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 2023

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 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022. 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 figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

International Financial Reporting Standard ("IFRS") measure:

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**6,206,070**	4,556,380
Cost of sales	**(1,136,266)**	(930,990)
Gross profit	**5,069,804**	3,625,390
Other income	**552,350**	279,735
Other gains and losses	**81,164**	774,340
Research and development expenses	**(2,227,556)**	(2,871,220)
Administrative and other expenses	**(750,278)**	(835,488)
Selling and marketing expenses	**(3,100,693)**	(2,590,765)
Royalties and other related payments	**(670,578)**	(450,763)
Finance costs	**(98,624)**	(101,698)
Loss before tax	**(1,144,411)**	(2,170,469)
Income tax credit (expense)	**116,498**	(8,801)
Loss for the year	**(1,027,913)**	(2,179,270)
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss		
Fair value gain (loss) on investment in equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**15,731**	(876)
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(1,660)**	(20,446)
Other comprehensive income (expense) for the year, net of income tax	**14,071**	(21,322)
Total comprehensive expense for the year	**(1,013,842)**	(2,200,592)

- **Total revenue** increased by 36.2% to RMB6,206.1 million for the year ended 31 December 2023, from RMB4,556.4 million for the year ended 31 December 2022. **Product revenue** was RMB5,728.3 million for the year ended 31 December 2023, representing a robust year-over-year growth of 38.4% compared to RMB4,139.1 million for the year ended 31 December 2022. During the Reporting Period, TYVYT® (sintilimab injection) continued its strong sales performance and solid market-leading position. Besides, the Company's other products also continued rapid ramp-up growth.

- **Gross profit margin** of total revenue was 81.7% for the year ended 31 December 2023, representing an increase of 2.1 percentage points as compared with 79.6% for the year ended 31 December 2022. Such increase was primarily driven by continuous improvement on production efficiency and optimization on production cost of our manufactured products.

- **Research and development ("R&D") expenses** were RMB2,227.6 million for the year ended 31 December 2023 compared to RMB2,871.2 million for the year ended 31 December 2022. During the Reporting Period, the Company continued to deploy scientific and efficient R&D strategy, well allocate its R&D resources and investments across the diversified portfolio, including late-stage assets and early-stage pipeline to support its goal of long-term sustainable growth and global innovation.

- **Selling and marketing expenses** were RMB3,100.7 million, accounting for 50.0% of total revenue, or 54.1% of product revenue for the year ended 31 December 2023, as compared with RMB2,590.8 million, accounting for 56.9% of total revenue, or 62.6% of product revenue for the year ended 31 December 2022. The Company devoted continuous efforts in enhancing productivity and efficiency under a healthy and sustainable operation model, which could further support the Company's sustainable growth.

- **Loss Before Interest, Taxes, Depreciation and Amortization ("LBITDA")** was RMB1,113.5 million for the year ended 31 December 2023, representing a decrease of 42.6% or RMB825.4 million from RMB1,938.9 million for the year ended 31 December 2022. Key drivers facilitated the notable improvement include strong revenue growth, remarkable financial improvement and enhanced cost efficiency, partially offset by the adverse impact of change in foreign currency exchange rates. The net foreign exchange gains or losses were non-cash in nature and recorded a gain of RMB60.8 million and RMB752.1 million for the years ended 31 December 2023 and 2022, respectively.

- In view of above, **loss for the year** was RMB1,027.9 million for the year ended 31 December 2023, representing a decrease of 52.8% or RMB1,151.4 million from RMB2,179.3 million for the year ended 31 December 2022.

Non-IFRS measure[1]

- **Adjusted gross profit margin** of total revenue was 82.8% for the year ended 31 December 2023, representing an increase of 2.0 percentage points as compared with 80.8% for the year ended 31 December 2022.

- **Adjusted R&D expenses** were RMB1,974.9 million and RMB2,664.7 million for the years ended 31 December 2023 and 2022, respectively.

- **Adjusted administrative and other expenses** were RMB543.8 million and RMB641.8 million for the years ended 31 December 2023 and 2022, respectively.

- **Adjusted selling and marketing expenses** were RMB3,057.5 million, accounting for 49.3% of total revenue, or 53.4% of product revenue for the year ended 31 December 2023, as compared with RMB2,578.4 million, accounting for 56.6% of total revenue, or 62.3% of product revenue for the year ended 31 December 2022.

- **Adjusted LBITDA** was RMB600.1 million for the year ended 31 December 2023, representing a decrease of 73.0% or RMB1,621.4 million from RMB2,221.5 million for the year ended 31 December 2022.

- **Adjusted loss for the year** was RMB514.5 million for the year ended 31 December 2023, representing a decrease of 79.1% or RMB1,947.3 million from RMB2,461.8 million for the year ended 31 December 2022.

1 We adopted non-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".

BUSINESS HIGHLIGHTS

During the year ended 31 December 2023 and up to the date of this announcement, the Company has made significant achievements in terms of rapid revenue growth, continuous operational efficiency and financial performance improvement, and material R&D progress. These accomplishments align with our long-term strategic objectives of sustainable growth and global innovation. Below are the highlights:

We generated product revenue of RMB5,728.3 million for the year ended 31 December 2023, representing a strong underlying growth of 38.4% compared to RMB4,139.1 million in the same period of the prior year, driven by robust demand for our innovative portfolio. TYVYT® (sintilimab injection) recorded robust sales performance and strengthened market leading position, and the other products also achieved significant revenue and volume ramp-up.

We significantly improved operational efficiency and enhanced financial performance, including increased gross profit margin, lowered selling and marketing expense ratio and lowered administrative and other expenses ratio, and therefore significantly narrowed LBITDA, which reaffirmed the sustainability of our long-term business model.

We grew our commercial product portfolio into ten products, with approval of two innovative products FUCASO® (Equecabtagene Autoleucel injection) and SINTBILO® (tafolecimab injection) in China. We also expanded our commercial portfolio into new indications and broaden National Reimbursement Drug List ("**NRDL**") coverage and patient access. All seven approved indications of TYVYT® (sintilimab injection) were included in the NRDL. It is also the only programmed cell death protein 1 ("**PD-1**") inhibitor in the NRDL for the treatment of gastric cancer ("**GC**") and epidermal growth factor receptor ("**EGFR**")-mutated non-squamous non-small cell lung cancer ("**NSCLC**") post EGFR tyrosine kinase inhibitor ("**TKI**") therapy. Meanwhile, the first indication of olverembatinib, and all indications of BYVASDA® (bevacizumab injection), HALPRYZA® (rituximab injection) and SULINNO® (adalimumab injection) were also included in the NRDL. As for market expansion, TVYVT® (sintilimab injection) was newly approved in the Macau market in February 2024.

We have four new drug applications ("NDAs") and supplement NDA ("sNDA") accepted and under review by the National Medical Products Administration of China (the "NMPA"), including:

- Two NDAs of IBI344 (taletrectinib), a next generation ROS proto-oncogene 1 ("**ROS1**") TKI, for the treatment of adult patients with locally advanced or metastatic ROS1-positive NSCLC who have been previously treated with ROS1 TKIs, and for the initial treatment of adult patients with locally advanced or metastatic ROS1-positive NSCLC without prior ROS1 TKI treatments.

- The NDA of IBI351 (fulzerasib), a novel potent Kirsten rat sarcoma viral oncogene homolog G12C ("**KRAS G12C**") inhibitor, for the treatment of patients with advanced NSCLC harboring KRAS G12C mutation who have received at least one systemic therapy.

- The NDA of IBI362 (mazdutide), a glucagon-like peptide-1 receptor ("**GLP-1R**") and glucagon receptor ("**GCGR**") dual agonist, for the chronic weight management in adults with obesity or overweight.

We have made considerable progress in advancing late-stage programs and strategically expanding our pipeline across oncology and general biomedicine (cardiovascular and metabolism ("CVM"), autoimmune and eye diseases), such as:

- IBI362 (mazdutide), a GLP-1R/GCGR dual agonist. Five Phase 3 clinical trials of mazdutide in Chinese adults with overweight or obesity (GLORY-1 and GLORY-2) and type 2 diabetic ("**T2D**") subjects (DREAMS-1, DREAMS-2 and DREAMS-3) are underway. IBI362 has shown good safety, robust weight loss efficacy, blood glucose lowering effect and multiple cardio-metabolic benefits from multiple clinical studies in obesity and T2D. Following the first NDA stated above, we anticipate to obtain DREAMS-1 and DREAMS-2 Phase 3 results in support of mazdutide's second NDA submission for T2D in 2024.

- IBI112 (picankibart), a recombinant anti-interleukin 23p19 subunit ("**IL-23p19**") antibody. We dosed the first patient in the Phase 3 trial (CLEAR) of IBI112 in patients with moderate-to-severe plaque psoriasis in February 2023. We anticipate to obtain CLEAR Phase 3 results in support of an NDA submission in 2024.

- IBI311, a recombinant anti-insulin-like growth factor-1 receptor ("**IGF-1R**") monoclonal antibody. The Phase 3 clinical trial (RESTORE-1) of IBI311 in patients with thyroid eye disease ("**TED**") met its primary endpoint in February 2024 and we anticipate to submit an NDA for IBI311 in 2024.

