agreement – with GenFleet to explore potentials in clinical studies for both monotherapy and combination therapy of GenFleet's KRAS G12C candidate, GFH925 (Innovent R&D code: IBI-351) and sintilimab in patients with lung cancer and other solid tumors with KRAS G12C mutation.

- Since 1 January 2022, the updated NRDL became effective, and TYVYT® (sintilimab injection) is the only PD-1 product in China that have four major reimbursed indications covering the largest cancer patient populations.

- In 2022, three sNDA of TYVYT® (sintilimab injection) for 1L ESCC, 1L GC and EGFR mutated non-squamous NSCLC after EGFR-TKI treatment are expected to receive regulatory actions from the NMPA.

- In 2022, we will continue to actively carrying out clinical development programs for TYVYT® (sintilimab injection) in multiple clinical studies in combination with other therapies such as CTLA-4, LAG-3, and other innovative molecules.

BYVASDA® (bevacizumab biosimilar)*, a fully-human anti-VEGF monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program;*

*Approved in China for multiple indications including advanced NSCLC, metastatic colorectal cancer ("**CRC**"), adult recurrent glioblastoma, advanced or unresectable HCC, recurrent epithelial ovarian, fallopian tube, or primary peritoneal cancer, and persistent, recurrent, or metastatic cervical cancer.*

- In January 2021, we entered into an agreement with Etana to out-license BYVASDA® (bevacizumab biosimilar)'s development and commercialization rights in Indonesia to Etana.

- In June 2021, the NMPA approved the fourth indication for BYVASDA® (bevacizumab injection) in combination with TYVYT® (sintilimab injection) as first-line therapy in HCC.

- In 2021, Etana filed the NDA of BYVASDA® (bevacizumab injection) in Indonesia and the NDA approval is anticipated in 2022.

- In March 2022, the NMPA approved the fifth and sixth indication for BYVASDA® (bevacizumab injection) for recurrent epithelial ovarian, fallopian tube, or primary peritoneal cancer, and persistent, recurrent, or metastatic cervical cancer.

HALPRYZA® (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;*

Approved in China for multiple blood tumors treatment including non-Hodgkin's lymphoma, chronic lymphocytic leukemia and Wegener's granulomatosis.

SULINNO® (adalimumab biosimilar): *a fully-human anti-TNF-α monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program;*

Approved in China for treatment of autoimmune diseases including rheumatoid arthritis, psoriatic arthritis, ankylosing spondylitis and plaque psoriasis.

PEMAZYRE® (pemigatinib)*: a selective FGFR inhibitor co-developed with Incyte Biosciences International Sarl ("**Incyte**", a subsidiary of Incyte Corporation (NASDAQ ticker symbol: INCY));*

*Approved in Taiwan market and Hong Kong market for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma ("**mCCA**") with a FGFR2 fusion or rearrangement.*

- In June 2021, Pemazyre® (pemigatinib) was approved in Taiwan market for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement. This is the Company's first approved small molecule drug and is also the fifth approved product in our commercial portfolio.

- In July 2021, the NMPA has accepted the NDA for pemigatinib for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

- In January 2022, the Drug Office of Hong Kong Department of Health has approved the NDA of Pemazyre® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

- In the first half of 2022, we anticipate to receive approval from the NMPA for Pemazyre® (pemigatinib) for the treatment of of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement as confirmed by a validated diagnostic test that have progressed after at least one prior line of systemic therapy.

- At an upcoming medical conference in 2022, we plan to publish updated data from a pivotal Phase 2 study of pemigatinib in mCCA, including overall survival and progression free survival data.

NAILIKE (Olverembatinib)*: a novel BCR-ABL TKI co-developed and co-commercialized with Ascentage; accepted into the National Major New Drugs Innovation and Development Program;*

Approved in China for the treatment of adult patients with tyrosine kinase inhibitor (TKI)-resistant chronic phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation as confirmed by a validated diagnostic test.

- In July 2021, we entered into a multifaceted collaboration with Ascentage, including the joint commercialization of olverembatinib in China.

- In November 2021, the NMPA has approved olverembatinib (BCR-ABL TKI) for the treatment of adult patients with TKI-resistant chronic phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation as confirmed by a validated diagnostic test. This is our second approved small molecule drug and is also the sixth approved product in our commercial portfolio.

Cyramza® (ramucirumab)*: a VEGF receptor 2 antagonist collaborated with Lilly that binds specifically to VEGFR-2, thereby blocking the binding of the receptor ligands (VEGF-A, VEGF-C, and VEGF-D) – which may slow tumor growth.*

In the U.S., CYRAMZA® (ramucirumab) has five FDA approvals to treat four different types of cancers. CYRAMZA® is being investigated in a broad global development program that has enrolled more than 15,000 patients across more than 110 trials worldwide. Cyramza® (ramucirumab) is the first FDA approved treatment for patients with advanced gastric cancer after prior chemotherapy and the first FDA approved biomarker-driven therapy in patients with HCC.

- In January 2021, the NDA for Cyramza® (ramucirumab) as second-line treatment in patients with advanced or metastatic G/GEJ adenocarcinoma was accepted by the NMPA.

- In September 2021, the NDA for Cyramza® (ramucirumab) as second-line treatment in patients with advanced HCC with baseline alpha-fetoprotein (AFP) ≥400ng/mL following first-line sorafenib was accepted by the NMPA.

- In March 2022, we expanded strategic partnership with Lilly in oncology for the Company to obtain the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in mainland China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

- In March 2022, Cyramza® (ramucirumab) received NDA approval by the NMPA for 2L GC.

- In 2022, Cyramza® (ramucirumab)is expected to receive regulatory approval on the NDA in China for 2L HCC.

Our Late Stage Drug Candidate

We have six late stage candidates that are currently under NDA or pivotal clinical stages, including Retsevmo® (selpercatinib), IBI-326, IBI-344, IBI-376, IBI-306 and IBI-310, providing sustainable growth prospects for our business and benefiting more stratified and complex patient groups.

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

Retsevmo® (selpercatinib)*: a selective and potent RET kinase inhibitor collaborated with Lilly.*

*In the U.S., Retsevmo® (selpercatinib) is approved by the FDA as the first therapy specifically indicated for the treatment of patients with metastatic RET fusion-positive NSCLC, advanced or metastatic RET-mutant medullary thyroid cancer ("**MTC**"), and advanced or metastatic RET fusion-positive thyroid cancer ("**TC**"), respectively.*

- In August 2021, the NDA for selpercatinib was accepted by the NMPA with granted priority review process for metastatic RET fusion-positive NSCLC, advanced or metastatic RET-mutant MTC, and advanced or metastatic RET fusion-positive TC, respectively.

