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 2022

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 2022 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2021. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the Company's auditors, Messrs. 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 measure[1]

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000* (Restated)
Revenue from contracts with customers	**4,556,380**	4,269,729
Cost of sales	**(874,080)**	(452,106)
Gross profit	**3,682,300**	3,817,623
Other income	**279,735**	196,881
Other gains and losses	**22,286**	125,966
Research and development expenses	**(2,664,708)**	(2,118,709)
Administrative and other expenses	**(641,812)**	(636,836)
Selling and marketing expenses	**(2,578,373)**	(2,544,779)
Royalties and other related payments	**(450,763)**	(719,077)
Finance costs	**(101,698)**	(62,464)
Loss before tax	**(2,453,033)**	(1,941,395)
Income tax expense	**(8,801)**	(87,038)
Adjusted loss for the year	**(2,461,834)**	(2,028,433)
Other comprehensive 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	**(876)**	(120,009)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(20,446)**	1,995
Other comprehensive expense for the year, net of income tax	**(21,322)**	(118,014)
Adjusted total comprehensive expense for the year	**(2,483,156)**	(2,146,447)
Added:		
Share-based compensation expenses	**(469,490)**	(501,572)
Net foreign exchange gains/(losses)	**752,054**	(198,750)
Total comprehensive expense for the year	**(2,200,592)**	(2,846,769)

[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, such as (a) share-based compensation expenses; and (b) net foreign exchange gains or losses. For the calculation and reconciliation of these non-IFRS measures, please refer to "Management Discussion and Analysis – Financial Review – 10. Non-IFRS Measure".

FINANCIAL HIGHLIGHTS

Non-IFRS Measures:

- **Total revenue** was RMB4,556.4 million for the year ended 31 December 2022, representing an increase of 6.7% from RMB4,269.7 million for the year ended 31 December 2021. Product revenue increased by 3.4% to RMB4,139.1 million for the year ended 31 December 2022, compared to RMB4,001.1 million for the year ended 31 December 2021. The growth was driven by continuously fast ramp-up of product sales volume, launch of new products, as well as increasingly higher revenue contribution of new products. However, products' further growth were partially impacted by the complex and changing COVID situations and price deduction of TYVYT® (sintilimab injection) in the National Reimbursement Drug List ("**NRDL**") during the year 2022.

- **Gross profit margin** of product sales was 78.9% for the year ended 31 December 2022, representing a decrease of 9.8% as compared with 88.7% for the year ended 31 December 2021. The manufacturing efficiency of major products was further improved during the year 2022, while the margin change was mainly due to lower gross profit margin booked for newly collaborated products, increased proportion of biosimilar products with relatively lower gross profit margin and unit price reduction of TYVYT® (sintilimab injection).

- **Research and development ("R&D") expenses** increased by RMB546.0 million from RMB2,118.7 million for the year ended 31 December 2021 to RMB2,664.7 million for the year ended 31 December 2022. The steadily growing R&D expenses were mainly spent on clinical trials of late-stage and prioritized assets from our robust pipeline, the exploration of early stage assets as well as pre-clinical research.

- **Selling and marketing expenses** were RMB2,578.4 million, or 56.6% of total revenue, or 62.3% of product revenue for the year ended 31 December 2022, as compared with RMB2,544.8 million, or 59.6% of total revenue, or 63.6% of product revenue for the year ended 31 December 2021. During 2022, the Company has been developing a more sustainable and healthier commercial management model to establish a more agile and leaner organization with systematic and scientific management, which could further increase the output and improve efficiency for more sustainable long-term growth. The ratio of selling and marketing expenses to product revenue decreased from 66.7% for the six months ended 30 June 2022 to 58.0% for the six months ended 31 December 2022.

- **Loss for the year** was RMB2,461.8 million for the year ended 31 December 2022, representing an increase of RMB433.4 million from RMB2,028.4 million for the year ended 31 December 2021, primarily due to continuous investment in R&D.

IFRS Measures:

- **Loss for the year** was RMB2,179.3 million for the year ended 31 December 2022, representing a decrease of 20.1% from RMB2,728.8 million for the year ended 31 December 2021. The decrease was primarily due to the net foreign exchange gains, partially offset by the continuous investment in R&D.

BUSINESS HIGHLIGHTS

During the year ended 31 December 2022, the Company has continually achieved significant milestones and operated at a more sustainable and healthier business model with adherence to the long-term strategy of global innovation as follows:

We generated product revenue of RMB4,139.1 million for the year ended 31 December 2022, an increase of 3.4% compared to RMB4,001.1 million in the same period of prior year. Despite the impact of COVID situations and the unit price change of TYVYT® (sintilimab injection) in 2022, the growth was driven by fast ramp-up of product sales volume, continuous launch and higher contribution from new products.

During the Reporting Period, the Company has actively explored a more sustainable and healthier commercial management model, aiming to improve its operational efficiency while expanding its business scale. The Company believes that healthy and efficient commercial operation will better support the Company's commercialization goals and enable us to achieve long-term sustainable business development.

We attained a series of regulatory approvals during the Reporting Period, to further expand our commercial product portfolio and delicated integrated solutions to more complex patient population in broader territories. During the Reporting Period:

- We expanded our commercial product portfolio from six to eight products:

  In March 2022, Cyramza® (ramucirumab) was approved by the National Medical Products Administration of China (the "**NMPA**") as second-line ("**2L**") treatment in patients with advanced or metastatic gastric or gastroesophageal junction adenocarcinoma ("**GC**"). In September 2022, Cyramza® (ramucirumab) was approved by the NMPA for the treatment of patients with hepatocellular carcinoma ("**HCC**", also known as liver cancer), who have an alpha fetoprotein of ≥400 ng/mL and have been treated with sorafenib.

  In September 2022, Retsevmo® (selpercatinib) was approved by the NMPA for the treatment of adult patients with locally advanced or metastatic non-small cell lung cancer ("**NSCLC**") with a rearranged during transfection ("**RET**") gene fusion, adult and pediatric patients at 12 years of age and older with advanced or metastatic medullary thyroid cancer ("**MTC**") with a RET mutation who require systemic therapy, and adult and pediatric patients at 12 years of age and older with advanced or metastatic thyroid cancer ("**TC**") with a RET gene fusion who require systemic therapy and who are radioactive iodine-refractory (if radioactive iodine is appropriate).

- We expanded new indications and new territories for approved products:

  TYVYT® (sintilimab injection) was approved by the NMPA for two additional indications including first-line ("**1L**") treatment of esophageal squamous cell carcinoma ("**ESCC**") and 1L GC, enabling TYVYT® (sintilimab injection) to be the domestically first innovative programmed cell death protein-1 ("**PD-1**") inhibitor for the 1L treatment of five major types of cancer consisting of 1L non-squamous NSCLC, 1L squamous NSCLC, 1L HCC, 1L ESCC and 1L GC.

  In January 2022, the Drug Office of Hong Kong Department of Health approved Pemazyre® (pemigatinib) 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.

  In March 2022, the NMPA approved BYVASDA® (bevacizumab injection) for the treatment of epithelial ovarian, fallopian tube, and primary peritoneal cancer ("**OC**") and cervical cancer ("**CC**"), two of the most common gynecology cancers in China.

  In April 2022, the NMPA approved Pemazyre® (pemigatinib) for the treatment of adults with locally advanced or metastatic cholangiocarcinoma ("**mCCA**") 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.

  In June 2022, the Indonesian Food and Drugs Authority (the "**BPOM"**) approved Bevagen® (local trademark of BYVASDA® (bevacizumab injection) in Indonesia) for five indications including metastatic colorectal cancer ("**mCRC**"), locally recurrent or metastatic triple negative breast cancer ("**mTNBC**"), advanced, metastatic, or recurrent NSCLC, OC and CC.

  In June 2022, the NMPA approved SULINNO® (adalimumab injection) for the treatment of adult Crohn's disease and pediatric Crohn's disease.

We kept the clinical development progress for our late stage assets on track, with more regulatory submissions achieved, and multiple assets initiated or undergoing pivotal studies during the Reporting Period, including:

- Three New Drug Applications ("**NDA**") for our novel assets were accepted by the NMPA including:

  IBI-306 (tafolecimab injection), an anti-proprotein convertase substilisin/kexin type 9 enzyme ("**PCSK-9**") antibody. The NDA was accepted in June 2022 for the treatment of primary hypercholesterolemia (including heterozygous familial hypercholesterolemia ("**HeFH**") and non-familial hypercholesterolemia ("**non-FH**")) and mixed dyslipidemia.

  IBI-326 (equecabtagene autoleucel injection), a fully human anti-B cell maturation antigen ("**BCMA**") chimeric antigen receptor ("**CAR**") T-cell therapy. The NDA was accepted and granted priority review designation in June 2022 for the treatment of relapsed and/or refractory multiple myeloma ("**r/r MM**").

  IBI-348 (olverembatinib), a novel BCR-ABL tyrosine kinase inhibitor ("**TKI**"). The NDA was accepted and granted priority review designation in July 2022 that will support the full approval of olverembatinib in patients with chronic-phase chronic myeloid leukemia ("**CML-CP**") who are resistant and/or intolerant of first- and second-generation TKIs.

- Four new assets were advanced into pivotal or registrational trials including:

  IBI-362 (mazdutide), a glucagon-like peptide-1 receptor ("**GLP-1R**") and glucagon receptor ("**GCGR**") dual agonist. IBI-362 has shown good safety, robust weight loss efficacy, blood glucose lowering effect and multiple benefits in metabolic profile in the Phase 2 study in type 2 diabetes ("**T2DM**") and the Phase 2 study in obesity; the Phase 3 clinical study of IBI-362 in obesity was initiated in November 2022 and the Phase 3 studies in T2DM were initiated in January 2023.

  IBI-351, a novel, orally active, potent $KRAS^{G12C}$ inhibitor. The data of Phase 1 study of IBI-351 in later lines of NSCLC and colorectal cancer ("**CRC**") were released at the American Society of Clinical Oncology ("**ASCO**") 2022 Annual Meeting and the Chinese Society of Clinical Oncology ("**CSCO**") 2022 Annual Meeting, showing favorable safety and promising efficacy activity of IBI-351 monotherapy; the pivotal clinical study of IBI-351 in later lines of NSCLC was initiated in 2022.