- IBI302 (efdamrofusp alfa), an anti-vascular endothelial growth factor ("**VEGF**")/ complement bispecific fusion protein. We obtained positive Proof-of-Concept ("**PoC**") results and dosed the first patient in the Phase 3 trial (STAR) of IBI302 8mg in patients with neovascular age-related macular degeneration ("**nAMD**") in October 2023.

- IBI310, a novel anti-Cytotoxic T lymphocyte antigen 4 ("**CTLA-4**") monoclonal antibody. We obtained positive PoC results and plan to start a Phase 3 clinical trial of IBI310 in combination with sintilimab for resectable microsatellite instability-high or mismatch repair-deficient ("**MSI-H/dMMR**") colon cancer neoadjuvant therapy in 2024.

- IBI343, a novel CLDN18.2 antibody drug conjugate ("**ADC**"). We obtained positive PoC results and are preparing for a Phase 3 multi-regional clinical trial ("**MRCT**") of IBI343 (CLDN18.2 ADC) in patients with third-line ("**3L**") GC subject to the communications with regulatory authorities.

We continued to follow and update data from Phase 1 and PoC clinical studies of novel assets with global potential, such as IBI363 (PD-1/IL-2). We continued to follow more mature data from the multi-regional Phase 1 and PoC clinical trials in which IBI363 showed encouraging efficacy and favorable safety profiles in immuno-therapy ("**IO**") resistant or unresponsive cancer types. We entered into PoC studies for multiple novel assets such as IBI343 (CLDN18.2 ADC) in pancreatic ductal adenocarcinoma ("**PDAC**"), IBI389 (CLDN18.2/CD3), IBI334 (EGFR/ B7H3), etc.

We kept advancing a compelling set of novel molecules with global potential at early clinical stage, including multi-specific antibody and ADC programs in difficult-to-treat cancers, novel modalities across CVM, autoimmune and eye diseases. In 2023, Innovent Academy delivered eight molecules into the investigational new drug ("**IND**") enabling stage to empower global innovation and long-term sustainable growth.

We published high-quality preclinical research and clinical results in renowned scientific journals, such as the ORIENT-31 study and ORIENT-16 study of TYVYT® (sintilimab injection) were published in *the Lancet Respiratory Medicine* and *The Journal of the American Medical Association ("**JAMA**")*, respectively; full results from Phase 2 clinical studies of mazdutide in T2D and obesity were published in *Diabetes Care* and *Nature Communications*; and the preclinical results of IBI363 (PD-1/IL-2) were published in *Nature Cancer*.

We forged significant partnerships with global and regional biopharmaceutical companies. These collaborations aim to enhance innovation and expand our pipeline coverage, including:

- Collaboration agreement with SanegeneBio USA Inc. ("**SanegeneBio**") to co-develop a small interfering ribonucleic acid ("**siRNA**") drug candidate SGB-3908 (Innovent R&D code: IBI3016) targeting angiotensinogen ("**AGT**") for the treatment of hypertension.

- Clinical trial collaboration investigating combination therapies of TYVYT® (sintilimab injection) and ADCs such as mesothelin ("**MSLN**")-targeting ADC (RC88) and c-Met-targeting ADC (RC108) of RemeGen Co. Ltd. ("**RemeGen**"), and human epidermal growth factor receptor 2 ("**HER-2**") bispecific ADC (KM-501) of Xuanzhu Biopharmaceutical Co., Ltd. ("**Xuanzhu Biopharma**").

- ADC collaboration expansion with Synaffix B.V. ("**Synaffix**").

We have made significant strides in environmental, social and governance ("ESG") management, bolstered by a robust and resilient ESG governance framework. According to Morgan Stanley Capital International's ("**MSCI**") latest ESG rating in 2023, our Company has been upgraded to 'A' level, ranking at the forefront of the biotechnology industry.

Our ongoing efforts focuses on enhancing ESG management across several key dimensions:

- Excellent governance: we operate the Company with integrity and are committed to creating a transparent and healthy business ecosystem. We prioritize transparent and effective governance practices ensuring alignment with industry standards.

- Enjoying good health: we are devoted to investing in R&D, expanding product pipeline and bringing innovative therapies to address unmet clinical needs and improve the quality of patients' life globally. We make endeavors to promote equality and inclusiveness, and to enhance the accessibility and affordability of high-quality innovative drugs for patients.

- High quality as key: quality is at the core of our operations. We continually strive for excellence in product development, manufacturing, and delivery, to bring safe, convenient, and high-quality drugs to patients.

- People first: our people are our greatest asset. We attach great importance to create a safe, diverse, inclusive and empowering working environment, and provide all employees with various promotion channels and training opportunities. We also implement a comprehensive remuneration and welfare system, as well as employee care initiatives to help to attract, retain and empower our talents.

- Green ecology: environmental stewardship is integral to our mission. We implement sustainable practices, minimize our ecological footprint in daily operation and product lifecycle, and contribute to a greener future.

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 Exhange**") and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Innovent Biologics, Inc. is a leading biopharmaceutical company founded in 2011 with the mission to provide high-quality biologics that are affordable to all. Leveraging an established fully-integrated platform, the Company discovers, develops, manufactures and commercializes innovative medicines that treat some of the most intractable diseases. Its pioneering therapies treat cancer, CVM, autoimmune and eye diseases, with a robust pipeline covering a variety of novel modalities including monoclonal antibodies, multi-specific antibodies, immuno-cytokine, ADCs, cell therapy and small molecules etc.

Guided by the motto, "Start with Integrity, Succeed through Action", the Company maintains the highest standard of industry practices and works collaboratively to advance the biopharmaceutical industry so that first-rate pharmaceutical drugs can become widely accessible.

2023 Review and Outlook: A Transformative Year of Strong Performance and Material Innovation Progress

Positioned as a leading biopharmaceutical company in China, we have outlined sustainable growth and global innovation as the Company's long-term strategic goals in our second decade of operations. 2023 marked a transformative year for Innovent with material progress. In the past year, we made outstanding and remarkable achievements in growing our product sales fast, continuously improving operational efficiency and financial performance, as well as achieving material R&D milestones. These achievements underscore our dedication to financial prudence, operational excellence, and sustainable growth, which place Innovent in a solid position to pursue our strategic goals in the next decade.

Solidified Business Operations with Strong Revenue Performance and Improved Financials

We delivered strong underlying product revenue growth, reflecting robust demand for our innovative portfolio and the advantage of our sustainable business model.

- **During 2023, our approved products increased to ten; the commercial portfolio continued to expand into new indications and broaden NRDL coverage and patient access.** During the Reporting Period, we received launch approval for two innovative products FUCASO® (Equecabtagene Autoleucel injection) and SINTBILO® (tafolecimab injection) in China. We also made progress in new indication approvals and NRDL coverage expansion of existing products: after TYVYT® (sintilimab injection) was included into the NRDL (2022 version, effective since March 2023) for the first-line ("**1L**") treatment of GC and esophageal squamous cell carcinoma ("**ESCC**"), TYVYT® (sintilimab injection) and BYVASDA® (bevacizumab injection) were approved for their seventh and eight indications, respectively, and included into the NRDL (2023 version, effective January 2024) for the treatment of NSCLC post EGFR-TKI therapy in China. Olverembatinib was also approved for the second indication, allowing more chronic myeloid leukemia ("**CML**") patients to be benefitted.

- **In 2023, our product revenue grew strongly by 38.4% year-over-year to RMB5,728.3 million.** We fully leveraged our diversified product portfolio, broad NRDL coverage and market channels, adequate clinical evidence, and healthy commercial operation model to bring our high-quality medicines to more patients. TYVYT® (sintilimab injection) recorded robust sales performance and solidified market leading position. The other products also achieved significant sales and volume ramp-up. Meanwhile, revenue contribution from new products has been continually increasing, which further supports the Company's sustainable growth.

Moving forward, Innovent is well positioned for continuous growth momentum. Our strategy is anchored in leveraging the potential of the existing portfolio and the expansion of late-stage programs. In 2024, we will focus on solidifying our leadership in the oncology field, and build robust franchise and commercialization capability in the CVM field.

- **We are committed to solidifying our leading position in the field of oncology.** Our innovative therapies and research will continue to drive progress in cancer treatment. In the past five years, we have quickly established a leadership position in oncology by launching eight products including TYVYT® (sintilimab injection), building a mature commercial presence of nearly 3,000 employees, nationwide patient access and a well-recognized brand image. We will continue to solidify leadership and expand business in oncology with continuous uptake of exiting products, launch of late-stage products and a new wave of innovations in early stages. In 2024, we anticipate to receive approval for two NDA-stage products, fulzerasib (KRAS G12C) and and taletrectinib (ROS1), which will provide targeted therapy solutions for NSCLC patients.

- **General biomedicine portfolio emerges as another key growth pillar.** Besides oncology, we are excited about the new opportunities in several therapeutical areas. We have made considerable progress over the past years in advancing and expanding our pipeline in general biomedicine, including CVM, autoimmune, and ophthalmology, which we believe will result in substantially increased commercial opportunities and diversified long-term growth. In particular, we see that CVM contains significant opportunities with multiple late-stage products, among which, SINTBILO® (anti-PCSK9 monoclonal antibody) was approved, mazdutide (GLP-1R/GCGR dual agonist) is in NDA-stage, and IBI311 (anti-IGF-1R monoclonal antibody) has met primary endpoint in a Phase 3 clinical trial RESTORE-1 and will have an NDA to be submitted in 2024.