- In March 2022, we expanded strategic partnership with Lilly in oncology for the Company to obtain the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in mainland China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

- In 2022, Retsevmo® (selpercatinib) is expected to receive regulatory approval on the NDA in China for RET fusion-positive NSCLC, MTC and TC.

IBI-326*: a fully-human BCMA-CAR T-cell therapy, co-developed with IASO Bio*.

- In February 2021, IBI-326 received breakthrough therapy designation ("**BTD**") from the NMPA for the indication of r/r MM, based on the results observed in ongoing Phase 1/2 study for the treatment of adults with r/r MM being conducted in China.

- In December 2021, the phase 1/2 clinical study results of IBI-326 were published at the 63rd American Society of Hematology ("**ASH**") Annual Meeting (Abstract # 547), with the title of "A Phase 1/2 Study of a Novel Fully Human B-Cell Maturation Antigen-Specific CAR-T Cells (CT103A) in Patients with Relapsed and/or Refractory Multiple Myeloma".

- In February 2022, IBI-326 received the Orphan Drug Designation by the FDA. IBI-326 will be eligible for certain development incentives, including FDA support for clinical studies, a waiver or reduction of registration application fee, and a seven-year U.S. market exclusivity granted upon product approval.

- In the first half of 2022, we and IASO Bio plan to submit the NDA to the NMPA for IBI-326 for the treatment of r/r MM.

***IBI-344 (taletrectinib)**: a novel next-generation ROS1/NTRK TKI in-licensed from AnHeart.*

- In June 2021, we entered into an exclusive license agreement for the co-development and commercialization of AnHeart's lead drug candidate, taletrectinib – a next-generation TKI designed to effectively target ROS1 and NTRK – in Greater China, including mainland China, Hong Kong, Macau and Taiwan.

- In June 2021, the initial clinical data for the ongoing Phase 2 clinical study to investigate taletrectinib in treating patients with ROS1 fusion positive NSCLC (NCT04395677) was published at the American Society of Clinical Oncology ("**ASCO**") 2021 Annual Meeting.

- In June 2021, the first patient had been dosed in a Phase 2 basket trial of taletrectinib for solid tumors containing NTRK fusions (NCT04617054).

- In February 2022, the NMPA granted the BTD to taletrectinib for the treatment of patients with ROS1 fusion positive NSCLC.

- In 2022, we will keep following the ongoing Phase 2 study for taletrectinib for the treatment of ROS1 fusion positive NSCLC, and the Phase 2 study for solid tumors containing NTRK fusions.

- In 2022, we plan to release the updated data of the two phase 2 studies at the upcoming medical conferences.

***IBI-376 (parsaclisib)**: a potent, highly selective, next-generation investigational novel oral inhibitor of PI3Kδ in-licensed from Incyte.*

- In March 2021, the NMPA granted the BTD to IBI-376 for the treatment of relapsed/refractory follicular lymphoma ("**r/r FL**").

- In December 2021, we published the data of the pivotal Phase 2 study of IBI-376 for the treatment of r/r FL at the 2021 ASH annual meeting.

- In January 2022, Incyte decided to withdraw the application of parsaclisib in the U.S. in FL, marginal zone lymphoma ("**MZL**") and mantle cell lymphoma ("**MCL**"). The decision to withdraw the NDA follows discussions with the U.S. FDA regarding confirmatory studies to support an accelerated approval, which Incyte determined could not be completed within a time period that would support the investment. The withdrawal of the NDA was a business decision and is not related to any changes in either the efficacy or safety of parsaclisib. The decision impacts only the FL, MZL and MCL indications in the U.S., and does not affect other ongoing clinical trials in the U.S. or other countries.

- In the first half of 2022, we plan to present the updated data of the pivotal Phase 2 study of IBI-376 for the treatment of r/r FL at an upcoming medical conference.

- In the first half of 2022, we plan to have CDE communication to discuss the potential next step action for IBI-376 for r/r FL in China.

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

- In August 2021, IBI-306 met the primary endpoint of low-density lipoprotein cholesterol (LDL-C) in the Phase 3 study (CREDIT-2) for the treatment of HeFH.

- In February 2022, IBI-306 met the primary endpoint of low-density lipoprotein cholesterol (LDL-C) in two Phase 3 studies (CREDIT-1 and CREDIT-4) for the treatment of non-FH and hypercholesterolemia including non-FH and HeFH respectively.

- In the first half of 2022, we plan to file NDA submission with the NMPA for IBI-306 for hypercholesterolemia and combined hyperlipidemia.

- In April 2022, we plan to issue the data of the Phase 3 CREDIT-2 at the 2022 American College of Cardiology.

- In 2022, we plan to release the data of two Phase 3 studies CREDIT-1 and CREDIT-4 at upcoming medical conferences.

***IBI-310**: an anti-CTLA-4 monoclonal antibody.*

- By the end of 2021, we completed the first phase of patient enrolment for IBI-310 in the pivotal Phase 2 study for second-line or above CC and we have achieved positive PoC data.

- In the second half of 2022, we plan to file the NDA submission with the NMPA for IBI-310 in combination with sintilimab for the treatment of 2L CC.

- In 2022, we plan to publish the pivotal Phase 2 data of IBI-310 for 2L CC at an upcoming medical conference.

- In 2022, we will keep following the Phase 3 study of IBI-310 in combination with sintilimab for the treatment of 1L HCC.

Our Selected Drug Candidate with PoC Data

We have seven candidates that achieved PoC data in 2021, including IBI-188, IBI-302, IBI-112, IBI-362 (IBI-326, IBI-344 and IBI-310 are mentioned above).

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

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

- At the end of 2021, we achieved preliminary positive PoC data in the Phase 1b trial for IBI-188 in combination with azacitidine for the treatment of 1L higher risk MDS.

- In June 2022, we plan to release the Phase 1b trial data for IBI-188 in combination with azacitidine for 1L MDS at 2022 European Hematology Association annual meeting.

- In the first half of 2022, we plan to start the Phase 3 clinical trial for IBI-188 in 1L MDS.

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

- In June 2021, we released the Phase 1b study data of IBI-362 in obesity at the annual meeting of American Diabetes Association. IBI-362 has shown good safety, robust weight loss efficacy and multiple benefits in metabolic profile in the Phase 1 clinical study.

- In August 2021, the Phase 1b study results of IBI-362 in Chinese participants with overweight or obesity was published in *EClinicalMedicine* by the *Lancet*. This is the first time that a Phase 1 clinical study results of an innovative drug in the field of metabolism developed in China were published in the *Lancet* journals.