  IBI-344 (taletrectinib), a novel next-generation ROS1/TRK TKI. The updated data of Phase 2 study of IBI-344 in ROS1 positive NSCLC were released at the ASCO 2022 Annual Meeting, showing potential best-in-class potency as next generation ROS1 TKI; the pivotal clinical study of IBI-344 was initiated in 2022.

  IBI-126 (tusamitamab ravtansine), a potential first-in-class antibody-drug conjugate ("**ADC**") targeting carcinoembryonic antigen-related cell adhesion molecule 5 ("**CEACAM5**") at global Phase 3 stage for 2L NSCLC. We entered into strategic collaboration with Sanofi in August 2022 for developing and exclusively commercializing IBI-126 in multiple oncology-based indications in China.

We achieved promising preliminary data readout for potential high-value Phase 1 and 2 stage novel assets, such as:

- IBI-110, a novel anti-lymphocyte-activation gene 3 ("**LAG3**") monoclonal antibody. The data of Phase 1a/1b dose-escalation study and Phase 1b studies were released at the ASCO Annual Meeting 2022, showing encouraging safety profile and preliminary efficacy signal of IBI-110 in combination with sintilimab and chemotherapy for the treatment of 1L squamous NSCLC and 1L GC; The updated data of Phase 1b study of IBI-110 for the treatment of 1L squamous NSCLC were released at the 2022 European Society For Medical Oncology Immuno-Oncology ("**ESMO-IO**") Annual Congress.

- IBI-939, a novel anti-T-cell immunoreceptor with Ig and ITIM domains ("**TIGIT**") monoclonal antibody. The data of Phase 1 study was released at the 2022 ESMO-IO Annual Congress, showing favorable safety and preliminary positive efficacy profile of IBI-939 in combination with sintilimab injection for the treatment of 1L NSCLC (PD-L1 Tumor Proportion Score ("**TPS**") ≥50.0%).

- IBI-351, a novel, orally active, potent $KRAS^{G12C}$ inhibitor. The data of Phase 1 study of IBI-351 in later lines of NSCLC and CRC were released at the ASCO 2022 Annual Meeting, showing favorable safety and promising efficacy activity of IBI-351 monotherapy.

- IBI-188, a fully human anti-cluster of differentiation 47 ("**CD47**") monoclonal antibody. The preliminary data of the Phase 1b clinical study of IBI-188 in combination with azacitidine for the treatment of 1L higher risk myelodysplastic syndrome ("**MDS**") was released at the American Society of Hematology ("**ASH**") 2022 Annual Meeting.

- IBI-362 (mazdutide), a GLP-1R/GCGR dual agonist. The primary endpoint was met in a randomized, double-blind, placebo-controlled Phase 2 clinical study of IBI-362 (up to 6.0mg) in Chinese participants with overweight or obesity in June 2022.

- IBI-362 (mazdutide). The primary endpoint was met in a multi-center, randomized, double-blind, placebo and dulaglutide-controlled Phase 2 study for IBI-362 (up to 6.0mg) in Chinese patients with T2DM in July 2022.

- IBI-362 (mazdutide). The results of higher-dose cohorts in the Phase 1 clinical study of mazdutide (9.0mg, 10.0mg) in overweight or obese Chinese participants were released at the Endocrine Society ("**ENDO**") 2022 Annual Meeting. Based on the encouraging data, the Phase 2 clinical study of higher-dose IBI-362 was initiated in August 2022.

- IBI-112 (picankibart), a recombinant anti-interleukin 23p19 subunit ("**IL23p19**") antibody. The primary endpoint was met in the Phase 2 study of IBI-112 in Chinese patients with moderate-to-severe plaque psoriasis in August 2022. The Phase 3 clinical study (CLEAR) of IBI-112 in Chinese patients with moderate-to-severe plaque psoriasis in February 2023.

During the Reporting Period, we advanced multiple innovative molecules with differentiated clinical potential into first-in-human study in provision of long term pipeline growth, such as IBI-363 (PD-1/IL-2), IBI-389 (CLDN18.2/CD3), IBI-343 (CLDN18.2 ADC) in oncology area, and IBI-311 (IGF-1R), IBI-324 (vascular endothelium growth factor ("**VEGF**")-A/ANG-2), IBI-333 (VEGF-A/VEGF-C) and IBI-353 (PDE4) in non-oncology area.

Other major business updates during the Reporting Period include:

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

- In June 2022, we appointed Mr. Gary Zieziula as an independent non-executive director of the Board and a member of the Audit Committee and the strategy committee of the Company. Mr. Zieziula has over 40 years of experience building and guiding strong, sustainable sales and operations organizations across Europe and North America in several Multinational Corporations ("**MNCs**"), which will contribute to the implementation of the Company's strategic objective and mission of innovation through globalization.

- In August 2022, we and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerating the development and commercialization of two Sanofi key clinical stage oncology assets: Phase III SAR408701 (tusamitamab ravtansine; anti-CEACAM5 ADC) and Phase II SAR444245 (non-alpha IL-2), combining with sintilimab, the leading checkpoint inhibitor in China. In addition to the collaboration and license agreement, Sanofi invested EUR300.0 million in the Company through the subscription of new ordinary shares. Subject to mutual agreement of both parties in the future, Sanofi will have the right to acquire additional ordinary shares of the Company for EUR300.0 million.

- In October 2022, we reobtained the rights of sintilimab injection for geographies outside of China from Lilly.

- In December 2022, we and LG Chem Life Sciences ("**LG Chem**") entered into a strategic collaboration for Tigulixostat, a late-stage novel non-purine xanthine oxidase inhibitor ("**XOI**") for the chronic management of hyperuricemia in patients with gout disease. LG Chem initiated multi-regional global Phase 3 clinical trials for Tigulixostat in the fourth quarter of 2022.

We continued to make significant progress after the end of the Reporting Period and up to the date of this announcement, including the following major milestones and achievements:

- In January 2023, we announced the inclusion in the NRDL (2022 version) of TYVYT® (sintilimab injection) in two new indications (negotiation list), olverematinib for the first listing (negotiation list), and BYVASDA® (bevacizumab injection), HALPRYZA® (rituximab injection) and SULINNO® (adalimumab injection) in multiple new indications (general list). TYVYT® (sintilimab injection) is the first and the only PD-1 inhibitor for GC in the NRDL, as well as the only PD-1 inhibitor for the 1L treatment of five high-incidence cancer types in the NRDL. Olverembatinib, as an exclusive third generation BCR-ABL inhibitor, has been included in the NRDL for the first time, filling the gap in the treatment of CML patients harboring the T315I mutation. In addition, all the new indications of BYVASDA® (bevacizumab injection), HALPRYZA® (rituximab injection) and SULINNO® (adalimumab injection) have been included in the updated NRDL, expanding the reimbursement coverage and benefiting broader patient groups. The updated NRDL officially took effect on 1 March 2023.

- In January 2023, the NDA of IBI-376 (PI3Kδ inhibitor) has been accepted and granted priority review designation by the NMPA for the treatment of relapsed or refractory follicular lymphoma ("**r/r FL**") who have received at least two previous systemic therapies.

- In January 2023, the NMPA has granted Breakthrough Therapy Designation ("**BTD**") for IBI-351 for the treatment of advanced NSCLC patients with $KRAS^{G12C}$ mutation that have received at least one prior line of systemic therapy.

- In January 2023, the Phase 3 clinical study (GLORY-1) of IBI-362 (mazdutide) in Chinese adults with overweight or obesity has completed enrollment.

- In January 2023, IBI-362 (mazdutide) has completed the first patient dose in the Phase 3 clinical study (DREAMS-1) in Chinese patients with T2DM inadequately controlled by diet and exercise alone.

- In January 2023, IBI-362 (mazdutide) has completed the first patient dose in the Phase 3 clinical study (DREAMS-2) in Chinese patients with T2DM who have inadequate glycemic control with metformin monotherapy or combination therapy of metformin with sodium-glucose cotransporter 2 ("**SGLT2**") inhibitors or sulfonylureas.

- In January 2023, our partner UNION Therapeutics A/S ("**UNION**") announced positive topline results from the IASOS Phase 2b clinical study of oral orismilast (IBI-353) in adult patients with moderate to severe psoriasis.

- In February 2023, IBI-112 (picankibart) has completed the first patient dose in the Phase 3 clinical study (CLEAR) in patients with moderate-to-severe plaque psoriasis.

- In February 2023, IBI-311, a recombinant anti-insulin-like growth factor-1 receptor ("**IGF-1R**") monoclonal antibody, has completed the first patient dose in the Phase 2 clinical study in patients with thyroid associated ophthalmopathy ("**TAO**").

- In February 2023, IBI-333, a recombinant anti-VEGF-A and anti-VEGF-C bispecific fusion protein, has completed the first patient dose in the Phase 1 clinical study in patients with neovscular age-related macular degeneration ("**nAMD**").

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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 research, chemistry, manufacturing and controls ("**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, multi-specific antibodies, immuno-cytokine, cell engagers, ADCs, cell therapy and small molecules etc.), spanning multiple major therapeutic areas including oncology, cardiovascular and metabolism, autoimmune and ophthalmology diseases, that have promising clinical and commercial potential to address unmet medical needs.

2022 Review and Outlook: Building an Innovative Biopharmaceutical Company with Sustainable Growth and Comprehensive Capability

2022 was the first year for the Company's second decade of operations. Over ten years of development and growth, we have successfully transformed from a biotech company to a leading biopharmaceutical company in China. In the past year, despite challenges from macro headwinds and COVID, we have been taking the lead in the industry to strengthen the foundation for more sustainable growth by putting increased emphasis on technological innovation and efficiency improvements. By leveraging our integrated platform, we have achieved remarkable results in upgrading our commercial model, further developing our pipeline, enhancing the innovation of our R&D platform, as well as deepening our strategic collaborations.

Looking ahead, we will continue to strive to achieve our strategic goals of sustainable growth and global innovation over the next decade. To do this, the Company will further expand the scale of the commercial portfolio, further improve operational efficiency, and bring forward novel medicines through our advanced R&D platform for the global market. We endeavor to establish ourselves as a distinctive biopharmaceutical firm with significant potential for growth and innovation, and ultimately ascend to become the leading biopharmaceutical enterprise in China as well as a premier biopharmaceutical company globally.