- **Build robust commercialization capabilities in the CVM field.** Therefore, as part of the strategic plan, we have been steadily establishing our commercialization capability in the CVM field. We aim to become a pioneer and new leader in this evolving therapeutic landscape, and foster long-term brand image and competitive advantage in CVM. We have been proactively preparing ourselves with systematic approaches. We plan to establish a comprehensive structure and form strategies for key factors, such as patient access, distribution channels, marketing activities in systematic manner, to ensure all capabilities, personnel and strategies are in place to facilitate smooth operations of our business in this new area.

Enhanced Financial Performance Safeguards Long-term Strategy Implementation

2023 was a pivotal year for implementing effective measures to bolster operational productivity, enhance efficiency and substantially reduce our operating losses.

Notably, LBITDA decreased by 73.0% year-over-year, from RMB2,221.5 million to RMB600.1 million. This achievement can be attributed to several key factors, including: 1) rapid growth in product sales revenue at 38.4% year-over-year; 2) 2.0 percentage points increase in the gross profit margin of total revenue, a reflection of our continuous efforts to enhance production efficiency and optimize production cost; 3) 7.3 percentage points decrease in selling and marketing expenses ratio of total revenue driven by accelerated revenue growth and enhanced productivity and efficiency in our commercial operations; and 4) 5.3 percentage points reduction of administrative and other expenses ratio of total revenue demonstrating our commitment to cost control and efficiency improvement initiatives. (note: all numbers in this paragraph are under non-IFRS measures)

As of 31 December 2023, the Company had approximately RMB10,969.6 million (equivalent to over US$1.5 billion) cash on hand and short-term financial assets. Our healthy financial position along with consistently efficient capital allocation and financial performance improvement enable us to continue pursuing our long-term sustainability strategic goal.

In summary, our outstanding commercial and operational execution has driven consistent, high-quality growth. Concurrently, we broaden our reach in oncology and general medicine. We are committed to investing in groundbreaking innovations and fortifying our long-term pipeline. We will continue to launch new products and grow our business, while improving operational productivity and efficiency, and achieving sustainable and global innovation over the long run.

Material Innovation Progress in both Late- and Early-stage Development

We have been diligently investing in next-generation innovation while strategically focusing on multiple therapeutic areas of high unmet needs. Currently we have ten products in the market, three assets under the NMPA review, five assets in Phase 3 or pivotal clinical trials and 18 molecules in early clinical stage. **In 2023, our oncology leadership remained robust, spanning all phases of R&D. We strategically advanced pipeline portfolio in our general biomedicine franchise across CVM, autoimmune and eye diseases, positioning them as our new growth pillar with a compelling set of late-stage programs.**

In the oncology field, we rapidly advanced both early- and late-stage programs across novel modalities with multiple regulatory actions, pivotal studies initiations and meaningful data readouts.

We deepened synergies of product portfolio, exemplified by the NDAs of fulzerasib (KRAS G12C) and taletrectinib (ROS1), which are anticipated to launch in 2024.

Importantly, as one of the few biopharmaceutical companies owning world-class R&D capabilities in both IO and ADC fields, we view it as a competitive opportunity of Innovent's next-generation innovation. 2023 witnessed encouraging and meaningful progress under this strategy:

- We further strengthened the leadership position of TYVYT® (sintilimab injection) in IO market with approval in the Macau market as well as expanded indication in NSCLC. In the first half of 2024, we will submit a new NDA of TVYVT® (sintilimab injection) in combination with fruquinitinib for the second-line ("**2L**") treatment of endometrial cancer ("**EMC**").

- We plan to initiate a Phase 3 trial for IBI310 (CTLA-4) in combination with sintilimab in treating neoadjuvant colon cancer in 2024. In addition, we are preparing for a MRCT Phase 3 clinical trial for IBI343 (CLDN18.2 ADC) in 3L GC subject to regulatory communications.

  Setting as backbone therapy in oncology, our IO portfolio enables us to investigate more transformative combination therapies for a broader set of patients through both an organic pipeline and external innovation. We will explore PoC studies combining sintilimab and IBI343 (CLDN 18.2 ADC) in 1L treatment of GC and combining ramucirumab and IBI343 (CLDN 18.2 ADC) in 2L treatment of GC. Along with our partners such as Xuanzhu Biopharma and RemeGen, sintilimab in combination with ADCs targeting HER-2, c-Met and MSLN are also under investigation to combat difficult-to-treat cancer types.

- We are investigating multiple bispecific antibodies and ADCs with global potential in PoC or early-stage clinical trials, such as IBI363 (PD-1/IL-2), IBI389 (CLDN18.2/CD3), IBI334 (EGFR/B7H3), and IBI130 (TROP2 ADC) etc. We will release clinical data of some early-stage assets, such as IBI363 (PD-1/IL-2) and IBI389 (CLDN18.2/CD3), at upcoming medical conferences in 2024.

- We are advancing a series of novel bi-/multi-specific antibody and ADC projects of global potential into IND-enabling and first-in-human Phase 1 clinical trials in 2024, such as IBI115 (DLL/CD3), IBI3003 (GPRC5D/BCMA/CD3), IBI3004 (DR5/CEA), IBI3001 (EGFR/B7H3 ADC), IBI129 (B7H3 ADC), IBI133 (HER3 ADC), and more novel assets to be disclosed later.

In the CVM field, multiple new-generation product candidates of significant potential achieved substantial R&D millstones and obtained compelling clinical data.

- We received the NDA approval of SINTBILO® (tafolecimab injection) for the treatment of hypercholesterolemia. As the first domestic anti-PCSK9 monoclonal antibody, it demonstrated advantages in robust low-density lipoprotein cholesterol (LDL-C), lipoprotein(a) levels reduction and longer dosing interval in treating hypercholesterolemia.

- IBI362 (mazdutide), globally the first GLP-1R/GCGR agonist in the NDA stage, currently has five Phase 3 clinical trials in Chinese adults with obesity or overweight (GLORY-1 and GLORY-2) and T2D subjects (DREAMS-1, DREAMS-2 and DREAMS-3) underway. GLORY-1 study has met primary and all key secondary endpoints in early 2024, with results to be released at an upcoming medical meeting in 2024. Based on GLORY-1 results, we submitted the NDA of mazdutide for chronic weight management in February 2024. We plan to submit the second NDA for T2D later in 2024 based on DREAMS-1 and DREAMS-2. To further explore mazdutide's opportunity, we are also conducting GLORY-2 investigating high dose 9mg mazdutide in obese subjects with higher BMI baseline, and DREAMS-3 comparing mazdutide head-to-head with semaglutide in T2D patients with obesity. In 2024, we plan to initiate a new Phase 1 clinical trial of mazdutide in Chinese adolescents with obesity.

- IBI311, the first domestic anti-IGF-1R monoclonal antibody for the treatment of TED, met its primary endpoint in the Phase 3 clinical trial RESTORE-1 in February 2024. We plan to submit the NDA of IBI311 for TED and release the full results from RESTORE-1 at an upcoming medical conference in 2024.

- IBI128, a potentially best-in-class xanthine oxidase inhibitor ("**XOI**") for the treatment of hyperuricemia in gout patients, is undergoing overseas Phase 3 clinical studies conducted by our partner LG Chem Life Sciences ("**LG Chem**"). We are developing IBI128 in China in pace with the global registrational progress, and will start Phase 1 and Phase 2 clinical trials in China in 2024.

We also leveraged in-house R&D capability and strategic collaboration to speed up early-stage pipeline development in CVM.

- We entered into collaboration with SanegeneBio in developing the AGT-targeting siRNA drug candidate (SGB-3908, Innovent R&D code: IBI3016) for the treatment of hypertension, with Phase 1 clinical trial in plan in 2024. By leveraging siRNA technology with the advantages of long efficacy duration, good safety, and high compliance, we look forward to bringing better treatment options and improving patient outcomes.

- We anticipate next-generation projects to enter into clinical trials in 2024 across various modalities, underscoring our dedication to expanding our strategic presence in the CVM field.

In the autoimmune field, we are growing novel pipeline to address global unmet needs. We initiated a Phase 3 registrational trial for IBI112 (picankibart, IL-23p19) for psoriasis and anticipate to complete it to support an NDA submission in 2024. IBI112 has showed best-in-class potential in a 58-week Phase 2 clinical trial, with long-lasting and compelling efficacy and convenient extended dosing intervals (Q12W). IBI355 (CD40L), IBI356 (OX40L) and IBI3002 (IL-4α/TSLP) entered first-in-human clinical studies to investigate various autoimmune diseases to meet the unmet clinical needs.

In the ophthalmology field, we have a long-standing commitment to elevate standard-of-care. We accelerated registrational Phase 3 clinical studies for IBI311 (IGF-1R) and IBI302 (VEGF/Complement), followed by IBI324 (VEGF/ANG-2) and IBI333 (VEGF-C/VEGF-A) in early stages of clinical trials to explore differentiated clinical values from existing treatment methods.

Global Innovation as Unwavering Long-term Strategic Priority

Dedicated to connecting core scientific research with medical applications, Innovent Academy's talented team consistently produces valuable preclinical projects, offering innovative therapies to patients globally. Our in-house emphasis on antibodies and ADCs stems from a profound expertise in several therapeutic domains, cutting-edge technology platforms, and top-tier chemistry, manufacturing and controls ("**CMC**") proficiency. In 2023, Innovent Academy successfully progressed eight novel, high-quality molecules to the IND-enabling phase.