- In December 2021, we presented the Phase 1b study data of IBI-362 in type 2 diabetic patients at the International Diabetes Federation Virtual Congress 2021. It is a randomized, double-blind, placebo-controlled multiple-ascending-dose Phase 1b study. During this 12-week Phase 1b study on Chinese patients with type 2 diabetes, IBI-362 showed favorable safety, significant glycemic control and weight loss, with comprehensive benefits on blood pressure, lipid levels and liver enzymes.

- In 2021, we have initiated and completed the enrolment for the Phase 2 clinical study of IBI-362 in obesity subjects in China. This is a randomized, double-blind, placebo-controlled phase 2 study to assess the efficacy and safety of IBI-362 in overweight or obese subjects in China with enrolment of over 200 people.

- In 2021, we have initiated and completed the enrolment for Phase 2 clinical study of IBI-362 in type 2 diabetic patients. The randomized, multi-center phase 2 clinical trial will evaluate the efficacy and safety of IBI-362 as compared with placebo and dulaglutide in patients with type 2 diabetes in China.

- In the first half of 2022, we will read out data for the Phase 2 clinical study of IBI-362 for obesity subjects.

- In the first half of 2022, we will read out data for the Phase 2 clinical study of IBI-362 for type 2 diabetic patients.

- In 2022, we plan to release the Phase 1b data of high dose IBI-362 in obesity at an upcoming medical conference.

- In late 2022 to early 2023, we plan to release the Phase 2 clinical study data for IBI-362 in type 2 diabetic patients at an upcoming medical conference.

- In late 2022 to early 2023, we plan to release the Phase 2 clinical study data for IBI-362 in obesity patients at an upcoming medical conference.

- In the second half of 2022, we plan to start the Phase 3 clinical trial of IBI-362 for obesity subjects.

- In the second half of 2022, we plan to start the Phase 3 clinical trial of IBI-362 for type 2 diabetic patients.

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

- In November 2021, the Phase 1b study data of IBI-302 for nAMD was released at 2021 American Academy of Ophthalmology. Visual acuity improvement and reduction in retinal edema were observed in subjects at 4 weeks after three loading treatments.

- In November 2021, we completed the first patient dose for the Phase 1/2 clinical trial of high concentration IBI-302 in subjects with nAMD.

- In 2021, we have started and completed the enrolment for the Phase 2 trial of IBI-302 in subjects with active subfoveal or parafoveal choroidal neovascularization secondary to nAMD.

- In 2022, we plan to release Phase 1 clinical trial data for high concentration IBI-302 for nAMD at an upcoming medical conference.

- In 2022, we plan to enter Phase 2 clinical trial for high concentration IBI-302 for nAMD.

- At the end of 2022 to early 2023, we expect to read out data for the Phase 2 trial of IBI-302 in nAMD patients.

IBI-112*: a novel long-acting anti-IL-23 (p19 subunit) monoclonal antibody.*

- In 2021, we have started and completed the patient enrolment for Phase 2 clinical study for IBI-112 for the treatment of psoriasis.

- In 2021, we have received preliminary positive PoC data in the Phase 2 clinical study for IBI-112 for the treatment of psoriasis.

- In the first half of 2022, we plan to start Phase 2 clinical study of IBI-112 for the treatment of Ulcerative Coitis (UC).

- In the mid of 2022, we plan to read out results for the Phase 2 clinical study of IBI-112 for psoriasis.

- At the end of 2022 to early 2023, we plan to release the Phase 2 clinical study data of IBI-112 for psoriasis at an upcoming medical conference.

- In the second half of 2022, we plan to start the Phase 3 clinical study for IBI-112 in psoriasis.

Other Selected Clinical Stage Drug Candidate

We have 19 assets in Phase 1/2 stage, most of which we own their global rights such as the cluster of CD47, LAG-3, TIGIT, KRAS, VEGF-based ophthalmology candidates. These candidates, together with over 80 projects at preclinical and drug discovery stage, can provide a robust and well-diversified pipeline for accelerated and sustainable growth of the Company in mid to long term.

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

IBI-110*: a novel anti-LAG-3 monoclonal antibody.*

- In June 2021, the results of the Phase 1 study of IBI-110 were released at the ASCO Annual Meeting 2021. IBI-110 has shown promising efficacy signal and safety profile in the study as a single agent as well as in combination with sintilimab in patients with advanced solid tumors refractory to standard of care therapy.

- Since the second half of 2021, we have initiated multiple Phase 1b and Phase 2 PoC studies for IBI-110 in different indications to explore the potential of this molecules, including 1L small cell lung cancer ("**SCLC**"), 1L NSCLC, 1L GC etc.

- In 2022, we plan to release the preliminary Phase 1b and Phase 2 results of IBI-110 in 1L SCLC, 1L NSCLC, and 1L GC in ASCO and other upcoming medical conference. We will continue to accelerate the development of IBI-110 in 2022.

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

- In 2021, we started enrolling patients for the Phase 1 clinical study of IBI-323.

- In 2022, we plan to initiate Phase 1b clinical study for IBI-323.

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

- In 2021, we have been enrolling patients for the Phase 1 study for IBI-322 for the treatment of patients with advanced malignancies in China and in the U.S., which suggested preliminary safety and efficacy, as well as the RP2D dosage for future studies.

- Since 2021, we have initiated multiple Phase 1b studies for IBI-322 in different indications of solid tumor and blood tumors to explore the potential of this molecule.

- In April 2022, we plan to publish the Phase 1a data of IBI-322 for patients with advanced solid malignancies at the upcoming 2022 American Association for Cancer Research (AACR) annual meeting.

- In the second half of 2022, we plan to receive preliminary PoC data for IBI-322 in multiple indications.

IBI-397*: a novel anti-SIRPα monoclonal antibody co-developed and co-commercialized with Alector Therapeutics, Inc.(NASDAQ ticker symbol: ALEC).*

- In the first half of 2022, we plan to complete the first patient dose for IBI-397 in Phase 1 clinical trial in China.

- In 2022, we will continue in exploring IBI-397 in the Phase 1 clinical trial.

IBI-351*: a novel, orally active, potent KRAS G12C inhibitor in-licensed from and co-developed with GenFleet.*

- In September 2021, we entered into an exclusive license agreement for the development and commercialization of GenFleet's lead KRAS G12C candidate, GFH925 (Innovent R&D code: IBI-351) in China, including mainland China, Hong Kong, Macau and Taiwan with additional option-in rights for global development and commercialization.

- In September 2021, we completed the first patient dosed for Phase 1/2 clinical trial of IBI-351 in Chinese patients with solid tumors.

- In 2022, we plan to report Phase 1a study result of IBI-351 at an upcoming medical conference.

- In 2022, we plan to complete Phase 1 study for IBI-351, and potentially enter pivotal Phase 2 study for 2L KRAS positive NSCLC.