Commercialization: New Products Will Drive Continuous Growth; Improved Operational Efficiency under Upgraded Commercial System

During the Reporting Period, we expanded our commercial portfolio to a total of 8 products on market with the approval for marketing of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib). Labels of the other marketed drugs were also further expanded with new indications and new territories: TYVYT® (sintilimab injection) was approved for two new indications (1L ESCC and 1L GC) and became the only PD-1 inhibitor approved for the 1L treatment of five high-incidence cancer types; Pemazyre® (pemigatinib) was approved for the 2L treatment of mCCA in mainland China and Hong Kong; BYVASDA® (bevacizumab injection) was approved for marketing in Indonesia, becoming the first Chinese antibody drug commercialized that will be produced locally in Southeast Asia markets.

In 2022, the Company recorded product sales revenue of RMB4,139.1 million, representing an increase of 3.4% compared with the prior year. During the year, the product sales growth was affected to some extent by the complex and changing condition of the pandemic in mainland China and the price reduction of TYVYT® (sintilimab injection) under the 2021 updated NRDL. However, the continuous ramp-up of product sales volume, along with higher revenue contribution from multiple new products, and improved operational efficiency and portfolio synergy, helped offset some of such impact and laid a good foundation for future growth of the commercial portfolio.

In the four years since the Company established its commercial function, we have established a leading position and brand franchise in the innovative biopharma industry, with a professional team of nearly 3,000 people, a commercial portfolio of eight high-quality drugs and a nationwide marketing access coverage. Meanwhile, as an industry pioneer, in 2022, we have proactively developed a more sustainable and healthier commercial management system, which will further improve operational efficiency and expand the scale of the business. In the past year, preliminary positive results were observed: the ratio of sales and marketing expenses (to total product revenue, under IFRS measure) was brought down from 65.5% in 2021 to 62.6% in 2022, and from 68.5% in the first half of 2022 to 56.9% in the second half of 2022, in particular. We believe that owning a strong and efficient commercial operation is crucial to support the Company's commercialization objectives and facilitate our long-term sustainable business growth.

Looking ahead, we believe 2023 will be a milestone year for continuous expansion and visible growth in the commercial portfolio. Two additional indications of TYVYT® (sintilimab injection), olverembatinib, and multiple additional indications of BYVASDA® (bevacizumab injection), HALPRYZA® (rituximab injection), and SULINNO® (adalimumab injection) were included in the updated NRDL, which will further expand the reimbursement coverage. Meanwhile, we expect three new assets/therapies, including equecabtagene autoleucel injection (BCMA CAR-T), tafolecimab injection (PCSK9) and parsaclisib (PI3Kδ) to be approved in 2023, bringing a more diversified commercial portfolio of over ten products.

Moreover, the Company's previous strategic positioning in certain non-oncology therapeutic areas is about to yield fruitful results, as several innovative non-oncology candidates with high differentiation and substantial market potential are anticipated to receive approvals or enter late-stage clinical development. We therefore will gradually establish our commercial presence in certain key chronic disease areas. We hope to build a strong product portfolio and brand franchise to provide long-term competitive advantage in such disease areas, and develop R&D and commercialization capabilities in both oncology and non-oncology areas to support more sustainable and diversified long-term growth for the company.

Pipeline Development: Expand the Boundary of Novel Oncology Therapies, Roll out Non-oncology High-potential Products

The Company has built a strong pipeline with over 30 innovative drug candidates, including over 20 in the oncology area and 10 in the non-oncology area. Of which, 8 products were approved, 3 assets are currently under review by the NMPA, 5 assets are in Phase 3 or pivotal clinical studies, and approximately 20 assets are in early Phase 1/2 clinical stage.

During the Reporting Period, the Company has kept up with the progress of clinical development and associated pipeline data readouts were on track, particularly:

Introduced novel modalities and therapies to expand the oncology pipeline: we have further expanded the extensive oncology pipeline through pursuit of novel targets and modalities, innovative mechanisms of action and combination therapy strategies.

- We submitted NDAs of two product candidates for the treatment of hematological malignancies. Equecabtagene autoleucel injection (BCMA CAR-T) will potentially be the first BCMA-targeted cell therapy to be approved in China, and the NDA of parsaclisib (PI3Kδ) was accepted and granted with priority review by the NMPA.

- We are pioneering the development of two targeted small molecule drugs for treatment of lung cancer, including IBI-351 ($KRAS^{G12C}$) and IBI-344 (ROS1/TRK), both in pivotal clinical studies and planned for NDA submissions by the end of 2023, which will further strengthen our franchise and portfolio synergy in lung cancer.

- We are actively exploring multiple high potential IO molecules in Proof-of-Concept ("**PoC**") or early-stage clinical trials, such as IBI-110 (LAG3), IBI-939 (TIGIT) and IBI-363 (PD-1/IL-2), with preliminary positive efficacy and safety data observed.

- We have established a fully-integrated and differentiated ADC proprietary technology platform, with IBI-343 (CLDN18.2 ADC) being the first to advance into a Phase 1 clinical trial in Australia in 2022 and a series of differentiated ADC molecules being advanced to clinical stage development going forward.

Strategically positioned in three major chronic diseases to accelerate the development of high-potential assets: in addition to oncology, we strategically focus our R&D effort towards several high-potential fields such as cardiovascular and metabolism ("**CVM**") diseases, autoimmune diseases and ophthalmology diseases, aiming to bring innovative medicines to address unmet patient needs, and improve quality of life for a wide range of patient populations.

- **High-potential innovative assets for multiple high-prevalence chronic diseases in CVM field**: We submitted the NDA for tafolecimab injection (PCSK-9) for the treatment of hyperlipidemia, which could potentially be the first domestic PCSK-9 monoclonal antibody to launch with a longer dosing interval advantage. We have achieved a robust data readout in Phase 2 clinical trials of IBI-362 (GLP-1R/GCGR) for the treatment of both obesity and diabetes, demonstrating its best-in-class potential in weight loss and glucose lowering, with favorable safety and metabolic benefits. IBI-362 (GLP-1R/GCGR) Phase 3 registrational clinical studies have been initiated for both obesity and diabetes. IBI-128 (XOI) global Phase 3 multi-regional clinical study for the treatment of hyperuricemia in gout patients has been initiated by our partner LG Chem at the end of 2022. We are responsible for the clinical development of IBI-128 in China and plan to start a Phase 3 clinical study by the end of 2023. IBI-311 (IGF-1R) for the treatment of thyroid associated ophthalmopathy ("**TAO**") has rapidly advanced to a Phase 2 clinical study and is planned to start a Phase 3 registrational clinical study in 2023.

- **Capture differentiated clinical value in the field of autoimmune by fulfilling substantial unmet medical needs**: The Phase 2 data for IBI-112 (IL23p19) demonstrated its potential long-lasting efficacy advantage and convenient extended dosing intervals for psoriasis. The Phase 3 registrational clinical study started in early 2023. The multi-regional Phase 2b clinical study (led by UNION) of IBI-353 (PDE4), the oral therapy for treating psoriasis, reached positive topline results and we will enter a Phase 2 study in China in 2023. Furthermore, additional innovative autoimmune molecules such as IBI-355 (CD40L) and IBI-356 (OX40L) will enter first-in-human clinical studies in 2023 to explore other unmet medical needs in various types of autoimmune diseases.

- **Multiple differentiated bispecific antibodies in the field of ophthalmology**: IBI-302 (VEGF/C) for the treatment of nAMD is currently in the Phase 2 clinical studies, and IBI-324 (VEGF-A/ANG-2) and IBI-333 (VEGF-C/VEGF-A) are in the Phase 1 stage. We will explore the potential differentiation of our ophthalmology candidates versus existing therapy brought by their innovative mechanisms and molecule designs as bispecific antibodies.

R&D Platform: Strategic Collaborations Deepen Overall Strength of Innovation; Global Innovation Continues as Core Long-Term Strategy

During the Reporting Period, the Company continued to leverage its core competencies as a leading biopharmaceutical company in China possessing a comprehensive platform capability for R&D, manufacturing and commercialization. We further expanded the number of innovative and in-depth strategic collaborations with international pharmaceutical companies. Meanwhile, with global innovation as the long-term strategy, we continue to strengthen our capacity through the Innovent Academy with the aim to bring more innovative molecules to the global market.

- **Continue to build Innovent Academy as an engine of innovation power:** In 2022, Innovent Academy has successfully delivered six high-quality novel molecules into IND enabling stage, to fulfill our mid to long term growth objectives. In particular, Innovent Academy has built a fully-integrated and differentiated ADC proprietary technology platform, which will gradually deliver next-generation ADC candidates into the clinical development stage to further enrich our long-term pipeline. We endeavor to enhance our R&D platform to support our world-class R&D center by leveraging profound know-how in immunology, cancer biology and antibody engineering, with a focus on global innovation and cutting-edge technology extension. We will continually put forth our full efforts to improve drug research efficiency, drug discovery quality, as well as the steady translation of science into innovative molecules.

- **Deploy scientific and efficient approaches to early stage innovative pipeline development.** With adherence to the long-term strategy of global innovation and to ensure reasonable investment returns, we are exploring our early-to-mid stage pipeline with global potential in ongoing PoC studies, with several molecules in the IO and ophthalmology fields. In addition, we will further explore the early clinical development of other novel molecules with global potential, such as PD-1/IL-2, ADC clusters, etc. Our strong product development team of over 1000 professionals will gradually progress more innovative molecules into global clinical development to generate attractive pipeline development return.

- **Explore creative in-depth strategic cooperation models:** In 2022, we entered into an expanded strategic collaboration with Lilly 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. We also in-licensed Tigulixostat from LG Chem, which is a potential best-in-class late-stage non-purine XOI for the treatment of gout disease. Furthermore, we and Sanofi entered into a strategic collaboration to accelerate the development and potential access of innovative oncology medicines in China. In addition to the collaboration and license agreement, we received EUR300.0 million strategic equity investment from Sanofi through its subscription of new ordinary shares of the Company at 20.0% price premium.

- **Launch antibody drug benefiting emerging markets:** In June 2022, BYVASDA® (bevacizumab injection, product name in Indonesia: Bevagen®) was approved in Indonesia, as the first Chinese antibody drug commercialized and will be produced locally in Southeast Asia markets.

Healthy financial position supplemented with additional cash from strategic investment by Sanofi. As of 31 December 2022, the Company had approximately RMB9,166.0 million (equivalent to over US$1.3 billion) cash on hand and short-term financial assets, including the equity investment of EUR300.0 million in cash received under the strategic collaboration agreement with Sanofi in August 2022. Our healthy financial position and consistently efficient capital allocation will enable us to focus on long-term sustainable strategic goals amid an especially challenging macro and capital market environment.