During 2023, our high-quality research innovation was showcased by data publications in high-impact scientific journals and conferences such as preclinical results publication of IBI363 in *Nature Cancer*, and a series of preclinical results of bispecific antibodies and ADCs accepted as Late-breaking Researches in the American Association for Cancer Research ("**AACR**") 2024.

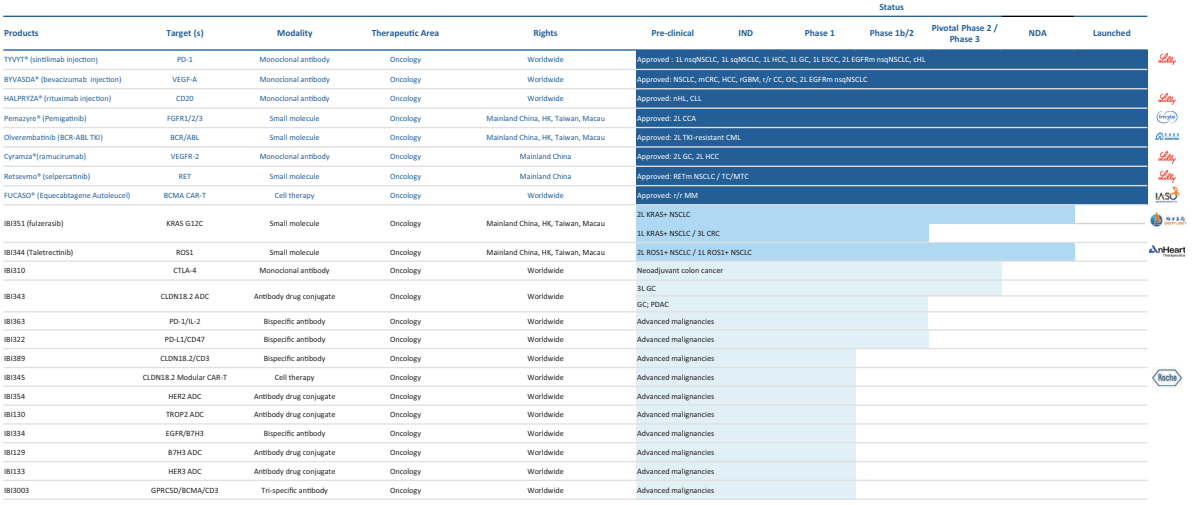
Importantly, although Innovent started as a China-focused biotech company, in the past years, we remarkably grew our pipeline development globally, led by the development of IBI343 (CLDN18.2 ADC) and IBI363 (PD-1/IL-2). Based on the PoC data and the best-in-class profile observed for IBI343 (CLDN18.2 ADC) in Phase 1b study, we are preparing for a MRCT Phase 3 clinical trial for 3L GC subject to the regulatory communications. In addition, new-generation of IO agents such as IBI363 (PD-1/IL-2) have observed preliminary encouraging PoC results in IO-resistant and unresponsive tumor types in Phase 1b MRCTs with continuous follow-up in plan. Moving forward, our next wave of innovation in next-generation IO, differentiated multi-specific antibody, and ADC technology comes into play, which would bring the Company global competitiveness and opportunities.

To summarize, 2023 has been a pivotal and fruitful year for our Company. We take pride in the significant achievements across our commercial operations, R&D progress, and financial performance. Meanwhile, we are devoted to responsible business practices, and dedicated to enhancing ESG management practices as part of our commitment to sustainability. This commitment is recognized in our recent 'A' grade in MSCI's 2023 ESG rating. Looking ahead, we are positioned to broaden our global footprint and evolve the Company into a leading global biopharmaceutical enterprise, generating enduring value for our patients, workforce, society, and the shareholders of the Company (the "**Shareholders**").

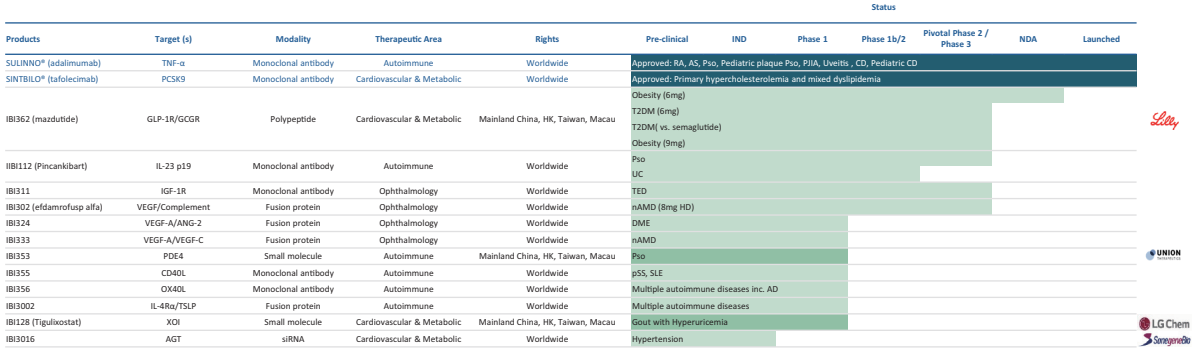
PRODUCT PORTFOLIO AND PIPELINE SUMMARY

Leveraging the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, we develop pioneering therapies to treat cancer, CVM, autoimmune and eye diseases. The Company has launched ten products in the market, three assets under regulatory review, five assets in Phase 3 or pivotal clinical trials and 18 molecules in early clinical stage.

The following charts summarize the therapeutic targets, disease areas, commercial rights and development status of our product portfolio and pipeline assets as of the date of this announcement.



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; PDAC: pancreatic ductal adenocarcinoma



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; TED: thyroid eye disease; DME: Diabetic Macular Edema; nAMD: Neovascular Age-related Macular Degeneration; SLE: Sjögren's syndrome; AD: atopic dermatitis;

BUSINESS REVIEW

Commercial Stage Products

During the Reporting Period and up to the date of the announcement, we have successfully expanded our commercial portfolio into ten products: TYVYT® (sintilimab injection), BYVASDA® (bevacizumab injection), SULINNO® (adalimumab injection), HALPRYZA® (rituximab injection), PEMAZYRE® (pemigatinib), olverematinib, Cyramza® (ramucirumab), Retsevmo® (selpercatinib), FUCASO® (Equecabtagene Autoleucel), and SINTBILO® (tafolecimab injection).

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 Eli Lilly and Company ("**Lilly**");*

Approved for seven indications in China, including lung cancer, liver cancer, gastric cancer, esophageal cancer, Hodgkin's lymphoma, etc.

Regulatory Actions

- In May 2023, the NMPA approved the seventh indication of TYVYT® (sintilimab injection) in combination with bevacizumab and chemotherapy in patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy.

- In February 2024, TYVYT® (sintilimab injection) was approved by the Pharmaceutical Administration Bureau (ISAF) in Macau.

- A sNDA filing of TYVYT® (sintilimab injection) in combination with fruquintinib for 2L EMC to the NMPA is expected in the first half of 2024.

NRDL Coverage

- 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. The updated NRDL (2022 version) took effect on 1 March, 2023.

- In December 2023, TYVYT® (sintilimab injection) was included in the NRDL (2023 version) for its seventh indication in patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy. TYVYT® (sintilimab injection) is the first and the only PD-1 inhibitor for EGFR-mutated NSCLC in the NRDL. The updated NRDL (2023 version) took effect on 1 January, 2024.

Data Publication

- In April 2023, the final analysis results of ORIENT-15, the Phase 3 study evaluating TYVYT® (sintilimab injection) in combination with chemotherapy for 1L ESCC, were released in a poster presentation at the AACR Annual Meeting 2023 (Abstract CT075).

- In April 2023, the final analysis results of ORIENT-16, the Phase 3 study evaluating TYVYT® (sintilimab injection) in combination with chemotherapy for 1L GC, were released in a poster presentation at the AACR Annual Meeting 2023 (Abstract CT078).

- In May 2023, the second interim analysis and survival analysis results of the ORIENT-31 Phase 3 study were published in *The Lancet Respiratory Medicine*. This Phase 3 study evaluated TYVYT® (sintilimab injection) with or without anti-VEGF antibody therapy BYVASDA® (bevacizumab injection) combined with chemotherapy (pemetrexed and cisplatin) in patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy. The first interim analysis was published in *The Lancet Oncology* in 2022.

- In December 2023, the interim analysis results of ORIENT-16 were published in *JAMA*. ORIENT-16 is the first immunotherapy Phase 3 study published in *JAMA* for the treatment of 1L GC, as well as the first immunotherapy Phase 3 in Chinese patients for the treatment of 1L GC.

- Moving forward, we continue to carry out clinical development programs for TYVYT® (sintilimab injection), as a backbone immunotherapy, in multiple clinical studies in combination with other novel modalities, such as ADCs and small molecules to overcome unmet medical needs for cancer treatment.

BYVASDA® (bevacizumab injection)*, a fully-human anti-VEGF monoclonal antibody;*

Approved in China for eight indications, including NSCLC, metastatic colorectal cancer, adult recurrent glioblastoma, advanced or unresectable hepatocellular carcinoma, epithelial ovarian, fallopian tube, or primary peritoneal cancer, and cervical cancer.