- In 2022, we plan to initiate Phase 1b PoC studies for IBI-351 combination therapy for KRAS positive CRC and NSCLC etc.

IBI-939*: a novel anti-TIGIT monoclonal antibody.*

- Since 2021, we have been following the Phase 1b clinical trial of IBI-939 in combination with sintilimab for advanced lung cancer.

- In 2022, we expect to receive preliminary data for the ongoing Phase 1b trial of IBI-939 for lung cancer.

- In 2022, we plan to release the Phase 1 study results for IBI-939 at an upcoming medical conference.

IBI-321*: a novel TIGIT/PD-1 bi-specific antibody.*

- In 2021, we started patient enrolment for the Phase 1 clinical trial of IBI-321.

- In 2022, we plan to complete the patient enrollment for Phase 1 clinical trial of IBI-321 and start the potential Phase 1b study, subject to the result of the Phase 1 clinical trial.

IBI-319*: a novel anti-PD-1/CD137 bi-specific antibody, discovered through a collaboration between us and Lilly and has been developed in China by us.*

- In July 2021, we completed the first patient dosed in the Phase 1 clinical study of IBI-319 in patients with advanced malignancies.

- In November 2021, we published the pre-clinical results of IBI-319 in *Nature Communications*.

- In 2022, we plan to enter Phase 1b clinical study for IBI-319.

IBI-360*: a novel CLDN18.2 monoclonal antibody.*

- At the end of 2021, we completed first patient dosed for the Phase 1 clinical trials of IBI-360 in patients with solid tumors.

IBI-389*: a novel CLDN18.2/CD3 bi-specific antibody.*

- In March 2022, we completed first patient dosed for the Phase 1 clinical trials of IBI-389 in patients with solid tumors.

IBI-345*: a first-in-class IgG-based universal "modular" CLDN18.2 CAR-T therapy.*

- In February 2022, we completed the first patient dosing for first-in-class IgG-based universal "modular" Claudin 18.2-targeting CAR-T for the treatment of advanced Claudin18.2-positive solid tumors in an investigator-initiated-trial (IIT). Since we announced our strategic cooperation with Roche on 9 June 2020, this is the first disclosure of the development milestone for the cell therapy products based on Roche's proprietary innovative technology.

IBI-353 (orismilast)*: a potent and selective, next-generation PDE4 inhibitor with broad anti-inflammatory properties co-developed and co-commercialized with UNION.*

- In September 2022, we entered into a strategic collaboration and an exclusive license agreement with UNION to research, develop and commercialize orismilast in China.

- UNION is currently conducting Phase 2b study for orismilast in psoriasis and anticipates completion of the study in 2022.

- In 2022, we plan to start Phase 1 bridging study for IBI-353 in China. We plan to join two global Phase 3 pivotal studies on orismilast for atopic dermatitis and psoriasis led by UNION in the future.

Our Selected Pre-clinical candidates

- In 2022, we plan to proceed with more novel candidates to clinics this year with more advanced modalities and novel MoAs spanning from monoclonal antibody and bispecific antibody to ADC, T cell engager, and cell therapy, such as first-in-class IL-2 based bispecific antibody, IBI-363 (PD-1/IL-2), two ophthalmology bispecific antibodies IBI-333 (VEGF-A/VEGF-C), and IBI-324 (VEGF/ANG-2).

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Our strategic collaborations with domestic and overseas partners

- In January 2021, we entered into an agreement with Etana to out-license BYVASDA® (bevacizumab biosimilar)'s development and commercialization rights in Indonesia to Etana. Etana is committed to launch BYVASDA® (bevacizumab biosimilar) in the local Indonesian market. In return, the Company will receive milestones for development and commercialization as well as double-digit royalties on net sales.

- In June 2021, we entered into an exclusive agreement with AnHeart for the co-development and commercialization of AnHeart's lead drug candidate, taletrectinib – a next-generation TKI designed to effectively target ROS1 and NTRK – in Greater China, including mainland China, Hong Kong, Macau and Taiwan.

- In June 2021, we entered into a non-exclusive, target-specific license agreement with Synaffix in an ADC technology deal. Synaffix will provide all the necessary proprietary ADC technologies to enable the Company to rapidly progress one of its antibodies as a best-in-class ADC candidate. We will be responsible for the research, development, manufacturing and commercialization of the ADC product. Synaffix will closely support the Company's research activities and will be responsible for the manufacturing of components that are specifically related to its proprietary technologies.

- In July 2021, we entered into a multifaceted strategic collaboration with Ascentage. The collaboration includes: (i) the joint commercialization of olverembatinib in China; (ii) the collaborative clinical development of Bcl-2 inhibitor APG-2575 (lisaftoclax) with the anti-CD20 monoclonal antibody HALPRYZA® (rituximab biosimilar injection) and the anti-CD47 monoclonal antibody (IBI-188); and (iii) the equity investment in Ascentage.

- In July 2021, we entered into a collaboration agreement with Laekna to evaluate the combination of the Company's PD-1 inhibitor sintilimab and Laekna's pan-AKT kinase inhibitor afuresertib.

- In August 2021, we entered into a drug research and development collaboration with Bolt to develop three new anti-cancer therapeutic immune-stimulating antibody conjugate (ISAC) candidates.

- In September 2021, we entered into an exclusive license agreement with GenFleet for the development and commercialization of GenFleet's lead KRAS G12C candidate, GFH925, in China, including mainland China, Hong Kong, Macau and Taiwan with additional option-in rights for global development and commercialization.

- In September 2021, we entered into a strategic collaboration and license agreement with UNION for the development and commercialization of orismilast in China.

- In October 2021, we entered into a strategic collaboration agreement with NeoCura to carry out a clinical study in China on the combination therapy of sintilimab from the Company and individualized neoantigen vaccine NEO_PLIN2101 from NeoCura.

- In January 2022, we entered into an agreement pursuant to which Sana Biotechnology, Inc. (NASDAQ ticker symbol: SANA) obtained from IASO Bio and Innovent non-exclusive commercial rights to a clinically validated fully-human BCMA CAR construct for use in certain in vivo gene therapy and ex vivo hypo-immune cell therapy applications.

- In March 2022, we established expanded strategic partnership with Lilly in oncology for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in mainland China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

Our Manufacturing Facilities

- In the second half of 2021, we successfully expanded our production capacity from 24,000L to 60,000L, to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. Our manufacturing capacity consisted of eighteen 3,000L stainless steel bioreactors and six 1,000L disposable bioreactors. In particular, the large scale stainless steel bioreactors have provided market competitive cost advantage for the production of TYVYT® (sintilimab injection) and other products manufactured on the facilities, increasing the product gross profit margin of product sales to 88.6% in 2021 as compared to 84.9% in 2020.