2022 is the first year of the Company's second decade for development. We have established a fully-integrated platform possessing comprehensive capabilities in R&D, CMC and commercialization, supported by a healthy financial position. In 2023, we will continue to make significant progress in commercial operations and key pipeline development as disclosed above. In the next decade, with the strategic vision of sustainable development and innovation, along with strong execution capabilities and an integrated platform, we are confident that we are on track to further expand and develop to become a global premier biopharmaceutical company, creating sustainable value for our patients, employees, society and shareholders of the Company (the "**Shareholders**").

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 over 30 valuable assets. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, cell engagers, ADCs, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, autoimmunity 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.

Products	Target (s)	Modality	Therapeutic Area	Rights	Status
					Pre-clinical / IND / Phase 1 / Phase 1b/2 / Pivotal Phase 2 / Phase 3 / NDA / Launched
TYVYT® (sintilimab injection)	PD-1	Monoclonal antibody	Oncology	Worldwide	Approved : 1L nsqNSCLC, 1L sqNSCLC, 1L HCC, 1L GC, 1L ESCC, cHL; NDA submitted: 2L EGFRm NSCLC
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
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, 2L HCC
Retsevmo® (selpercatinib)	RET	Small molecule	Oncology	Mainland China	Approved: RETm NSCLC / TC/MTC
IBI326 (equecabtagene autoleucel)	BCMA CAR-T	Cell therapy	Oncology	Mainland China, HK, Taiwan, Macau	Submitted: r/r MM
IBI376 (Parsaclisib)	PI3Kδ	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	Submitted: r/r FL
IBI351	KRAS ^{G12C}	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	2L KRAS+ NSCLC; 1L KRAS+ NSCLC / 3L CRC
IBI344 (Taletrectinib)	ROS1/TRK	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	2L ROS1+ NSCLC
IBI126 (Tusamitamab)	CEACAM5	Antibody drug conjugate	Oncology	Mainland China	2L CEACAM5+ NSCLC
IBI110	LAG-3	Monoclonal antibody	Oncology	Worldwide	1L sqNSCLC; 1L GC; 1L HCC
IBI939	TIGIT	Monoclonal antibody	Oncology	Worldwide	1L NSCLC (PD-L1 TPS>=50%)
IBI310	CTLA-4	Monoclonal antibody	Oncology	Worldwide	Multiple cancer types
IBI323	LAG3/PD-L1	Bispecific antibody	Oncology	Worldwide	CRC
IBI188	CD47	Monoclonal antibody	Oncology	Worldwide	MDS
IBI322	PD-L1/CD47	Bispecific antibody	Oncology	Worldwide	Lymphoma
IBI363	PD-1/IL-2	Bispecific antibody	Oncology	Worldwide	Advanced malignancies
IBI127	IL-2	Immuno cytokine	Oncology	Mainland China	Advanced malignancies
IBI343	CLDN18.2 ADC	Antibody drug conjugate	Oncology	Worldwide	Advanced malignancies
IBI389	CLDN18.2/CD3	Bispecific antibody	Oncology	Worldwide	Advanced malignancies
IBI360	CLDN18.2	Monoclonal antibody	Oncology	Worldwide	Advanced malignancies
IBI345	CLDN18.2 Modular CAR-T	Cell therapy	Oncology	Worldwide	Advanced malignancies
IBI354	HER2 ADC	Antibody drug conjugate	Oncology	Worldwide	Advanced malignancies

NSCLC: non small cell lung cancer; HCC: hepatocellular carcinoma; GC: gastric cancer; ESCC: esophageal squamous cell carcinoma; GBM: glioblastoma; CC: cervical cancer; OC: ovarian cancer; cHL: classic Hodgkin lymphoma; CML: chronic myeloid leukemia; CLL: chronic lymphocytic leukemia; CCA: cholangiocarcinoma; FL: follicular lymphoma ; TC: thyroid cancer ; MTC: medullary thyroid cancer; CRC: colorectal cancer; MDS: myelodysplastic syndrome; MM: multiple myeloma

Listed drugs | Biologics | Small molecules

Products	Target(s)	Modality	Therapeutic Area	Rights	Status
					Pre-clinical / IND / Phase 1 / Phase 1b/2 / Pivotal Phase 2/ Phase 3 / NDA / Launched
SULINNO® (adalimumab)	TNF-α	Monoclonal antibody	Autoimmune	Worldwide	Approved: RA, AS, PsO, Pediatric plaque PsO, PJIA, Uveitis , CD, Pediatric CD
IBI306	PCSK-9	Monoclonal antibody	Metabolic	Worldwide	Submitted: non-FH; HeFH
IBI362	GLP-1R/GCGR	Polypeptide	Metabolic	Mainland China, HK, Taiwan, Macau	Obesity (6mg); T2DM (6mg); Obesity (9mg)
IIBI112	IL-23 p19	Monoclonal antibody	Autoimmune	Worldwide	Pso; UC
IBI311	IGF-1R	Monoclonal antibody	Ophthalmology	Worldwide	TAO
IBI302	VEGF/Complement	Fusion protein	Ophthalmology	Worldwide	nAMD; nAMD (High concentration)
IBI353	PDE4	Small molecule	Autoimmune	Mainland China, HK, Taiwan, Macau	Pso
IBI324	VEGF-A/ANG2	Fusion protein	Ophthalmology	Worldwide	DME
IBI333	VEGF-A/VEGF-C	Fusion protein	Ophthalmology	Worldwide	nAMD
IBI128	XOI	Small molecule	Metabolic	Mainland China, HK, Taiwan, Macau	Gout with Hyperuricemia

AS: ankylosing spondylitis; RA: rheumatoid arthritis; PsA: psoriatic arthritis; PsO: psoriasis; CD: Crohn's disease; PJIA: polyarticular juvenile idiopathic arthritis
HeFH: heterozygous familial hypercholesterolemia; Non-FH:non-familial hypercholesterolemia; TAO: thyroid associated ophthalmopathy; DME:Diabetic Macular Edema;
nAMD: Neovascular Age-related Macular Degeneration

Listed drugs | Biologics | Small molecules

BUSINESS REVIEW

Commercial Stage Products

During the Reporting Period, we have successfully expanded our commercial portfolio into eight products spanning multiple therapeutic areas with strong synergies to provide integrated patient solutions. The commercial portfolio includes: TYVYT® (sintilimab injection), BYVASDA® (bevacizumab injection), SULINNO® (adalimumab injection), HALPRYZA® (rituximab injection), Pemazyre® (pemigatinib), olverematinib, Cyramza® (ramucirumab) and Retsevmo® (selpercatinib).

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; the National Major New Drugs Innovation and Development Program*

Approved and included in NRDL for six indications including lung cancer, liver cancer, gastric cancer, esophageal cancer, Hodgkin's lymphoma, etc.

- In June 2022, TYVYT® (sintilimab injection) was approved for two additional indications including 1L GC and 1L ESCC.

- In January 2023, TYVYT® (sintilimab injection) was included in the NRDL (2022 version) for two additional indications including 1L GC and 1L ESCC. TYVYT® (sintilimab injection) is the first and the only PD-1 inhibitor for GC in the NRDL, as well as the only PD-1 inhibitor for the 1L treatment of five high-incidence cancer types（sqNSCLC, nsqNSCLC, HCC, GC, ESCC) in the NRDL.

- The sNDA of TYVYT® (sintilimab injection) for epidermal growth factor receptor ("**EGFR**")-mutated non-squamous NSCLC after EGFR-TKI therapy is under the regulatory review.

- We continuously carry out clinical development programs for TYVYT® (sintilimab injection), as an immunotherapy backbone, in multiple clinical studies in combination with other novel molecules to overcome unmet medical needs to be addressed for cancer treatment.

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

Approved in China for seven indications including advanced NSCLC, mCRC, adult recurrent glioblastoma, advanced or unresectable HCC, epithelial ovarian, fallopian tube, or primary OC and CC.

- In March 2022, the NMPA approved two new indications for BYVASDA® (bevacizumab injection) for OC and CC, the most common gynecology cancers in China.

- In June 2022, the Indonesian Food and Drugs Authority (the "**BPOM**") has approved Bevagen® (local trademark of BYVASDA® (bevacizumab injection) in Indonesia) for five indications including mCRC, mTNBC, mNSCLC, OC, and CC. Bevagen® was the first Chinese antibody drug marketed and potentially will be locally produced in Southeast Asia markets.

- In January 2023, a total of seven indications of BYVASDA® (bevacizumab injection) have been included in the updated NRDL (including three new indications for OC, CC and as a new drug in combination with sintilimab for HCC).

HALPRYZA® (rituximab injection): *a recombinant chimeric murine/human anti-CD20 monoclonal antibody co-developed with Lilly; the National Major New Drugs Innovation and Development Program;*

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

- In January 2023, all approved indications of HALPRYZA® (rituximab injection) have been included in the updated NRDL (including two new indications, for the maintenance therapy for previously untreated follicular lymphoma and the treatment of chronic lymphocytic leukemia).

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

Approved in China for eight indications including rheumatoid arthritis, ankylosing spondylitis, psoriasis, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease.

- In June 2022, the NMPA approved two new indications for SULINNO® (adalimumab injection) for the treatment of adult Crohn's disease and pediatric Crohn's disease.

- In January 2023, a total of eight approved indications of SULINNO® (adalimumab injection) have been included in the NRDL (including two new indications for Crohn's disease and pediatric Crohn's disease).

Pemazyre® (pemigatinib): *a selective FGFR inhibitor discovered by Incyte Biosciences International Sarl ("**Incyte**", a subsidiary of Incyte Corporation (NASDAQ ticker symbol: INCY)) and licensed to the Company for development and commercialization in Greater China;*

Approved in markets of mainland China, Taiwan and Hong Kong 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 approved Pemazyre® (pemigatinib) 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 systemic therapy.

- In April 2022, the NMPA approved Pemazyre® (pemigatinib) for the treatment 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.

- In June 2022, the updated data from a pivotal Phase 2 study of pemigatinib in mCCA, including updated objective response rate ("**ORR**") and median progression-free survival ("**PFS**"), were published at the ASCO Annual Meeting 2022.