Regulatory Actions

- In June 2023, the NMPA approved the eighth indication for BYVASDA® (bevacizumab injection) in combination with TYVYT® (sintilimab injection) and chemotherapy (pemetrexed and cisplatin) for EGFR-mutated non-squamous NSCLC after EGFR-TKI therapy.

NRDL Coverage

- In January 2023, a total of seven indications of BYVASDA® (bevacizumab injection) were included in the NRDL (2022 version), including three new indications for epithelial ovarian, fallopian tube, or primary peritoneal cancer, cervical cancer and hepatocellular carcinoma.

- In December 2023, BYVASDA® (bevacizumab injection) was included in the NRDL (2023 version) for its eighth aforementioned indication. The NRDL (2023 version) has taken effect since 1 January, 2024.

HALPRYZA® (rituximab injection)*: a recombinant chimeric murine/human anti-CD20 monoclonal antibody co-developed with Lilly;*

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

NRDL Coverage

- In January 2023, all approved indications of HALPRYZA® (rituximab injection) were included in the NRDL (2022 version), 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;*

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.

NRDL Coverage

- In January 2023, a total of eight approved indications of SULINNO® (adalimumab injection) were included in the NRDL (2022 version), including two new indications for Crohn's disease and pediatric Crohn's disease.

PEMAZYRE® (pemigatinib)*: a potent, selective oral inhibitor of fibroblast growth factor receptor ("**FGFR**") isoforms 1, 2, and 3 licensed from Incyte (listed on NASDAQ with ticker symbol: INCY) 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 ("**CCA**") with a FGFR2 fusion or rearrangement.*

Reimbursement Coverage

- In May 2023, PEMAZYRE® (pemigatinib) has been included in the health insurance reimbursement scheme in the Taiwan market for the treatment of adults with locally advanced or metastatic CCA 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.

Data Publication

- In April 2023, the overall survival (OS) results of the Phase 2 clinical trial of pemigatinib in Chinese patients with advanced CCA were presented at the AACR Annual Meeting 2023 (Abstract CT153).

***Olverembatinib**: a novel BCR-ABL TKI co-developed and co-commercialized with Ascentage Pharma;*

*Approved in China for the treatment of adult patients with TKI-resistant chronic phase CML ("**CML-CP**") or accelerated-phase CML ("**CML-AP**") harboring the T315I mutation as confirmed by a validated diagnostic test; and for the treatment of patients with CML-CP who are resistant and/or intolerant of first- and second-generation TKIs.*

Regulatory Actions

- In November 2023, the NMPA approved olverembatinib for the treatment of adult patients with CML-CP resistant and/or intolerant of first- and second-generation TKIs.

NRDL Coverage

- In January 2023, olverembatinib has been included in the NRDL (2022 version) for the first time for adult patients with T315I-mutant CML-CP and CML-AP.

Data Publication

- In June 2023, the updated clinical results of the Phase 1b/2 of olverembatinib in patients with TKI-resistant succinate dehydrogenase (SDH)-deficient gastrointestinal stromal tumor (GIST) were released in a poster presentation at the American Society of Clinical Oncology ("**ASCO**") 2023 Annual Meeting (Poster #474).

- In December 2023, the results of multiple clinical studies of olverembatinib were presented at the 65th American Society of Hematology ("**ASH**") Annual Meeting. The data presented in oral reports included the latest results from a randomized, controlled registrational Phase 2 study in patients with first- and second generation TKI-resistant CML-CP and preliminary results from a Phase II study of olverembatinib combined with venetoclax chemotherapy in treatment-naive patients with Ph+ ALL.

***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. Ramucirumab was discovered by Lilly and licensed to the Company for commercialization in the mainland China.*

*In the U.S., CYRAMZA® (ramucirumab) is the first U.S. Food and Drug Administration (the "**U.S. FDA**") approved treatment for patients with advanced gastric cancer after prior chemotherapy, and the first U.S. FDA approved biomarker-driven therapy in patients with hepatocellular carcinoma ("**HCC**") who have an alpha fetoprotein of ≥400 ng/ml and have been treated with sorafenib.*

In mainland China, CYRAMZA® (ramucirumab) is approved for two indications, including second-line treatment of advanced or metastatic, gastric or gastro-esophageal junction (GEJ) adenocarcinoma patients with disease progression on or after prior fluoropyrimidine- or platinum-containing chemotherapy and the treatment of HCC patients who have an alpha fetoprotein of ≥400 ng/mL and have been treated with sorafenib. In November 2022, CYRAMZA® (ramucirumab) was officially launched in the mainland China market.

- In April 2023, *CYRAMZA®* (ramucirumab) was recommended in combination with paclitaxel for 2L treatment of advanced or metastatic GC (Level 1A evidence, Grade I recommendation) in Chinese Society of Clinical Oncology ("**CSCO**") Guidelines for GC 2023 version.

***Retsevmo® (selpercatinib)**: a selective and potent transfected rearranged gene ("**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 granted accelerated approval by the U.S. FDA in May 2020 as the first treatment for adult patients with 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 granted accelerated approval to selpercatinib as the first and only RET inhibitor for adult patients with locally advanced or metastatic RET fusion-positive solid tumors that have progressed on or following prior systemic treatment or who have no satisfactory alternative treatment options. In addition, the FDA has granted traditional approval for selpercatinib in adult patients with locally advanced or metastatic RET fusion-positive NSCLC.*

In mainland China, Retsevmo® (selpercatinib) is conditionally approved for the treatment of adult patients with locally advanced or metastatic NSCLC with a RET gene fusion, adult and pediatric patients 12 years of age and older with advanced or metastatic MTC with a RET mutation who require systemic therapy, and adult and pediatric patients 12 years of age and older with advanced or metastatic TC with a RET gene fusion who require systemic therapy and who are radioactive iodine-refractory (if radioactive iodine is appropriate). In March 2023, Retsevmo® (selpercatinib) was officially launched in the mainland China market.

- In April 2023, Retsevmo® (selpercatinib) was recommended for the treatment of locally advanced or metastatic NSCLC with a RET gene fusion (Level 3A evidence, Grade I recommendation) in CSCO Guidelines for NSCLC 2023 version.

- In September 2023, Retsevmo® (selpercatinib) Phase 3 results for 1L RET fusion-positive NSCLC and RET-mutant MTC were simultaneously published in the *New England Journal of Medicine (NEJM)* and presented at European Society For Medical Oncology ("**ESMO**") Congress in a Presidential Symposium.

FUCASO® ***(Equecabtagene Autoleucel)****: a fully-human B cell maturation antigen ("****BCMA****")-directed CAR-T cell therapy, co-developed with IASO Biotherapeutics ("****IASO Bio****");*

*Approved in China for adult patients with relapsed refractory multiple myeloma ("****RRMM****") who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent.*

Regulatory Actions

- In June 2023, FUCASO® (Equecabtagene Autoleucel) was approved by the NMPA for the treatment of adult patients with RRMM who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent. FUCASO® (Equecabtagene Autoleucel) is the first fully-human CAR-T approved in China.

Data Publication

- In June 2023, the updated long-term follow-up results from the Phase 1b/2 study (FUMANBA-1) of Equecabtagene Autoleucel for the treatment of RRMM were presented at the ASCO Annual Meeting 2023.

- In September 2023, the updated long-term follow-up data from two studies for BMCA CAR-T Equecabtagene Autoleucel: (1) Results from Phase 1b/2 study (FUMANBA-1) in patients with RRMM and (2) A model to predict the risk of prolonged thrombocytopenia recovery in RRMM patients after anti-BCMA CAR-T treatment, were presented at the 2023 International Myeloma Society (IMS) Annual Meeting.

- In November 2023, the latest analysis results from the FUMANBA-1 study of Equecabtagene Autoleucel for the treatment of RRMM were presented at the 65th ASH Annual Meeting. The presentation highlights the characteristics and efficacy of Equecabtagene Autoleucel on RRMM patients who had sustained minimal residual disease (MRD) negativity after receiving treatment.

SINTBILO® **(*tafolecimab injection*):** *a novel fully-human anti-PCSK-9 monoclonal antibody;*

Approved in China for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial hypercholesterolemia) and mixed dyslipidemia who have failed to achieve lipid-lowering goals by using moderate or higher doses of statins with or without other lipid-lowering agents.

Regulatory Actions

- In August 2023, SINTBILO® (tafolecimab injection) was approved by the NMPA for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial hypercholesterolemia) and mixed dyslipidemia who have failed to achieve lipid-lowering goals by using moderate or higher doses of statins with or without other lipid-lowering agents. It is the first domestic anti-PCSK-9 monoclonal antibody approved in China.

Data Publication

- In July 2023, the results from the Phase 3 clinical trial (CREDIT-4) of tafolecimab in Chinese patients with hypercholesterolemia were published in *JACC:Asia*.

- In November 2023, the results from the Phase 3 clinical trial (CREDIT-1) of tafolecimab in Chinese subjects with non-familial hypercholesterolemia were published in *The Lancet Regional Health-Western Pacific*.

NDA and Late-stage Drug Candidates

Currently, three assets are undergoing NDA review process and five candidates are under or preparing for registrational or pivotal clinical studies.