Other Corporate Development

- In January 2021, the Company successfully raised approximately HK$4.7 billion through a placing of new shares. The proceeds are planned to be used to expedite the investment and development of various clinical programs for our leading innovative products globally, fund potential product licensing and possible M&A activities, further expand the production capacity, and for working capital and other general corporate use.

- In August 2021, we established the SAB comprising three world-renowned scientists, to provide scientific advices to our research and clinical pipelines that fulfill the mission and vision of the Company, along with the global reach to benefit patients worldwide.

- In 2021, we have successfully established our U.S. Lab in Maryland. With the plan to initially host a number of industry leading scientists and Lab-based technical staffs, the U.S. Lab is primarily focused on disease mechanism study and technology-platform development, in order to feed the product pipeline with the next-generation drug candidates. The U.S. Lab will work as an important component of the Company's R&D infrastructure, with the aim to connect with frontline global innovation and clinical practices, and accelerate the development of medicines from scientific discovery to fulfil our mission of discovering and developing more high quality, life-saving medicines that are affordable to ordinary people.

FINANCIAL REVIEW

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,269,729**	3,843,819
Cost of sales	**(573,040)**	(387,761)
Gross profit	**3,696,689**	3,456,058
Other income	**196,881**	246,787
Other gains and losses	**(72,784)**	(479,965)
Research and development expenses	**(2,478,067)**	(1,851,453)
Administrative and other expenses	**(884,027)**	(436,872)
Selling and marketing expenses	**(2,728,166)**	(1,340,861)
Royalties and other related payments	**(719,077)**	(384,057)
Finance costs	**(62,464)**	(68,350)
Loss before tax	**(3,051,015)**	(858,713)
Income tax expense	**(87,038)**	(139,708)
Loss for the year	**(3,138,053)**	(998,421)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at fair value through other comprehensive income	**(120,009)**	**–**
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**1,995**	**–**
Other comprehensive income for the year, net of income tax	**(118,014)**	**–**
Total comprehensive expense for the year	**(3,256,067)**	(998,421)
Non-IFRS measure:		
Adjusted total comprehensive expense for the year	**(2,360,588)**	(1,992,998)

1. Revenue

For the year ended 31 December 2021, the Group generated revenue from contracts with customers of RMB4,269.7 million. The Group generated revenue from (i) sales of pharmaceutical products; and (ii) license fee income. The following table sets forth the components of the revenue from contracts with customers for the years presented:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of pharmaceutical products	**4,001,077**	2,367,531
License fee income	**268,652**	1,476,113
Research and development service fee income	**–**	175
Total revenue from contracts with customers	**4,269,729**	3,843,819

During the year ended 31 December 2021, the Group recorded revenue from sales of pharmaceutical products of RMB4,001.1 million, as compared with RMB2,367.5 million for the year ended 31 December 2020.

During the year ended 31 December 2021, the Group recorded license fee income of RMB268.7 million, as compared with RMB1,476.1 million for the year ended 31 December 2020. Under the Exclusive License and Collaboration Agreement for China and Co-Development Agreement entered into between the Group and Lilly in March 2015 (the "**Lilly China Agreement**") on the products of TYVYT® (sintilimab injection) and HALPRYZA® (rituximab biosimilar), the Group received collaboration payments and started to recognise revenue at the commercialisation stage of relevant products. During the years ended 31 December 2021 and 2020, such license fee income recorded was RMB259.8 million and RMB79.0 million, respectively. Meanwhile, the Group recognized a one-time license fee income of RMB8.9 million for the year ended 31 December 2021, as compared with RMB1,397.1 million for the year ended 31 December 2020.

2. Cost of Sales

The Group's cost of sales consisted of cost of raw material, direct labor, manufacturing cost and manufacturing overhead related to the production of the products sold. During the year ended 31 December 2021, the Group recorded cost of sales of RMB573.0 million, as compared with RMB387.8 million for the year ended 31 December 2020.

3. 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 was recognized over the useful life of related assets; (ii) incentive and other subsidies for R&D activities, which were recognized upon compliance with certain conditions; and (iii) incentive which has no specific conditions attached to the grants.

For the year ended 31 December 2021, other income of the Group decreased by RMB49.9 million to RMB196.9 million, from RMB246.8 million for the year ended 31 December 2020. The decrease was primarily due to decrease in government grants income, partially offset by increased bank interest income.

4. Other Gains and Losses

The Group's other gains and losses consist of (i) changes in foreign currency exchange rates; (ii) fair value changes of other financial assets and liabilities (financial assets and liabilities measured at fair value through profit or loss ("**FVTPL**"); (iii) investment income derived from financial asset measured at amortized cost; and (iv) loss on disposal of property, plant and equipment.

For the year ended 31 December 2021, other gains and losses of the Group was a loss of RMB72.8 million, as compared with a loss of RMB480.0 million for the year ended 31 December 2020, which included losses of RMB198.7 million mainly arising from unrealised net foreign exchange adjustment as a result of the weakening of certain major currency USD against the RMB, partially offset by a gain of approximately RMB126.7 million related to the investment on other financial assets and other financial liabilities.

5. Research and Development Expenses

The Group's R&D expenses comprise of third-party contracting costs, including clinical trial expenses, raw material cost, staff costs, initial costs and subsequent milestone payment under collaboration and license agreements during development stage, and depreciation and amortization.

For the years ended 31 December 2021 and 31 December 2020, the Group incurred R&D expenses of RMB2,478.1 million and RMB1,851.5 million, respectively. The increase was mainly driven by (i) increased expense of clinical trials and other associated R&D activities; and (ii) increased staff costs accompanied with expanding of relative R&D departments.

6. Administrative and Other Expenses

For the year ended 31 December 2021, administrative and other expenses of the Group increased to RMB884.0 million from RMB436.9 million for the year ended 31 December 2020. The significant increase was caused by hiring of new administrative staff, increased share-based compensation, increased donations to various charitable organizations and other expenses in relation to our operations.

7. Selling and Marketing Expenses

Selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities. Selling and marketing expenses were RMB2,728.2 million for the year ended 31 December 2021, as compared with RMB1,340.9 million for the year ended 31 December 2020. The Group continuously devotes commercialization efforts to build sales channels and explore potential marks to maximize the commercial value of our products.

8. Royalties and Other Related Payments

Royalties and other related payments were RMB719.1 million for the year ended 31 December 2021, as compared with RMB384.1 million for the year ended 31 December 2020. This represents the royalties, sales based milestones, profit sharing, as well as other related payments to third parties for various co-development and licensing-in products.