Olverembatinib: *a novel BCR-ABL TKI co-developed and co-commercialized with Ascentage Pharma Group International; the National Major New Drugs Innovation and Development Program;*

*Approved in China 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.*

- In June 2022, the data of a Phase 1b/2 study for olverembatinib in patients with TKI-resistant succinate dehydrogenase- (SDH-) deficient gastrointestinal stromal tumor (GIST) were published at the ASCO Annual Meeting 2022. Olverembatinib was well tolerated and showed antitumor activity.

- In July 2022, the NMPA has accepted and granted priority review designation to the NDA that will support the full approval of olverembatinib in patients with CML-CP who are resistant and/or intolerant of first- and second-generation TKIs.

- In January 2023, olverembatinib has been included in the NRDL for the first time for adult patients with T315I-mutant CML-CP and CML-AP.

Cyramza® (ramucirumab): *a VEGF receptor 2 antagonist 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. Cyramza® (ramucirumab) was discovered by Lilly and licensed to the Company for commercialization in mainland China.*

*In the U.S., Cyramza® (ramucirumab) is the first U.S. Food and Drug Administration ("**FDA**") approved treatment for patients with advanced GC after prior chemotherapy and the first FDA approved biomarker-driven therapy in patients with HCC.*

- In March 2022, we entered into 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 potential future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

- In March 2022, Cyramza® (ramucirumab) received approval by the NMPA for the treatment of advanced or metastatic gastric or gastro-esophageal junction adenocarcinoma with disease progression on or after prior fluoropyrimidine-or platinum-containing chemotherapy in combination with paclitaxel.

- In September 2022, Cyramza® (ramucirumab) received approval by the NMPA for the treatment of patients with HCC who have an alpha-fetoprotein (AFP) of ≥400 ng/mL and have been treated with sorafenib as a single agent.

Retsevmo® (selpercatinib): *a selective and potent RET kinase inhibitor that was discovered by Lilly and licensed to the Company for commercialization in mainland China.*

In the U.S., selpercatinib (under the U.S. trade name Retevmo®) was approved by the U.S. FDA in May 2020 as the first treatment for adult patients with transfected rearranged gene (RET) fusion-positive metastatic NSCLC and adult and pediatric patients aged 12 years and older with advanced or metastatic medullary thyroid cancer (MTC) carrying a RET mutation who require systemic therapy, as well as adult and pediatric patients aged 12 years and older with RET fusion-positive advanced or metastatic thyroid cancer (TC) who require systemic therapy and refractory to radioiodine therapy, if applicable. In September 2022, the U.S. FDA approved selpercatinib as the first and only RET inhibitor for an unlimited number of cancer types in adult patients with advanced or metastatic solid tumors with RET gene fusions who are receiving systemic therapy or who subsequently develop disease progression without satisfactory alternative treatment options.

- In March 2022, we entered into 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 September 2022, Retsevmo® (selpercatinib) received NDA approval by the NMPA for RET-altered NSCLC, MTC and TC.

NDA and Late Stage Drug Candidates

We have three candidates undergoing NDA review process including IBI-306 (PCSK9), IBI-326 (BCMA CAR-T), IBI-376 (PI3Kδ) and multiple candidates under registrational or pivotal clinical studies, providing sustainable growth prospects for our business and benefiting more stratified and complex patient groups.

NDA and Late Stage Drug Candidates – Oncology

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

IBI-326 (equecabtagene autoleucel): *a fully-human BCMA CAR T-cell therapy, co-developed with IASO Biotherapeutics ("**IASO Bio**").*

- In June 2022, the updated data from the Phase 1/2 study of IBI-326 for the treatment of r/r MM was presented in an oral presentation at the 27th European Hematology Association.

- In June 2022, the NMPA accepted and granted priority review designation to the NDA for IBI-326 for the treatment of r/r MM. It is expected to potentially be the first BCMA CAR-T therapy approved in China.

IBI-376 (parsaclisib): *a potent, highly selective, next-generation investigational novel oral inhibitor of PI3Kδ of the Company in-licensed from Incyte for development and commercialization in Greater China.*

- In June 2022, the updated data of the pivotal Phase 2 study of IBI-376 for the treatment of r/r FL in China was presented at the ASCO Annual Meeting 2022.

- In January 2023, the NDA of IBI-376 for the treatment of r/r FL has been accepted by the NMPA and granted priority review designation.

IBI-351: *a novel, orally active, potent $KRAS^{G12C}$ inhibitor in-licensed from GenFleet Therapeutics (Shanghai) Inc.*

- In June 2022, the Phase 1 dose-escalation study result of IBI-351 as monotherapy were released at the ASCO Annual Meeting 2022. Favorable safety and tolerability and promising antitumor activity of IBI-351 monotherapy were observed in previously-treated advanced NSCLC and colorectal cancer harboring $KRAS^{G12C}$ mutation.

- In the second half of 2022, we initiated Phase 1b studies for IBI-351 combination therapy for $KRAS^{G12C}$ muted cancers.

- In the second half of 2022, we initiated the pivotal Phase 2 study for IBI-351 for the treatment of 2L $KRAS^{G12C}$ muted NSCLC.

- By the end of 2023, we plan to submit the NDA of IBI-351 for the treatment of 2L $KRAS^{G12C}$ muted NSCLC in China.

IBI-344 (taletrectinib): *a novel next-generation ROS1/TRK tyrosine kinase inhibitor in-licensed from AnHeart Therapeutics Co., Ltd. for the co-development and commercialization in Greater China, AnHear R&D code: AB-106.*

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

- In June 2022, the updated clinical data from the Phase 2 clinical study (TRUST-I) of taletrectinib in treating patients with ROS1 fusion positive NSCLC was presented at the ASCO Annual Meeting 2022.

- In August 2022, the U.S. FDA granted BTD to taletrectinib for the treatment of patients with ROS1 fusion positive NSCLC.

- In March 2023, the updated clinical data evaluating taletrectinib in patients with ROS1 fusion positive NSCLC was accepted for an oral presentation at the ELCC Annual Meeting 2023.

- By the end of 2023, a NDA is expected to be filed for taletrectinib in China, based on the pivotal TRUST-I trial result, for the treatment of ROS1 fusion positive NSCLC.

IBI-126 (tusamitamab ravtansine): *a potential first-in-class ADC targeting CEACAM5 (carcinoembryonic antigen-related cell adhesion molecule 5), a cell-surface glycoprotein that is highly expressed in NSCLC, GC and other cancers. Collaborated with Sanofi on the development and commercialization in China.*

- Tusamitamab ravtansine is currently in a Phase 3 study for 2L NSCLC globally including China, and global Phase 2 studies in additional indications including 1L NSCLC, GC and other solid tumors.

- In August 2022, the Company and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerating the development and commercialization of two Sanofi key clinical stage oncology assets: Phase III SAR408701 (tusamitamab ravtansine; anti-CEACAM5 ADC) and Phase II SAR444245 (non-alpha IL-2), combining with sintilimab to address some of the most prevalent solid tumors in China.

- According to the agreement, we will be responsible for developing and exclusively commercializing tusamitamab in multiple oncology-based indications in China.

- In 2023, we plan to initiate early stage clinical study to explore tusamitamab in combination with sintilimab (with/without chemotherapy) in the treatment of 1L NSCLC.

NDA and Late Stage Drug Candidates – Non-Oncology

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

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

- In April 2022, the data of the Phase 3 CREDIT-2 was published at the 2022 American College of Cardiology.

- In June 2022, the NMPA accepted the NDA for IBI-306 (tafolecimab injection) for primary hypercholesterolemia (including non-FH and HeFH) and mixed hyperlipidemia. It is expected to potentially be the first domestic anti-PCSK9 monoclonal antibody approved in China.

IBI-362 (mazdutide): *a GLP-1R/GCGR dual agonist in-licensed from Lilly, potential best-in-class clinical-stage drug candidate for diabetes and obesity.*

- In June 2022, the Phase 1b study results of IBI-362 (mazdutide) in Chinese patients with type 2 diabetes were published in *Nature Communications*.

- In June 2022, we released the data from the Phase 2 clinical study of IBI-362 (mazdutide) for Chinese obesity subjects. A total of 230 participants completed 24-week treatment; the least square mean percent change (absolute change) from baseline in body weight were 11.6% (9.85kg) for participants receiving mazdutide on 2.0-4.0-6.0 mg. IBI-362 (mazdutide) showed good safety, robust weight loss efficacy and multiple benefits in metabolic profile, demonstrating the potential to be a best-in-class candidate.

- In June 2022, the Phase 1b data of higher dose IBI-362 (mazdutide) in obesity were released at the 2022 Endocrine Society Annual Meeting. IBI-362 (mazdutide) up-titrated to 10.0 mg and 9.0 mg showed a similar safety profile with that of low-dose cohorts. The mean reduction (percent reduction) from baseline in body weight were 9.23 kg (11.7%) for participants receiving mazdutide at week 12 in cohort 5 (3.0-6.0-9.0 mg with each dose level administered for 4 weeks), demonstrating strong weight loss efficacy.

- In July 2022, we released the data from the Phase 2 clinical study of IBI-362 (mazdutide) for Chinese type 2 diabetes patients. A total of 252 participants completed 20-week treatment, the least squares mean change from baseline to week 20 in HbA1c levels were -1.54% for participants receiving IBI-362 (mazdutide) on 2.0-4.0-6.0 mg. The proportion of patients achieving HbA1c less than 7.0% and body weight reduction of 5.0% or more from baseline to week 20 was 52.2% for mazdutide on 2.0-4.0-6.0 mg. IBI-362 (mazdutide) showed favorable safety, clinically significant improvements in glycemic control and weight loss, with comprehensive benefits on blood pressure, lipid levels, liver enzymes and insulin sensitivity.

- In September 2022, we completed the first patient dose in the Phase 2 study of higher dose 9mg IBI-362 (mazdutide) in Chinese obese patients.

- In November 2022, we completed the first patient dose in the Phase 3 study (GLORY-1) of IBI-362 (mazdutide) in Chinese adults with overweight or obesity. The study plans to enroll 600 subjects in a 1:1:1 ratio to receive either mazdutide 4.0 mg, mazdutide 6.0 mg or placebo for 48 weeks. The primary endpoints include the percentage change in body weight from baseline to week 32 and the proportion of subjects with 5.0% or more body weight loss from baseline at week 32.