NDA and Late-stage Drug Candidates – Oncology

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

IBI351(fulzerasib): *a novel KRAS G12C inhibitor in-licensed from GenFleet Therapeutics (Shanghai) Inc. (Genfleet R&D code: GFH925) for the development and commercialization in Greater China.*

Regulatory Actions

- In November 2023, the NMPA accepted the NDA and granted Priority Review Designation for IBI351 monotherapy in patients with previously treated advanced NSCLC harboring KRAS G12C mutation who have received at least one systemic therapy.

Clinical Development Milestones

- We plan to initiate a Phase 3 clinical trial to investigate IBI351 in combination with sintilimab in patients with previously untreated advanced NSCLC harboring KRAS G12C mutation.

Data Publication

- In April 2023, the updated results of the Phase 1 study of IBI351 as monotherapy in patients with previously treated advanced NSCLC harboring KRAS G12C mutation were presented at the AACR 2023.

- In June 2023, the preliminary results from a pooled analysis of two Phase 1 studies of IBI351 as monotherapy in patients with metastatic CRC harboring KRAS G12C mutation were presented at the ASCO Annual Meeting 2023.

- In December 2023, updated results from the Phase 2 pivotal study for IBI351 for previously treated KRAS G12C-muted NSCLC were presented at ESMO Asia 2023.

- In 2024, we plan to release data from the Phase 2 pivotal study for IBI351 for previously treated KRAS G12C-muted NSCLC at an upcoming medical conference.

Other Updates

- In June 2023, we entered into a clinical trial collaboration and supply agreement with Merck KGaA for the combination therapy of IBI351 with cetuximab (ERBITUX®) for KRAS G12C-muted NSCLC in a Phase 1b study in China.

IBI344 (taletrectinib)*: a novel next-generation ROS1 TKI in-licensed from AnHeart Therapeutics (AnHeart R&D code: AB-106) for the co-development and commercialization in Greater China.*

Regulatory Actions

- In the fourth quarter of 2023, the NMPA accepted the NDA and granted Priority Review Designation of taletrectinib for the treatment of adult patients with locally advanced or metastatic ROS1-positive NSCLC who have been previously treated with ROS1 TKIs.

- In March 2024, the NMPA accepted the NDA of taletrectinib for the 1L treatment of adult patients with locally advanced or metastatic ROS1-positive NSCLC who have not been previously treated with ROS1 TKIs.

Data Publication

- In March 2023, updated efficacy and safety data from a pivotal Phase 2 clinical trial of taletrectinib (TRUST-I) in patients with ROS1-positive NSCLC were reported in an oral presentation at the European Lung Cancer Congress (ELCC) 2023.

- In 2024, updated data from TRUST-I is planned to be presented at an upcoming medical conference.

IBI310: *an anti-CTLA-4 monoclonal antibody*

Clinical Development Milestones

- We plan to initiate a Phase 3 clinical trial of IBI310 in combination with sintilimab for resectable MSI-H/dMMR colon cancer neoadjuvant therapy and dosed the first patient in 2024.

Data Publication

- In 2024, we plan to release PoC data from a Phase 1b clinical trial of IBI310 in patients with neoadjuvant colon cancer at an upcoming conference.

IBI343: *a potential best-in-class recombinant anti-CLDN18.2 Monoclonal ADC*

Clinical Development Milestones

- In 2023, we obtained positive PoC data of IBI343 in Phase 1b clinical trial in patients with 3L GC.

- We are preparing a multi-regional Phase 3 clinical trial of IBI343 monotherapy in patients with 3L GC subject to the regulatory communications.

- We initiated and will continue to follow IBI343 in Phase 1b PoC study in patients with PDAC.

- We will explore PoC studies combining sintilimab and IBI343 in 1L treatment of GC and combining ramucirumab and IBI343 in 2L treatment of GC.

Data Publication

- We will present the preclinical results of IBI343 at the 2024 AACR Annual Meeting as "Late-Breaking Research" in April 2024.

- In 2024, we will present Phase 1b PoC data of IBI343 in patients with 3L GC, and preliminary PoC data in patients with PDAC at upcoming conferences.

NDA and Late-stage Drug Candidates – General Biomedicine

IBI362 (mazdutide)*: a GLP-1R/GCGR dual agonist in-licensed from Lilly, potential best-in-class NDA-stage drug candidate for T2D and obesity.*

Regulatory Actions

- **Obesity or overweight:** In February 2024, the NMPA accepted the first NDA of mazdutide for chronic weight management in adults with obesity or overweight. Mazdutide is the first GLP-1R/GCGR dual agonist to successfully complete Phase 3 trial (GLORY-1) in support of an NDA submission.

- **T2D:** In 2024, we plan to submit a new NDA of mazdutide for T2D treatment based on results from Phase 3 clinical trials DREAMS-1 and DREAMS-2.

Clinical Development Milestone

Five Phase 3 clinical trials of mazdutide in Chinese adults with overweight or obesity (GLORY-1 and GLORY-2) and T2D subjects (DREAMS-1, DREAMS-2 and DREAMS-3) and other clinical trials are underway.

- **GLORY-1 (Obesity or overweight)**: In January 2024, we announced that the first Phase 3 clinical trial of mazdutide (GLORY-1) in Chinese adults with obesity or overweight met the primary endpoints and all secondary endpoints.

- **GLORY-2 (Obesity):** In January 2024, we dosed the first participant in a Phase 3 clinical trial (GLORY-2) of mazdutide (higher dose 9 mg) in Chinese adults with obesity.

- **DREAMS-1(T2D):** In January 2023, we dosed the first patient in a Phase 3 clinical trial (DREAMS-1) of mazdutide in Chinese patients with T2D inadequately controlled by diet and exercise alone. We completed the subject enrollment in 2023 and expect Phase 3 data readout in 2024.

- **DREAMS-2 (T2D):** In January 2023, we dosed the first patient in a Phase 3 clinical trial (DREAMS-2) of mazdutide in Chinese patients with T2D who have inadequate glycemic control with metformin monotherapy or combination therapy of metformin with SGLT2 inhibitors or sulfonylureas. We completed the subject enrollment in 2023 and expect Phase 3 data readout in 2024.

- **DREAMS-3 (T2D):** We initiated the Phase 3 clinical trial comparing mazdutide head-to-head with semaglutide in Chinese T2D patients with obesity, and dosed the first patient in February 2024.

- **Phase 2 clinical trial of mazdutide 9mg in Chinese adults with obesity:** The Phase 2 clinical trial of mazdutide higher dose 9mg in Chinese adults with obesity met its endpoint in 2023. Mazdutide 9mg achieved placebo-adjusted mean percent change in body weight from baseline -18.6% (-17.8 kg) after 48 weeks of treatment, along with a series improvement of cardiometabolic indicators and favorable safety profile.

- **Chinese adolescents with obesity**: In 2024, we plan to initiate a Phase 1 clinical trial of mazdutide in Chinese adolescents with obesity.

Data Publications

- In July 2023, the results of the preclinical study on the reduction of serum uric acid level by mazdutide were published in a LBA (# 77-LB) at the American Diabetes Association (ADA) 83rd Scientific Sessions as one of the 20 Chinese preclinical studies selected for presentation.

- In November 2023, full results from a Phase 2 clinical trial of mazdutide in Chinese patients with T2D were published in *Diabetes Care*.

- In December 2023, full results of a Phase 2 clinical trial of mazdutide in Chinese patients with overweight or obesity were published in *Nature Communications*.

- In 2024, we plan to obtain data from Phase 3 trials DREAMS-1, DREAMS-2, and publish full results from Phase 3 trial GLORY-1, and Phase 2 trial of mazdutide 9mg in Chinese adults with obesity.

IBI311: *a recombinant IGF-1R monoclonal antibody*

Regulatory Actions

- We plan to submit the NDA of IBI311 for TED to the NMPA in 2024.

Clinical Development Milestones

- In May 2023, we dosed the first patient in the Phase 3 clinical trial (RESTORE-1) of IBI311 in patients with TED and have completed the subject enrollment.

- In February 2024, the Phase 3 study of IBI311 (RESTORE-1) met the primary endpoint in improving proptosis in patients with TED.

Data Publications

- In early 2024, we published the results of the Phase 1 and Phase 2 clinical trials of IBI311 in patients with TED in oral presentation at the 39th Asia Pacific Academy of Ophthalmology (APAO) Congress and the 21st International Congress of Endocrinology (ICE), respectively.

- In 2024, we plan to publish the results of the Phase 3 clinical trial (RESTORE-1) in patients with TED.

IBI112* (*picankibart*): a novel long-acting anti-IL-23 (p19 subunit) monoclonal antibody.*

Regulatory Actions

- We plan to obtain the results of the Phase 3 clinical trial (CLEAER) and submit the NDA of IBI112 for psoriasis to the NMPA in 2024.

Clinical Development Milestones

- In February 2023, we dosed the first patient in the Phase 3 clinical trial (CLEAR) of IBI112 in patients with moderate-to-severe plaque psoriasis. We completed the subject enrollment in 2023 and the treatment period is 68 weeks. In 2024, we will obtain results of the Phase 3 clinical trial CLEAR.

- The Phase 2 clinical trial of IBI112 for patients with ulcerative colitis (UC) is ongoing.

Data Publications

- In 2024, we plan to publish the results from Phase 3 CLEAR in psoriasis.