9. Income Tax Expense

Income tax expense was RMB87.0 million for the year ended 31 December 2021 as compared with RMB139.7 million for the year ended 31 December 2020, which represented (i) provision of income tax expense arising from taxable income in certain subsidiaries of the Group; and (ii) withholding tax paid for out-license income generated from ex-China.

10. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted 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 use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from year to year and company to company to the extent applicable.

Non-IFRS measures represent corresponding measures under IFRS excluding the effect of certain non-cash items and non-recurring events including the share-based compensation expenses (excluding insignificant prior year expense adjustment of RMB6,528 thousands) and license fee income recognized at a point in time. The table below sets forth non-IFRS measures and a reconciliation of adjusted total comprehensive expenses for the year to total comprehensive expenses for the years presented:

Non-IFRS measure

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,260,866**	2,446,742
Cost of sales	**(455,473)**	(358,725)
Gross profit	**3,805,393**	2,088,017
Other income	**196,872**	246,787
Other gains and losses	**(74,442)**	(479,965)
Other gains and losses derived from operation of funds[3]	**(4,354)**	–
Research and development expenses	**(2,115,990)**	(1,717,785)
Administrative and other expenses	**(640,211)**	(279,949)
Selling and marketing expenses	**(2,541,263)**	(1,257,988)
Royalties and other related payments	**(719,077)**	(384,057)
Finance costs	**(62,464)**	(68,350)
Loss before tax	**(2,155,536)**	(1,853,290)
Income tax expense	**(87,038)**	(139,708)
Adjusted loss for the year	**(2,242,574)**	(1,992,998)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at fair value through other comprehensive income	**(120,009)**	**–**
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**1,995**	**–**
Other comprehensive income for the year, net of income tax	**(118,014)**	**–**
Adjusted total comprehensive expense for the year	**(2,360,588)**	(1,992,998)
Added:		
Share-based compensation expenses	**(904,342)**	(402,500)
License fee income recognized at a point in time	**8,863**	1,397,077
Total comprehensive expense for the year	**(3,256,067)**	(998,421)

[3] Other gains and losses derived from operation of funds is not a financial measure defined under the IFRS. It represents the gains and losses derived from operation of certain fund business started from 2021 while such gains and losses were included in other items under the IFRS.

The table below sets forth a reconciliation of the revenue from contracts with customers to adjusted total revenue for the years:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,269,729**	3,843,819
Added:		
License fee income recognized at a point in time	**(8,863)**	(1,397,077)
Adjusted total revenue	**4,260,866**	2,446,742

The table below sets forth a reconciliation of the gross profit margin to adjusted gross profit margin for the years:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Gross profit margin	**3,696,689**	3,456,058
Added:		
Share-based compensation expenses	**117,567**	29,036
License fee income recognized at a point in time	**(8,863)**	(1,397,077)
Adjusted gross profit margin	**3,805,393**	2,088,017

The table below sets forth a reconciliation of the R&D expenses to adjusted R&D expenses for the years:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
R&D expenses	**(2,478,067)**	(1,851,453)
Added:		
Share-based compensation expenses	**362,077**	133,668
Adjusted R&D expenses	**(2,115,990)**	(1,717,785)

The table below sets forth a reconciliation of the selling and marketing expenses to adjusted selling and marketing expenses for the years:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Selling and marketing expenses	**(2,728,166)**	(1,340,861)
Added:		
Share-based compensation expenses	**186,903**	82,873
Adjusted selling and marketing expenses	**(2,541,263)**	(1,257,988)

Selected Data from Statement of Financial Position

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Total current assets	**11,550,849**	9,466,681
Total non-current assets	**4,692,864**	2,368,315
Total assets	**16,243,713**	11,834,996
Total current liabilities	**3,050,047**	1,485,851
Total non-current liabilities	**2,863,269**	1,569,375
Total liabilities	**5,913,316**	3,055,226
Net current assets	**8,500,802**	7,980,830

11. Liquidity and Source of Funding and Borrowing

As at 31 December 2021, the Group's bank balances and cash and current portion of other financial assets increased to RMB9,021.9 million from RMB8,121.1 million as at 31 December 2020. The increase primarily resulted from the placement of new shares for approximately RMB3,893.3 million in January 2021, partially offset by investments in ongoing R&D projects, commercialisation activities and capacity expansion.

As at 31 December 2021, the current assets of the Group were RMB11,550.8 million, including bank balances and cash of RMB8,377.1 million and current portion of other financial assets of RMB644.8 million. As at 31 December 2021, the current liabilities of the Group were RMB3,050.0 million, including trade payables of RMB195.1 million, other payables and accrued expenses of RMB2,051.6 million, contract liabilities of RMB355.5 million, borrowings of RMB365.0 million, tax payable of RMB60.6 and lease liabilities of RMB22.3 million.

As at 31 December 2021, the Group had available unutilized bank loan facilities of approximately RMB704.0 million.

12. Key Financial Ratios

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

	As at 31 December 2021	As at 31 December 2020
Current ratio[4]	**3.8**	6.4
Quick ratio[5]	**3.3**	5.9
Gearing ratio[6]	**NM[3]**	NM[3]

13. Significant Investments

The Group did not hold any significant investments that accounted for 5% or more of the Company's total assets during the year ended 31 December 2021.

14. 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 2021.

15. Pledge of Assets

As at 31 December 2021, the Group had a total of RMB488.5 million of property, plant and equipment, RMB286.0 million of land use rights and RMB1,074.4 million of bank deposits pledged to secure its loans and banking facilities.

16. Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

17. Foreign Exchange Exposure

During the year ended 31 December 2021, a majority of the Group's transactions were settled in Renminbi (RMB), the functional currency of the Company's primary subsidiaries. As at 31 December 2021, 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, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 31 December 2021. The Group uses forward contracts to eliminate the foreign exchange exposures.

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

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

6 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.

18. Employees and Remuneration

As at 31 December 2021, the Group had a total of 5,568 (as at 31 December 2020: 3,279) employees. The following table sets forth the total number of employees by function as of 31 December 2021:

	Number of employees	% of total
Function		
Research and Development	1,177	21
Manufacturing	1,208	22
Selling and Marketing	2,768	50
General and Administrative	415	7
Total	**5,568**	100

The Group believes in the importance of recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. The number of employees employed by the Group varies from time to time depending on the business need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experience and performance. The remuneration policy and package of the Group's employees are periodically reviewed.

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**"), the Innovent Biologics, Inc. 2018 Restricted Share Plan (the "**2018 RS Plan**") and the Innovent Biologics, Inc. 2020 Restricted Share Plan (the "**2020 RS Plan**") to provide incentives for the Group's employees. 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 of the Pre-IPO Plan, the Post-IPO ESOP and the 2018 RS Plan and the circular of the Company dated 28 May 2020 for further details of the 2020 RS Plan, the termination of the 2018 RS Plan and the survival of the restricted shares granted or earmarked pursuant to the 2018 RS Plan. The 2020 RS Plan succeeded the 2018 RS Plan.