- In January 2023, the Phase 3 clinical trial (GLORY-1) of IBI-362 (mazdutide) in Chinese adults with overweight or obesity has completed subject enrollment within three months and will continue follow-up the data.

- In January 2023, we completed the first patient dose in the Phase 3 clinical study (DREAMS-1) of IBI-362 (mazdutide) in Chinese patients with T2DM inadequately controlled by diet and exercise alone. The study plans to enroll approximately 300 subjects, randomized in a 1:1:1 ratio, to receive either IBI-362 (mazdutide) 4.0 mg, IBI-362 (mazdutide) 6.0 mg or placebo. The study treatment period will be 48 weeks in total, including a 24-week double-blind treatment period and a 24-week extension treatment period. The primary endpoint will be the change from baseline to week 24 in HbA1c levels.

- In January 2023, we completed the first patient dose in the Phase 3 clinical study (DREAMS-2) of IBI-362 (mazdutide) in Chinese patients with T2DM who have inadequate glycemic control with metformin monotherapy or combination therapy of metformin with SGLT2 inhibitors or sulfonylureas. The study plans to enroll approximately 720 subjects in a 1:1:1 ratio to receive either IBI-362 (mazdutide) 4.0 mg, IBI-362 (mazdutide) 6.0 mg or dulaglutide 1.5 mg for 28 weeks. The primary endpoint will be the change from baseline to week 28 in HbA1c levels.

- In the first half 2023, we expect to have preliminary data readout for the Phase 2 clinical trial of 9mg higher dose IBI-362 (mazdutide) in Chinese obesity patients, and data readout for longer treatment period in the second half 2023.

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

- In July 2022, we completed the first patient dose of Phase 2 clinical study of IBI-112 for the treatment of Ulcerative Colitis (UC).

- In August 2022, the primary endpoint was met and data released in a Phase 2 study of IBI-112 in Chinese patients with moderate-to-severe plaque psoriasis. We plan to present the full results of the study at future medical conference or journal.

- In February 2023, we completed the first patient dose of the Phase 3 clinical study (CLEAR) for IBI-112 in psoriasis.

Selected Drug Candidates at Phase 1/2 Stages

We have approximately 20 assets at Phase 1/2 stages, most of which we own global rights. We believe these candidates, together with dozens of preclinical projects, can provide a robust and well-diversified pipeline for sustainable growth of the Company in mid to long term.

Selected Oncology Drug Candidates in Phase 1/2 Stages

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

IBI-110: *a novel anti-LAG3 monoclonal antibody*

- In June 2022, the preliminary results of IBI-110 from three clinical trials, including a Phase 1a/1b dose-escalation study, two Phase 1b studies in 1L squamous NSCLC and 1L GC were released at the ASCO Annual Meeting. IBI-110 has shown encouraging efficacy signal and safety profile as monotherapy as well as in combination with sintilimab.

- In December 2022, the updated PoC data of IBI-110 in a Phase 1b study in 1L squamous NSCLC were released at the 2022 ESMO-IO Annual Congress. The median PFS has not been reached yet with a median follow-up of 12 months, and the study is still ongoing with the clinical data to be presented in the future academia conference.

- In 2023, we will continue with the exploration of IBI-110 in multiple indications including a larger scale randomized pivotal trial in 1L squamous NSCLC. We plan to provide updated data for IBI-110 at future medical conferences.

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

- In December 2022, the preliminary results of the Phase 1b clinical trial of IBI-939 in combination with sintilimab for previously untreated locally advanced PD-L1 selected NSCLC were released at the 2022 ESMO-IO Annual Congress. PFS benefit and tolerable safety profiles were observed.

- In 2023, we will continue with the exploration of IBI-939 in previously untreated advanced PD-L1 selected NSCLC. We plan to provide updated data for IBI-939 at future medical conferences.

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

- In 2023, we will continue to explore the potential of IBI-310 in certain selected indications.

IBI-323: *a novel LAG3/PD-L1 bispecific antibody*

- In the second half of 2022, we initiated Phase 1b clinical study for IBI-323 in later line treatment of CRC.

IBI-363 (PD-1/IL-2): *a potential first-in-class PD-1/IL-2 bispecific antibody fusion protein*

- In August 2022, we completed the first patient dose in Australia in Phase 1 clinical study of IBI-363 in patients with advanced malignancies.

- In 2023, we plan to follow the Phase 1 clinical study for IBI-363.

IBI-343 (CLDN18.2 ADC): *a potential best-in-class recombinant anti-CLDN18.2 monoclonal ADC*

- In October 2022, we completed the first patient dose in Australia in Phase 1 clinical study of IBI-343 in patients with advanced malignancies.

- In 2023, we plan to follow the Phase 1 clinical study for IBI-343.

Selected Non-oncology Drug Candidates in Phase 1/2 Stages

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

- In the second half of 2022, we entered Phase 2 clinical trial for high concentration IBI-302 for nAMD.

- In 2023, we plan to release Phase 1 clinical trial data for high concentration IBI-302 for nAMD at upcoming medical conference.

- In late 2023, we expect to read out data for the Phase 2 clinical trial of high concentration IBI-302 in nAMD patients.

IBI-128 (Tigulixostat): *a late-stage novel non-purine XOI for the chronic management of hyperuricemia in patients with gout disease collaborated with LG Chem.*

- In December 2022, we and LG Chem entered into a strategic collaboration for Tigulixostat, a late-stage novel non-purine XOI for the chronic management of hyperuricemia in patients with gout disease. LG Chem has initiated multi-regional global Phase 3 clinical trials for Tigulixostat in the fourth quarter of 2022.

- We plan to apply IND for Tigulixostat, and in the end of 2023, initiate Phase 3 clinical study in China.

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

- In December 2022, we have successfully dosed the first Chinese healthy volunteer in the Phase 1 clinical study of orismilast to support the subsequent clinical development of orismilast.

- In January 2023, UNION announced positive topline results of the Phase 2b clinical study of oral orismilast in patients with moderate to severe psoriasis.

- In 2023, we plan to initiate Phase 2 clinical study for orismilast in patients with psoriasis in China.

IBI-311: *a recombinant anti-insulin-like growth factor-1 receptor (IGF-1R) monoclonal antibody*

- In August 2022, we completed the first subject dose in the Phase 1 clinical study of IBI-311.

- In February 2023, we completed the first patient dose in the Phase 2 clinical study for IBI-311 in patients with TAO.

- In the second half of 2023, we plan to readout data of the Phase 2 clinical study for IBI-311 in patients with TAO and initiate the Phase 3 study for IBI-311 in patients with TAO.

Cautionary Statement required by Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"): The Company cannot guarantee that it will be able to develop, or ultimately market, any of the 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.

Strategic Collaboration with Partners and Other Corporate Development

- In January 2022, we entered into an agreement pursuant to which Sana Biotechnology, Inc. (NASDAQ ticker symbol: SANA) obtained from 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 March 2022, we entered into expanded strategic collaboration with Lilly for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in mainland China, and an exclusive option for potential future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

- In June 2022, we appointed Mr. Gary Zieziula as an independent non-Executive Director and a member of the Audit Committee and the strategy committee of the Company. Mr. Zieziula has over 40 years of experience building and guiding strong, sustainable sales and operations organizations across Europe and North America in several MNCs, which will contribute to the implementation of the Company's strategic objective and mission of innovation through globalization.

- In August 2022, the Company and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerate the development and commercialization of two Sanofi key clinical stage oncology assets: Phase III SAR408701 (tusamitamab ravtansine; anti-CEACAM5 antibody-drug conjugate) and Phase II SAR444245 (non-alpha IL-2), combining with sintilimab, the leading checkpoint inhibitor in China. In addition to the collaboration and license agreement, Sanofi made an initial investment of EUR300.0 million in the Company through subscription of new ordinary shares. Subject to mutual agreement of both parties in the future, Sanofi will have the right to acquire additional ordinary shares of the Company for EUR300.0 million.

- In December 2022, the Company and LG Chem entered into a strategic collaboration for Tigulixostat, a late-stage novel non-purine XOI for the chronic management of hyperuricemia in patients with gout disease. LG Chem has initiated multi-regional global Phase 3 clinical trials for Tigulixostat in the fourth quarter of 2022.

- During the Reporting Period, our production capacity of 60,000L guaranteed 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 antibody drugs.

FINANCIAL REVIEW

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000* (Restated)
Revenue from contracts with customers	**4,556,380**	4,269,729
Cost of sales	**(930,990)**	(505,337)
Gross profit	**3,625,390**	3,764,392
Other income	**279,735**	196,881
Other gains and losses	**774,340**	(72,784)
Research and development expenses	**(2,871,220)**	(2,322,513)
Administrative and other expenses	**(835,488)**	(806,010)
Selling and marketing expenses	**(2,590,765)**	(2,620,142)
Royalties and other related payments	**(450,763)**	(719,077)
Finance costs	**(101,698)**	(62,464)
Loss before tax	**(2,170,469)**	(2,641,717)
Income tax expense	**(8,801)**	(87,038)
Loss for the year	**(2,179,270)**	(2,728,755)
Other comprehensive 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	**(876)**	(120,009)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(20,446)**	1,995
Other comprehensive expense for the year, net of income tax	**(21,322)**	(118,014)
Total comprehensive expense for the year	**(2,200,592)**	(2,846,769)
Non-IFRS measure:		
Adjusted total comprehensive expense for the year	**(2,483,156)**	(2,146,447)

1. Revenue

For the year ended 31 December 2022, the Group generated revenue from contracts with customers of RMB4,556.4 million. The Group generated revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D service fee income. The following table sets forth the components of the revenue from contracts with customers for the years presented:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of pharmaceutical products	**4,139,084**	4,001,077
License fee income	**417,055**	268,652
R&D service fee income	**241**	–
Total revenue from contracts with customers	**4,556,380**	4,269,729

During the year ended 31 December 2022, the Group recorded revenue from sales of pharmaceutical products of RMB4,139.1 million, as compared with RMB4,001.1 million for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group recorded license fee income of RMB417.1 million, as compared with RMB268.7 million for the year ended 31 December 2021. 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 injection), the Group received collaboration payments and started to recognise revenue at the commercialisation stage of relevant products. During the years ended 31 December 2022 and 2021, such license fee income recorded was RMB396.8 million and RMB259.8 million, respectively. Meanwhile, the Group recognized a one-time license fee income of RMB20.3 million for the year ended 31 December 2022, as compared with RMB8.9 million for the year ended 31 December 2021.