***IBI302 (efdamrofusp alfa)*:** *a potential first-in-class anti-VEGF/complement bispecific fusion protein;*

Clinical Development Milestones

- In 2023 and early 2024, different doses of IBI302 (2mg/4mg/6.4mg/8mg) met its primary endpoints in two Phase 2 clinical studies in the treatment of nAMD, respectively. The combined results of the two Phase 2 clinical studies suggest that IBI302 can be administrated in long-interval, and provide a stable visual benefit and anatomic improvements, as well as potential inhibition effect in macular atrophy.

- In October 2023, we dosed the first patient in the Phase 3 clinical trial (STAR) of 8mg IBI302 in nAMD.

Data Publications

- In November 2023, the Phase 2 results of 2mg/4mg IBI302 were presented at the American Academy of Ophthalmology (AAO) 2023 Annual Meeting.

- In 2024, we plan to publish full results of the Phase 2 of 6.4mg/8mg IBI302 in nAMD.

Selected Drug Candidates at Phase 1/2 Stages

We have approximately 20 assets at Phase 1/2 stages, most of which we own their 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 Drug Candidates in Phase 1/2 Stages – Oncology

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

IBI363: *a potential first-in-class PD-1/IL-2 bispecific antibody fusion protein*

Clinical Development Milestones

- During 2023, we continued to explore IBI363 in Phase 1 and PoC clinical trials for patients with advanced solid tumors in Australia and China. We observed preliminary encouraging safety and efficacy data of IBI363 in IO-resistant and unresponsive tumor types such as melanoma, lung cancer, and CRC.

- In early 2024, we received IND approval from the U.S. FDA. We plan to initiate a Phase 2 clinical trial of IBI363 for patients with multiple cancer types in the U.S. in 2024.

- In 2024, we will continue to follow up with the aforementioned PoC studies of IBI363 and obtain updated results.

Data Publication

- In August 2023, the preclinical results of IBI363 were published in *Nature Cancer*.

- In 2024, we plan to publish data from the Phase 1 and ongoing PoC clinical trials of IBI363 in patients with IO-resistant and unresponsive cancers such as melanoma, lung cancer, and CRC at upcoming conferences.

IBI389: *a novel CLDN18.2/CD3 bispecific antibody*

Clinical Development Milestones

- In 2023 and 2024, we continue to explore IBI389 in Phase 1 and PoC clinical trials in patients with CLDN18.2-positive PDAC.

Data Publication

- In 2024, we plan to present preliminary data from Phase 1 and PoC clinical trials of IBI389 in patients with CLDN18.2-positive PDAC at upcoming conferences.

IBI334: *a potential first-in-class EGFR/B7H3 bispecific antibody*

Clinical Development Milestones

- In November 2023, we dosed the first patient in a Phase 1 clinical trial of IBI334 in patients with advanced solid tumors in Australia and China.

- In 2023 and 2024, we continue to explore IBI334 in Phase 1 and PoC clinical trials in patients with advanced solid tumors.

Data Publication

- The preclinical results of IBI334 will be presented at the 2024 AACR Annual Meeting as "Late-Breaking Research".

In 2024, we will keep advancing a compelling set of novel molecules with global potential at early clinical phase and first-in-human clinical trials, including multi-specific antibody and ADC programs in difficult-to-treat cancers, such as IBI3001 (EGFR/B7H3 ADC), IBI3003 (GPRC5D/BCMA/CD3), IBI3004 (CEA/DR5), IBI115 (DLL3/CD3), IBI129 (B7H3 ADC), IBI130 (TROP2 ADC) and IBI133 (HER3 ADC). Additional projects from next-generation technology platforms such as bispecific ADC are also on the horizon.

Selected Drug Candidates in Phase 1/2 Stages – General Biomedicine

IBI128 (Tigulixostat)**:** *a late-stage novel non-purine XOI for the chronic management of hyperuricemia in patients with gout disease; in-licensed from LG Chem for the development and commercialization in China. LG Chem has initiated multi-regional global Phase 3 clinical trials for Tigulixostat in the fourth quarter of 2022.*

Clinical Development Milestones

- In 2023, our partner LG Chem was continuing the overseas Phase 3 MRCT clinical trials of Tigulixostat in hyperuricemia patients with gout disease. Tigulixostat has shown superior efficacy in uric acid reduction and good safety profile in previous Phase 2 clinical trial.

- In 2024, we will initiate Phase 1 and Phase 2 clinical trials of Tigulixostat in China. We develop Tigulixostat in China in pace with the global registration progress of the asset.

IBI353 (orismilast): *a potent and selective, next-generation PDE4B/D inhibitor with broad anti-inflammatory properties in-licensed from UNION therapeutics A/S ("**UNION**").*

Clinical Development Milestones

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

- In the first half of 2024, UNION plans to announce topline results from a Phase 2b ex-China trial of orismilast in patients with moderate-to-severe atopic dermatitis ("**AD**").

IBI355: *a potential best-in-class anti-CD40L monoclonal antibody*

Clinical Development Milestones

- In October 2023, we dosed the first patient in the Phase 1 clinical trial of IBI355 in healthy volunteer.

- In 2024, we will continue to explore IBI355 in selected indications such as primary Sjögren's syndrome (pSS) and systemic lupus erythematosus (SLE) in adults.

IBI356: *a potential best-in-class anti-OX40L monoclonal antibody*

Clinical Development Milestones

- In January 2024, we dosed the first patient in the Phase 1 clinical trial of IBI356 in healthy volunteer.

- In 2024, we will continue to explore IBI356 in selected indications such as moderate-to-severe AD.

IBI3002: *a first-in-class bispecific antibody targeting cell surface IL-4Rα and the alarmin cytokine TSLP*

Clinical Development Milestones

- In February 2024, we dosed the first patient in the Phase 1 clinical trial of IBI3002 in healthy participants and participants with asthma.

Besides, we continued to develop other early stage assets such as IBI324 (VEGF-A/ANG-2) and IBI333 (VEGF-A/VEGF-C). In 2024, based on strategically increased investment in general biomedicine franchise (CVM, autoimmune and eye disease), we have an increasing number of projects across novel modalities entering into IND-enabling and first-in-human stages, such as IBI3016 (AGT siRNA), IBI3002 (IL-4Rα/TSLP) and GLP-1 based next-generation project, unlocking the global market potential for the Company in the years ahead.

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 (the "**Shares**").

Strategic Collaboration with Partners and Other Corporate Development

- In June 2023, we entered into clinical trial collaboration with Merck KGaA investigating combination therapy of IBI351 (KRAS G12C Inhibitor) and cetuximab (ERBITUX® (cetuximab)) for KRAS G12C-mutated NSCLC in China. Under the agreement, we will conduct a Phase 1b study to evaluate the anti-tumor activity and safety of the combination therapy of IBI351 with cetuximab in Chinese patients with advanced or metastatic NSCLC harboring KRAS G12C mutation. Merck KGaA will provide clinical drug supplies of cetuximab in this multi-center trial in China. Cetuximab as a monotherapy or as a combination therapy has not been approved in any country for patients with advanced NSCLC.

- In June 2023, we entered into clinical trial collaboration with RemeGen investigating therapies of TYVYT® (sintilimab injection) with RC88, a novel mesothelin (MSLN)-targeting ADC, or RC108, a novel c-Met-targeting ADC, respectively, as potential treatment options for advanced solid tumors in China. Under the agreement, we will provide clinical drug supplies of TYVYT® (sintilimab injection) during the clinical trial collaboration. RemeGen will conduct Phase 1/2a clinical trials to evaluate the anti-tumor activity and safety of the combination therapy of TYVYT® (sintilimab injection) with RC88 or RC108 in Chinese patients with advanced solid tumors.

- In December 2023, we expanded ADC collaboration with Synaffix. Under the terms of the expanded agreement, we will focus on the development of at least one new ADC candidate, building on Synaffix's ADC technology to enable best-in-class efficacy and tolerability for ADCs. We will be responsible for the research, development, manufacturing and commercialization of new ADC candidates. Synaffix is eligible to receive an upfront payment plus potential milestone payments and royalties on commercial sales for each licensed target.

- In December 2023, we entered into a collaboration agreement with SanegeneBio USA Inc. (SanegeneBio) to co-develop SGB-3908 (Innovent R&D code: IBI3016), a siRNA drug candidate targeting angiotensinogen ("**AGT**") for the treatment of hypertension. Under the terms of the agreement, both parties will be jointly responsible for the development of SGB-3908 to a certain stage. We also obtained an exclusive option to pay different option exercise fees to license in the exclusive development, manufacturing and commercialization rights of SGB-3908 in different areas worldwide. After we exercise the option, SanegeneBio will be eligible to receive subsequent milestone payments, as well as tiered royalties based on net sales.

- In December 2023, we entered into clinical trial collaboration with Xuanzhu Biopharma investigating combination therapy of TYVYT® (sintilimab injection) and KM-501, a novel HER-2 bispecific ADC, for advanced solid tumors in China. Under the agreement, we will provide clinical drug supplies of TYVYT® (sintilimab injection) during the clinical trial collaboration. Xuanzhu Biopharma will conduct a Phase 1b clinical trial to evaluate the anti-tumor activity and safety of the combination therapy of TYVYT® (sintilimab injection) with KM-501 in Chinese patients with advanced solid tumors.