The total remuneration cost incurred by the Group for the year ended 31 December 2021 was RMB2,794.7 million, as compared to RMB1,360.3 million for the year ended 31 December 2020.

During the year ended 31 December 2021, the Group did not experience any significant labor disputes or any difficulty in recruiting employees.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Wednesday, June 22, 2022 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the shareholders of the Company (the "**Shareholders**") 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 Friday, June 17, 2022 to Wednesday, June 22, 2022, 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 Thursday, June 16, 2022.

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 2021, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (version up to December 31, 2021) (the "**CG Code**") contained in Appendix 14 to the Listing Rules except for the following deviation.

Pursuant to code provision C.2.1 of the new 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 division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. 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 2021.

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 Directors

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 2021. 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 2021.

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 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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, Dr. Charles Leland Cooney 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 2021 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, risk management and financial reporting matters 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

On 15 January 2021, the Company and Morgan Stanley & Co. International plc, Goldman Sachs (Asia) L.L.C. and J.P Morgan Securities (Asia Pacific) Limited (the "**Joint Placing Agents**") entered into a placing agreement, pursuant to which the Company agreed to appoint the Joint Placing Agents, and the Joint Placing Agents agreed to act as placing agents for the purpose of procuring, as agents of the Company, places for, or failing which to purchase itself, 52,000,000 placing shares at the placing price of HK$90.90 per placing share on the terms and subject to the conditions set out in the placing agreement. The placing was completed on 22 January 2021.

For further details, please refer to the announcements of the Company dated 15 January 2021 and 22 January 2021.

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2021.

7. Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2021. 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 2021.

8. Use of Proceeds

(a) Use of Net Proceeds from the February 2020 Placing

The placing of new shares pursuant to the placing agreement dated 12 February 2020 (the "**February 2020 Placing Agreement**") was completed on 20 February 2020 (the "**February 2020 Placing**"). An aggregate of 78,000,000 new placing shares, representing approximately 5.81% of the enlarged issued share capital of the Company immediately after the completion of the February 2020 Placing, were successfully placed to not less than six places who and whose ultimate beneficial owners are third parties independent of the Company.

The placing price of HK$30.20 per placing share represents: (i) a discount of approximately 5.03% to the closing price of HK$31.80 per Share as quoted on the Stock Exchange on 12 February 2020, being the date of the February 2020 Placing Agreement; and (ii) a discount of approximately 4.76% to the average closing price of approximately HK$31.71 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the February 2020 Placing Agreement.

The net proceeds raised from the February 2020 Placing were approximately HK$2,330.6 million (approximately RMB2,099.7 million). The net proceeds have been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the February 2020 Placing, that is, preparing for future capacity expansion of the possible rapid growth due to the inclusion of TYVYT® (sintilimab injection) in the National Reimbursement Drug List, as well as in anticipation of the other new drugs the Company expects to launch in the next few years, and general corporate use, as appropriate.

As at 31 December 2021, net proceeds of the February 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the February 2020 Placing. The table below sets out the use of proceeds from the February 2020 Placing as at 31 December 2020 and 2021:

Use of net proceeds from the February 2020 Placing as disclosed in the Company's announcements relating to the February 2020 Placing	**Utilisation as at 31 December 2020** *RMB million*	**Unutilised as at 31 December 2020** *(Note)* *RMB million*	**Utilisation as at 31 December 2021** ***RMB million***	**Unutilised as at 31 December 2021** ***RMB million***
Future capacity expansion	71.5	N/A	**297.7**	**N/A**
Anticipation of other new drugs the Company expects to launch in the next few years	—	N/A	**1,417.0**	**N/A**
General corporate use	13.7	N/A	**385.0**	**N/A**
	85.2	2,014.5	**2,099.7**	**–**

Note: The use of unutilised proceeds was dependent upon actual business needs and therefore an exact breakdown was not available.

(b) Use of Net Proceeds from the July 2020 Placing

The placing of new shares pursuant to the placing agreement dated 23 July 2020 (the "**July 2020 Placing Agreement**") was completed on 30 July 2020 (the "**July 2020 Placing**"). An aggregate of 56,200,000 new placing shares representing approximately 4.02% of the enlarged issued share capital of the Company immediately after the completion of the July 2020 Placing, were successfully placed to not less than six places who and whose ultimate beneficial owners are third parties independent of the Company.

The placing price of HK$50.00 represents: (i) a discount of approximately 4.67% to the closing price of HK$52.45 per Share as quoted on the Stock Exchange on 22 July 2020, being the day prior to the date of the July 2020 Placing Agreement; and (ii) a discount of approximately 3.85% to the average closing price of HK$52.00 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the July 2020 Placing Agreement.

The net proceeds raised from the July 2020 Placing were approximately HK$2,787.5 million (approximately RMB2,514.2 million). The net proceeds have been and will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, that is, (i) to build our second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth, (ii) to fund increased international clinical trial needs with expansion of our research & development laboratories in the United States, and (iii) for general corporate use, as appropriate.

As at 31 December 2021, approximately RMB1,391.9 million of the net proceeds of the July 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, and RMB1,122.3 million remained unutilised. The table below sets out the use of proceeds from the July 2020 Placing as at 31 December 2021:

Use of net proceeds from the July 2020 Placing as disclosed in the Company's announcements relating to the July 2020 Placing	**Utilisation as at 31 December 2020** *RMB million*	**Unutilised as at 31 December 2020** *(Note)* *RMB million*	**Utilisation as at 31 December 2021** ***RMB million***	**Unutilised as at 31 December 2021** *(Note)* ***RMB million***
Building a second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth	379.0	N/A	**842.9**	**N/A**
Funding increased international clinical trial needs with expansion of research & development laboratories in the United States	19.5	N/A	**127.7**	**N/A**
General corporate use	—	N/A	**421.3**	**N/A**
	398.5	2,115.7	**1,391.9**	**1,122.3**

Note: The use of unutilised proceeds will be dependent upon actual business needs and therefore an exact breakdown is not currently available.

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 18 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

(c) Use of Net Proceeds from the January 2021 Placing

The placing of new shares pursuant to the placing agreement dated 15 January 2021 was completed on 22 January 2021 (the "**January 2021 Placing**"). The net proceeds raised from the January 2021 Placing were approximately HK$4,670.6 million (approximately RMB3,893.3 million). The net proceeds will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the January 2021 Placing, with the allocation being as follows: (i) approximately 70% will be for expediting the investment and development of various clinical programs for our leading innovative products globally and funding potential product licensing and possible mergers and acquisitions activities; and (ii) the remaining 30% will be for further expanding the production capacity and for working capital and other general corporate use.