In addition, the Group continued to provide R&D services to customers. During the year ended 31 December 2022, the Group generated R&D service revenue of approximately RMB0.2 million, while no such revenue was recorded for the year ended 31 December 2021.

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 as well as inventory impairment loss and amortisation of development cost for products at commercialisation stage. During the year ended 31 December 2022, the Group recorded cost of sales of RMB931.0 million, as compared with RMB505.3 million for the year ended 31 December 2021.

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 2022, other income of the Group increased by RMB82.8 million to RMB279.7 million, from RMB196.9 million for the year ended 31 December 2021. The increase was primarily due to the recognition and continuous support from government to the Group as well as more bank interest income earned.

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) gain from disposal of other financial assets measured at FVTPL; and (iv) gain or loss on disposal of property, plant and equipment.

For the year ended 31 December 2022, other gains and losses of the Group was a gain of RMB774.3 million, as compared with a loss of RMB72.8 million for the year ended 31 December 2021, which primarily included gains of RMB752.1 million, mainly derived from the favourable impact of foreign exchange rates.

5. R&D 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 2022 and 31 December 2021, the Group incurred R&D expenses of RMB2,871.2 million and RMB2,322.5 million, respectively. The increase was mainly driven by (i) increased expense of pre-clinical studies, 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 2022, administrative and other expenses of the Group increased to RMB835.5 million from RMB806.0 million for the year ended 31 December 2021. The increase was primarily caused by new hiring of 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 RMB2,590.8 million for the year ended 31 December 2022, as compared with RMB2,620.1 million for the year ended 31 December 2021. The Group continuously devotes commercialization efforts to build sales channels and explore potential markets to maximize the commercial value of our products. In addition, the Group continuously develops a more sustainable and healthy commercial management model to establish a more agile and leaner organization with systematic and scientific management, which could further increase the output and improve efficiency for more sustainable long-term growth.

8. Royalties and Other Related Payments

Royalties and other related payments were RMB450.8 million for the year ended 31 December 2022, as compared with RMB719.1 million for the year ended 31 December 2021. 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 RMB8.8 million for the year ended 31 December 2022 as compared with RMB87.0 million for the year ended 31 December 2021, which represented (i) provision of income tax expense arising from taxable income in certain subsidiaries of the Group; (ii) withholding tax paid for out-license income generated from ex-China; and (iii) reverse of over provision in prior year.

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 including the share-based compensation expenses and net foreign exchange gains or losses.

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Gross profit	**3,625,390**	3,764,392
Added:		
Share-based compensation expenses	**56,910**	53,231
Adjusted gross profit	**3,682,300**	3,817,623

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
R&D expenses	**(2,871,220)**	(2,322,513)
Added:		
Share-based compensation expenses	**206,512**	203,804
Adjusted R&D expenses	**(2,664,708)**	(2,118,709)

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Administrative and other expenses	**(835,488)**	(806,010)
Added:		
Share-based compensation expenses	**193,676**	169,174
Adjusted administrative and other expenses	**(641,812)**	(636,836)

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	
	2022	2021
	RMB'000	*RMB'000*
Selling and marketing expenses	**(2,590,765)**	(2,620,142)
Added:		
Share-based compensation expenses	**12,392**	75,363
Adjusted selling and marketing expenses	**(2,578,373)**	(2,544,779)

Selected Data from Statement of Financial Position

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Total current assets	**11,506,708**	11,550,849
Total non-current assets	**6,082,137**	4,692,864
Total assets	**17,588,845**	16,243,713
Total current liabilities	**3,499,198**	3,050,047
Total non-current liabilities	**3,359,698**	2,863,269
Total liabilities	**6,858,896**	5,913,316
Net current assets	**8,007,510**	8,500,802

11. Liquidity and Source of Funding and Borrowing

As at 31 December 2022, the Group's bank balances and cash and current portion of other financial assets increased to RMB9,166.0 million from RMB9,021.9 million as at 31 December 2021. The increase primarily resulted from the placement of new shares for approximately RMB2,089.0 million in August 2022, partially offset by investments in ongoing R&D projects, commercialization activities and capacity expansion.

As at 31 December 2022, the current assets of the Group were RMB11,506.7 million, including bank balances and cash of RMB9,162.8 million and current portion of other financial assets of RMB3.2 million. As at 31 December 2022, the current liabilities of the Group were RMB3,499.2 million, including trade and bills payables of RMB325.6 million, other payables and accrued expenses of RMB1,821.0 million, contract liabilities of RMB434.9 million, borrowings of RMB888.0 million, tax payable of RMB3.3 million and lease liabilities of RMB26.4 million.

As at 31 December 2022, the Group had available unutilized long-term bank loan facilities of approximately RMB2,291.2 million.

12. Key Financial Ratios

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

	As at 31 December 2022	As at 31 December 2021
Current ratio[2]	**3.3**	3.8
Quick ratio[3]	**2.9**	3.3
Gearing ratio[4]	**NM[5]**	NM[5]

13. Significant Investments

The Group did not hold any significant investments that accounted for 5.0% or more of the Company's total assets during the year ended 31 December 2022.

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 2022.

15. Future Plans for Material Investments or Capital Assets

As at 31 December 2022, the Group did not have detailed future plans for material investments or capital assets.

16. Pledge of Assets

As at 31 December 2022, the Group had a total of RMB889.4 million of property, plant and equipment, RMB279.9 million of land use rights and RMB901.4 million of bank deposits pledged to secure its loans and banking facilities.

17. Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities.

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

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

4 Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%.

5 Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative.

18. Foreign Exchange Exposure

During the year ended 31 December 2022, 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 2022, 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 2022. The Group uses forward contracts to eliminate the foreign exchange exposures.

19. Employees and Remuneration

As at 31 December 2022, the Group had a total of 5,294 employees, including over 1,000 people from R&D, over 1,000 from CMC, and nearly 3,000 from selling and marketing. 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 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 2022 was RMB2,649.6 million, as compared to RMB2,385.4 million for the year ended 31 December 2021.

During the year ended 31 December 2022, 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 2022.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on 21 June 2023 (the "**AGM**"). A notice convening the AGM will be published and dispatched to 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 16 June 2023 to 21 June 2023, 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 15 June 2023.

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 2022, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (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 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 which 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 2022.

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 2022. No incident of noncompliance of the Model Code by the relevant employees has been noted by the Company during the year ended 31 December 2022.

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 2022 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 four independent non-executive Directors, namely, Ms. Joyce I-Yin Hsu, Dr. Charles Leland Cooney, Dr. Kaixian Chen and Mr. Gary Zieziula. Ms. Joyce I-yin Hsu, an independent non-executive Director, is the chairwoman of the Audit Committee. Mr. Gary Zieziula was appointed as a member of the Audit Committee with effect from 1 June 2022.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022 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 4 August 2022, the Group entered into a strategic multi-program collaboration and license agreement with Sanofi group to establish a strategic collaboration for the clinical development and commercialization of certain products. In addition to the said agreement, Sanofi Foreign Participations B.V. (the "**Subscriber**") entered into a share subscription agreement, pursuant to which the Subscriber agreed to subscribe, and the Company agreed to allot and issue to the Subscriber, two tranches of the subscription Shares (the "**Subscription**").

Pursuant to the subscription agreement, the Shares under the first tranche shall be allotted and issued to the Subscriber for a total consideration of the Hong Kong dollar equivalent to EUR300 million (i.e. HK$2,416.68 million) in cash at a price of HK$42.42 per Share. Subject to the entry into and the terms of a separate written share issuance agreement between the Company and the Subscriber in the future, the Subscriber may further invest EUR300 million for additional Shares under the second tranche.

On 18 August 2022, the Company completed the closing of the first tranche, 56,975,670 Shares were allotted and issued by the Company to the Subscriber, representing 3.73% of the issued share capital of the Company as enlarged by the issue of the subscription Shares under the closing of the first tranche. For further details, please refer to the announcements of the Company dated August 18, 2022 and August 4, 2022 (the "**Subscription Announcements**").

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 2022.

7. Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2022. 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 2022.

8. Important Events After the Reporting Period

Save as disclosed in this announcement, no important events affecting the Company occurred since the end of the Reporting Period and up to the date of this announcement.

9. Use of Proceeds

(a) 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 placees 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, and (iii) for general corporate use, as appropriate.

As at 31 December 2022, approximately RMB2,256.7 million of the net proceeds of the July 2020 Placing had been utilized in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, and RMB257.5 million remained unutilized. The table below sets out the use of proceeds from the July 2020 Placing as of 31 December 2022:

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 1 January 2022** *RMB million*	**Unutilised as at 1 January 2022** *RMB million*	**Utilisation during the year ended 31 December 2022** ***RMB million***	**Unutilised as at 31 December 2022** ***RMB million***
Building a second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth	842.9	288.5	**191.9**	**96.6**
Funding increased international clinical trial needs with expansion of research& development laboratories	127.7	375.1	**214.2**	**160.9**
General corporate use	421.3	458.7	**458.7**	**–**
	1,391.9	1,122.3	**864.8**	**257.5**

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 6 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.

(b) 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 70.0% 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 30.0% will be for further expanding the production capacity and for working capital and other general corporate use.

As at 31 December 2022, approximately RMB3,411.4 million of the net proceeds of the January 2021 Placing had been utilized in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the January 2021 Placing, and RMB481.9 million remained unutilised. The table below sets out the use of proceeds from the January 2021 Placing as at 31 December 2022:

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 1 January 2022** *RMB million*	**Unutilised as at 1 January 2022** *RMB million*	**Utilisation during the year ended 31 December 2022** ***RMB million***	**Unutilised as at 31 December 2022** ***RMB million***
Expediting the investment and development of various clinical programs for our leading innovative products globally	566.4	1,769.6	**1,769.6**	**–**
Funding potential product licensing and possible mergers	696.5	82.2	**82.2**	**–**
Further expanding the production capacity	–	389.3	**109.7**	**279.6**
Working capital and other general corporate use	–	389.3	**187.0**	**202.3**
	1262.9	2,630.4	**2,148.5**	**481.9**

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 24 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 Subscription

The Subscription was completed on 18 August 2022. The net proceeds raised from the Subscription were approximately HK$2,416.7 million (approximately RMB2,089.0 million). The net proceeds will be utilised in accordance with the intended use of proceeds as previously disclosed in the Subscription Announcements with the allocation being as follows: (i) approximately 70.0% for expediting the R&D of various pre-clinical and clinical programs in our pipeline globally; (ii) approximately 20.0% for further expanding our production capacity; and (iii) the remaining 10.0% for funding potential in-licensing deal, potential merger & acquisition ("**M&A**") activities, working capital and other general corporate use.

As at 31 December 2022, approximately RMB601 million of the net proceeds of the Subscription had been utilized in accordance with the intended use of proceeds as previously disclosed in the Subscription Announcements, and RMB1,488.0 million remained unutilised. The table below sets out the use of proceeds from the Subscription as at 31 December 2022:

Use of net proceeds from the first tranche as disclosed in the Subscription Announcements	**% of use of proceeds**	**Net proceeds** *RMB million*	**Utilisation from 18 August 2022 to 31 December 2022** *RMB million*	**Unutilised as at 31 December 2022** *RMB million*
Expediting the R&D of various pre-clinical and clinical programs in our pipeline globally	**70.0%**	**1,462.3**	**392.1**	**1,070.2**
Further expanding our production capacity	**20.0%**	**417.8**	**–**	**417.8**
Funding potential in-licensing deal, potential M&A activities, working capital and other general corporate use	**10.0%**	**208.9**	**208.9**	**–**
		2,089.0	**601.0**	**1,488.0**

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 56 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 2022

	NOTES	**2022** ***RMB'000***	2021 *RMB'000* (Restated)
Revenue from contracts with customers	*4*	**4,556,380**	4,269,729
Cost of sales		**(930,990)**	(505,337)
Gross profit		**3,625,390**	3,764,392
Other income		**279,735**	196,881
Other gains and losses	*5*	**774,340**	(72,784)
Research and development expenses		**(2,871,220)**	(2,322,513)
Administrative and other expenses		**(835,488)**	(806,010)
Selling and marketing expenses		**(2,590,765)**	(2,620,142)
Royalties and other related payments		**(450,763)**	(719,077)
Finance costs		**(101,698)**	(62,464)
Loss before tax	*6*	**(2,170,469)**	(2,641,717)
Income tax expense		**(8,801)**	(87,038)
Loss for the year		**(2,179,270)**	(2,728,755)
Other comprehensive 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 ("**FVTOCI**")		**(876)**	(120,009)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(20,446)**	1,995
Other comprehensive expense for the year, net of income tax		**(21,322)**	(118,014)
Total comprehensive expense for the year		**(2,200,592)**	(2,846,769)
Loss per share	*7*		
– Basic (RMB Yuan)		**(1.46)**	(1.88)
– Diluted (RMB Yuan)		**(1.46)**	(1.88)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

	NOTES	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment		**3,411,496**	2,692,986
Right-of-use assets		**414,650**	396,862
Intangible assets		**1,198,163**	772,194
Equity instruments at FVTOCI		**202,570**	203,446
Prepayments for acquisition of long-term assets		**234,573**	285,909
Prepayments and other receivables		**193,058**	127,658
Other financial assets		**427,627**	213,809
		6,082,137	4,692,864
Current assets			
Inventories		**1,428,882**	1,347,240
Trade receivables	*8*	**575,269**	968,405
Prepayments and other receivables		**336,521**	213,261
Other financial assets		**3,213**	644,848
Bank balances and cash		**9,162,823**	8,377,095
		11,506,708	11,550,849
Current liabilities			
Trade and bills payables	*9*	**325,622**	195,050
Other payables and accrued expenses		**1,820,977**	2,051,624
Contract liabilities		**434,911**	355,506
Borrowings		**888,000**	365,000
Lease liabilities		**26,392**	22,273
Tax payables		**3,296**	60,594
		3,499,198	3,050,047
Net current assets		**8,007,510**	8,500,802
Total assets less current liabilities		**14,089,647**	13,193,666
Non-current liabilities			
Contract liabilities		**569,096**	458,507
Borrowings		**2,215,433**	2,023,261
Lease liabilities		**98,683**	86,392
Government grants		**314,181**	294,767
Other financial liabilities		**162,305**	342
		3,359,698	2,863,269
Net assets		**10,729,949**	10,330,397
Capital and reserves			
Share capital		**105**	101
Reserves		**10,729,844**	10,330,296
Total equity		**10,729,949**	10,330,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

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 Company and its subsidiaries are collectively referred to as the Group.

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

1.1 Prior year adjustments

During the finalization of the consolidated financial statements of the Group for the year ended 31 December 2022, the management has identified certain adjustments relating to share-based payment expenses in the consolidated financial statements of prior years. The prior year adjustments are to decrease the expenses recognized for the share options and restricted shares based on the a) actual number of the share options and restricted shares granted; b) actual number of the share options and restricted shares forfeited and c) the consequent proper estimation of the number of the share options and restricted shares expected to vest. The corresponding impact has been adjusted on cost of sales, research and development expenses, administrative and other expenses and selling and marketing expenses accordingly for the preceding years. The aforesaid adjustments result in the reclassification between accumulated losses and share-based payment reserve in the consolidated statement of changes in equity thus have no impact on the consolidated statement of financial position and net cash flow.

The effect of the prior year adjustments in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 is set out below:

	2021 *RMB'000* (Originally stated)	Prior year Adjustments *RMB'000*	2021 *RMB'000* (Restated)
Revenue from contracts with customers	4,269,729	–	4,269,729
Cost of sales	(573,040)	67,703	(505,337)
Gross profit	3,696,689	67,703	3,764,392
Other income	196,881	–	196,881
Other gains and losses	(72,784)	–	(72,784)
Research and development expenses	(2,478,067)	155,554	(2,322,513)
Administrative and other expenses	(884,027)	78,017	(806,010)
Selling and marketing expenses	(2,728,166)	108,024	(2,620,142)
Royalties and other related payments	(719,077)	–	(719,077)
Finance costs	(62,464)	–	(62,464)
Loss before tax	(3,051,015)	409,298	(2,641,717)
Income tax expense	(87,038)	–	(87,038)
Loss for the year	(3,138,053)	409,298	(2,728,755)

	2021 *RMB'000* (Originally stated)	Prior year Adjustments *RMB'000*	2021 *RMB'000* (Restated)
Items that will not be reclassified to profit or loss			
Fair value loss on investment in equity instruments at FVTOCI	(120,009)	–	(120,009)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	1,995	–	1,995
Other comprehensive expense for the year, net of income tax	(118,014)	–	(118,014)
Total comprehensive expense for the year	(3,256,067)	409,298	(2,846,769)
Loss per share			
– Basic (RMB Yuan)	(2.16)	0.28	(1.88)
– Diluted (RMB Yuan)	(2.16)	0.28	(1.88)

2. APPLICATION OF 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 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or 1 January 2024.

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.

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

Upon the application of the amendments, the Group will 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 the Group's annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB118,776,000 and RMB125,075,000 respectively. The initial application of the amendments has no impact on the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the 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 these 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 2021.

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:

	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**4,139,084**	4,001,077
Licence fee income	**20,304**	8,863
	4,159,388	4,009,940
Overtime		
Research and development service fee income	**241**	–
Licence fee income	**396,751**	259,789
	396,992	259,789
	4,556,380	4,269,729

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customers have the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 45 – 60 days upon delivery. Customers can only return or request refund if the goods delivered do not meet required quality standards. As at 31 December 2022, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

Licence fee income

The Group provides licence of its patented intellectual property ("**IP**") or commercialisation licence to customers. Licence fee income is recognised at a point of time upon the customer obtains control of IP or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

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 except for entity-wide disclosures, major customers and geographic information, no further analysis of the segment is presented.

Geographical information

Substantially all of the Group's operations and non-current assets are located in the People's Republic of China ("**PRC**"). 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

	2022	2021
	RMB'000	*RMB'000*
The PRC	**4,132,539**	3,967,517
United States of America ("**USA**")	**411,034**	261,639
Republic of Indonesia	**12,807**	6,604
Republic of France	**–**	33,969
	4,556,380	4,269,729

5. OTHER GAINS AND LOSSES

	2022	2021
	RMB'000	*RMB'000*
Gain (loss) on disposal of property, plant and equipment	**60**	(709)
Gain from changes in fair value of other financial assets measured at FVTPL	**2,430**	125,017
Gain from disposal of other financial assets measured at FVTPL	**2,672**	–
Gain from changes in fair value of other financial liability measured at FVTPL	**16,510**	1,658
Net foreign exchange gains (losses)	**752,054**	(198,750)
Others	**614**	–
	774,340	(72,784)

6. INCOME TAX EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
Income tax	**3,140**	60,747
Over provision in prior years	**(48,288)**	–
Withholding tax	**53,949**	26,291
	8,801	87,038

7. LOSS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000* (Restated)
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(2,179,270)**	(2,728,755)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,490,123,192**	1,455,605,751

The computation of basic loss per share for the year ended 31 December 2022 and 2021 excluded the treasury shares and included the vested but unissued restricted shares of the Company.

(b) Diluted

31 December 2022 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 "**2020 RS Plan**") and the shares options awarded under Pre-IPO Plan and Post-IPO share option scheme (the "**Post-IPO ESOP**"). As the Group incurred losses for the year ended 31 December 2022 and 2021, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the year ended 31 December 2022 and 2021 is the same as basic loss per share.

8. TRADE RECEIVABLES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Trade receivables from contracts with customers	**575,269**	968,405

The Group allows an average credit period of 45 to 60 days to its trade customers. The following is an aged analysis of trade receivables, presented based on the invoice date.

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
0 – 60 days	**575,269**	968,405

9. TRADE AND BILLS PAYABLES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Trade payables	**267,942**	195,050
Bills payables	**57,680**	–
	325,622	195,050

The average credit period on trade purchases is 0 to 180 days. Ageing analysis of the Group's trade and bills payables based on the invoice dates at the end of the reporting period is as follows:

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
0 – 30 days	**170,865**	132,269
31 – 60 days	**58,614**	49,865
Over 60 days	**96,143**	12,916
	325,622	195,050

10. DIVIDENDS

No dividend was paid, declared or proposed for the shareholders of the Company during the year ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.innoventbio.com. The annual report of the Group for the year ended 31 December 2022 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, China, 28 March 2023

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, Dr. Kaixian Chen and Mr. Gary Zieziula as Independent Non-executive Directors.