As at 31 December 2021, approximately RMB1,262.9 million of the net proceeds of the January 2021 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the January 2021 Placing, and RMB2,630.4 million remained unutilised. The table below sets out the use of proceeds from the January 2021 Placing as at 31 December 2021:

Use of net proceeds from the January 2021 Placing as disclosed in the Company's announcements relating to the January 2021 Placing	**Utilisation as at 31 December 2021** ***RMB million***	**Unutilised as at 31 December 2021** ***(Note)*** ***RMB million***
Expediting the investment and development of various clinical programs for our leading innovative products globally	**566.4**	**N/A**
Funding potential product licensing and possible mergers	**696.5**	**N/A**
Further expanding the production capacity	**–**	**N/A**
Working capital and other general corporate use	**–**	**N/A**
	1,262.9	**2,630.4**

Note: The use of unutilised proceeds will be dependent upon actual business needs and therefore an exact breakdown is not currently available.

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 36 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**2021** ***RMB'000***	2020 *RMB'000*
Revenue from contracts with customers	*4*	**4,269,729**	3,843,819
Cost of sales		**(573,040)**	(387,761)
Gross profit		**3,696,689**	3,456,058
Other income		**196,881**	246,787
Other gains and losses		**(72,784)**	(479,965)
Research and development expenses		**(2,478,067)**	(1,851,453)
Administrative and other expenses		**(884,027)**	(436,872)
Selling and marketing expenses		**(2,728,166)**	(1,340,861)
Royalties and other related payments		**(719,077)**	(384,057)
Finance costs		**(62,464)**	(68,350)
Loss before tax		**(3,051,015)**	(858,713)
Income tax expense	*5*	**(87,038)**	(139,708)
Loss for the year		**(3,138,053)**	(998,421)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Fair value loss on investment in equity instruments at fair value through other comprehensive income		**(120,009)**	–
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operation		**1,995**	–
Other comprehensive income for the year, net of income tax		**(118,014)**	–
Total comprehensive expense for the year		**(3,256,067)**	(998,421)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(3,256,067)**	(998,421)
Non-controlling interests		**–**	–
		(3,256,067)	(998,421)
Loss per share	*6*		
– Basic (RMB Yuan)		**(2.16)**	(0.74)
– Diluted (RMB Yuan)		**(2.16)**	(0.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**2,692,986**	1,584,079
Right-of-use assets		**396,862**	327,124
Intangible assets		**772,194**	32,625
Equity instruments at fair value through other comprehensive income		**203,446**	–
Prepayments for acquisition of long-term assets		**285,909**	272,278
Other receivables and tax recoverables		**127,658**	139,267
Other financial assets		**213,809**	12,942
		4,692,864	2,368,315
Current assets			
Inventories		**1,347,240**	705,658
Trade receivables	7	**968,405**	475,378
Prepayments and other receivables		**213,261**	164,515
Other financial assets		**644,848**	357,297
Bank balances and cash		**8,377,095**	7,763,833
		11,550,849	9,466,681
Current liabilities			
Trade payables	8	**195,050**	120,620
Other payables and accrued expenses		**2,051,624**	973,634
Contract liabilities		**355,506**	120,440
Borrowings		**365,000**	255,000
Lease liabilities		**22,273**	16,157
Tax payables		**60,594**	–
		3,050,047	1,485,851
Net current assets		**8,500,802**	7,980,830
Total assets less current liabilities		**13,193,666**	10,349,145
Non-current liabilities			
Contract liabilities		**458,507**	588,141
Borrowings		**2,023,261**	925,178
Lease liabilities		**86,392**	10,233
Government grants		**294,767**	45,823
Other financial liabilities		**342**	–
		2,863,269	1,569,375
Net assets		**10,330,397**	8,779,770
Capital and reserves			
Share capital		**101**	97
Reserves		**10,330,296**	8,779,673
Total equity		**10,330,397**	8,779,770

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")

Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to IAS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to IFRS16 Covid-19-Related Rent Concessions beyond 30 June 2021.

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

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

New and amendments to IFRSs in issue but not yet effective

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

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

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023.
[3] Effective for annual periods beginning on or after a date to be determined.

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB110,887,000 and RMB108,665,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

4. 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:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition:		
A point in time		
Sales of pharmaceutical products	**4,001,077**	2,367,531
License fee income	**8,863**	1,397,077
	4,009,940	3,764,608
Overtime		
Research and development service fee income	**–**	175
License fee income	**259,789**	79,036
	259,789	79,211
Total revenue from contracts with customers	**4,269,729**	3,843,819

Segment information

For the purposes 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

An analysis of the Group's revenue from external customers, analysed by their respective country/region of operation, is detailed below:

Revenue by geographical location

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
The PRC	**3,967,517**	2,446,742
United States of America ("**USA**")	**261,639**	1,397,077
The French Republic ("**France**")	**33,969**	–
Indonesia	**6,604**	–
	4,269,729	3,843,819

5. INCOME TAX EXPENSE

The income tax represents the tax arising from expenses not deductible, income from government grant and withholding tax arising from the license-out income received from customers in the US during the year ended 31 December 2021 (during the year ended 31 Dec 2020: RMB139,708,000).

6. 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	
	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(3,138,053)**	(998,421)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,455,605,751**	1,357,011,757

The computation of basic loss per share for the year ended 31 December 2021 and 2020 excluded the treasury shares and included the vested but unissued restricted shares of the Company.

(b) Diluted

31 December 2020 and 2021

The Company had two categories of potential ordinary shares and unvested restricted shares of the Company under the Pre-IPO Share Incentive Plan (the "**Pre-IPO Plan**"), 2018 Restricted Shares Plan (the "**2018 RS Plan**"), 2020 Restricted Shares Plan (the "**2021 RS Plan**") and the shares options awarded under Pre-IPO Plan and Post-IPO share option scheme (the "**Post-IPO ESOP**"), as details set out in note 31. As the Group incurred losses for the years ended 31 December 2021 and 2020, the potential 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 years ended 31 December 2021 and 2020 is the same as basic loss per share.

7. TRADE RECEIVABLES

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

	At 31 December 2021	At 31 December 2020
	RMB'000	*RMB'000*
0 – 60 days	**968,405**	475,378

8. TRADE PAYABLES

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

9. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the Reporting Period and up to the date of this announcement.

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 2021 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

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

Hong Kong, 29 March 2022

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, and Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu and Dr. Kaixian Chen as Independent Non-executive Directors.