- In February 2024, we entered into a clinical trial collaboration and supply agreement with ImmVirX Pty Limited ("**ImmVirX**") to evaluate the combination therapy of TYVYT® (sintilimab injection) with ImmVirX's investigational oncolytic virus IVX037. Under the agreement, we will provide clinical drug supplies of TYVYT® (sintilimab injection) during the clinical trial collaboration. ImmVirX will conduct a multi-center Phase 1b clinical trial in Australia, to evaluate the anti-tumor activity and safety of the combination therapy of intratumorally administered IVX037 in combination with intravenously injected sintilimab in patients with advanced colorectal, ovarian and gastric cancer.

- In February 2024, we appointed Dr. Shun Lu as an independent non-executive Director and a member of the strategy committee of the Board (the "**Strategy Committee**"). Dr. Shun Lu has over 30 years of experience in the medical and pharmaceutical industry, which will contribute to the implementation of the Company's strategic objective and mission of innovation through globalization.

- During the Reporting Period, our production capacity of 140,000L in operation guaranteed sufficient capacity to be commensurate with our growing and mature drug pipeline and to support our continued business expansions. In particular, the large-scale stainless-steel bioreactors have provided market competitive cost advantages for the production of antibody drugs.

- We have been continually improving ESG management in the aspects of "Excellent Governance", "Enjoying Good Health", "High Quality as Key", "People First" and "Green Ecology", which are aligned with the sustainable development goals (SDGs) of the United Nations. In November 2023, the Company has been upgraded to 'A' according to MSCI's latest ESG rating, ranking at the forefront of the biotechnology industry.

FINANCIAL REVIEW

IFRS Measure:

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**6,206,070**	4,556,380
Cost of sales	**(1,136,266)**	(930,990)
Gross profit	**5,069,804**	3,625,390
Other income	**552,350**	279,735
Other gains and losses	**81,164**	774,340
Research and development expenses	**(2,227,556)**	(2,871,220)
Administrative and other expenses	**(750,278)**	(835,488)
Selling and marketing expenses	**(3,100,693)**	(2,590,765)
Royalties and other related payments	**(670,578)**	(450,763)
Finance costs	**(98,624)**	(101,698)
Loss before tax	**(1,144,411)**	(2,170,469)
Income tax credit (expense)	**116,498**	(8,801)
Loss for the year	**(1,027,913)**	(2,179,270)
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss		
Fair value gain (loss) on investment in equity instruments at FVTOCI	**15,731**	(876)
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(1,660)**	(20,446)
Other comprehensive income (expense) for the year, net of income tax	**14,071**	(21,322)
Total comprehensive expense for the year	**(1,013,842)**	(2,200,592)
Non-IFRS measure:		
Adjusted total comprehensive expense for the year	**(500,469)**	(2,483,156)

1. Revenue

For the year ended 31 December 2023, the Group generated revenue from contracts with customers of RMB6,206.1 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	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Sales of pharmaceutical products	**5,728,314**	4,139,084
License fee income	**447,429**	417,055
R&D service fee income	**30,327**	241
Total revenue from contracts with customers	**6,206,070**	4,556,380

During the year ended 31 December 2023, the Group recorded revenue from sales of pharmaceutical products of RMB5,728.3 million, as compared with RMB4,139.1 million for the year ended 31 December 2022.

During the year ended 31 December 2023, the Group recorded license fee income of RMB447.4 million, as compared with RMB417.1 million for the year ended 31 December 2022. Under the Exclusive License and Collaboration Agreement for China and Co-Development Agreement entered into between the Group and Lilly in March 2015 on the products of TYVYT® (sintilimab injection) and HALPRYZA® (rituximab injection), the Group received collaboration payments and started to recognize revenue at the commercialization stage of relevant products. During the years ended 31 December 2023 and 2022, such license fee income recorded were RMB442.3 million and RMB396.8 million, respectively. Meanwhile, the Group recognized a one-time license fee income of RMB5.1 million for the year ended 31 December 2023, as compared with RMB20.3 million for the year ended 31 December 2022.

In addition, the Group continued to provide R&D services to customers. During the year ended 31 December 2023, the Group generated R&D service revenue of RMB30.3 million, while RMB0.2 million was recorded for the year ended 31 December 2022.

2. Cost of Sales

The Group's cost of sales consists 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 amortization of development cost for products at commercialization stage. During the year ended 31 December 2023, the Group recorded cost of sales of RMB1,136.3 million, as compared with RMB931.0 million for the year ended 31 December 2022.

3. Other Income

The Group's other income consists of interest income and government grants income. Government grants income consists of (i) government subsidies specifically for the capital expenditure related to the purchase of plant and machinery, which are recognized over the useful life of related assets; (ii) incentive and other subsidies for R&D activities, which are recognized upon compliance with certain conditions; and (iii) incentive which has no specific conditions attached to the grants.

For the year ended 31 December 2023, other income increased by RMB272.7 million to RMB552.4 million, from RMB279.7 million for the year ended 31 December 2022. The increase was primarily due to more interest income we generated for the year ended 31 December 2023.

4. Other Gains and Losses

The Group's other gains and losses primarily 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 or loss 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 2023, other gains and losses of the Group were a gain of RMB81.2 million compared to a gain of RMB774.3 million for the year ended 31 December 2022, primarily impacted by change in foreign currency exchange rates. The net foreign exchange gains or losses were non-cash in nature and recorded a gain of RMB60.8 million and RMB752.1 million for the years ended 31 December 2023 and 2022, respectively.

5. R&D Expenses

The Group's R&D expenses incurred in performing research and development activities, including but not limited to third-party contracting cost, clinical trial expenses, raw material cost, compensation and benefits, initial and in-process cost and subsequent milestone payment under collaboration or license agreements incurred prior to regulatory approval, and depreciation and amortization.

For the years ended 31 December 2023 and 31 December 2022, the Group incurred R&D expenses of RMB2,227.6 million and RMB2,871.2 million, respectively.

6. Administrative and Other Expenses

For the year ended 31 December 2023, administrative and other expenses of the Group were RMB750.3 million as compared with RMB835.5 million for the year ended 31 December 2022. The Group continues to manage and improve efficiency of resource utilization, as well as benefiting from the fast ramp-up revenue, the ratio of administrative and other expenses to total revenue decreased by 6.2 percentage points from 18.3% for the year ended 31 December 2022 to 12.1% for the year ended 31 December 2023.

7. Selling and Marketing Expenses

Selling and marketing expenses include compensation and benefits for selling and marketing personnel and related expenses of marketing and promotion activities.

Selling and marketing expenses were RMB3,100.7 million for the year ended 31 December 2023, as compared with RMB2,590.8 million for the year ended 31 December 2022. The Group has devoted continuous efforts in enhancing productivity and efficiency under a healthy and sustainable operation model, which could further support the Group's sustainable growth.

8. Royalties and Other Related Payments

Royalties and other related payments were RMB670.6 million for the year ended 31 December 2023, as compared with RMB450.8 million for the year ended 31 December 2022. This represents the royalties, sales-based milestones, profit sharing, as well as other related payments to third parties for various co-development and in-licensing products.

9. Income Tax Credit (Expense)

Income tax credit was RMB116.5 million for the year ended 31 December 2023, as compared with an expense of RMB8.8 million for the year ended 31 December 2022. This increase was mainly attributable to the recognition of a tax refund for income tax withheld in 2020 from license fee income with a USA based customer.

10. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Group also uses adjusted gross profit, adjusted R&D expenses, adjusted administrative and other expenses, adjusted selling and marketing expenses, adjusted LBITDA and adjusted loss 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 the IFRS. The Group's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Group believes that this 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 Group to Group to the extent applicable.

Non-IFRS measures represent corresponding measures under the 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	
	2023	2022
	RMB'000	*RMB'000*
Gross profit	**5,069,804**	3,625,390
Added:		
Share-based compensation expenses	**71,844**	56,910
Adjusted gross profit	**5,141,648**	3,682,300

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
R&D expenses	**(2,227,556)**	(2,871,220)
Added:		
Share-based compensation expenses	**252,623**	206,512
Adjusted R&D expenses	**(1,974,933)**	(2,664,708)

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	
	2023	2022
	RMB'000	*RMB'000*
Administrative and other expenses	**(750,278)**	(835,488)
Added:		
Share-based compensation expenses	**206,519**	193,676
Adjusted administrative and other expenses	**(543,759)**	(641,812)

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	
	2023	2022
	RMB'000	*RMB'000*
Selling and marketing expenses	**(3,100,693)**	(2,590,765)
Added:		
Share-based compensation expenses	**43,211**	12,392
Adjusted selling and marketing expenses	**(3,057,482)**	(2,578,373)

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
LBITDA	**(1,113,521)**	(1,938,886)
Added:		
Share-based compensation expenses	**574,197**	469,490
Net foreign exchange gains	**(60,824)**	(752,054)
Adjusted LBITDA	**(600,148)**	(2,221,450)

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(1,027,913)**	(2,179,270)
Added:		
Share-based compensation expenses	**574,197**	469,490
Net foreign exchange gains	**(60,824)**	(752,054)
Adjusted loss for the year	**(514,540)**	(2,461,834)

Selected Data from Statement of Financial Position

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Total current assets	**13,427,985**	11,506,708
Total non-current assets	**7,199,375**	6,082,137
Total assets	**20,627,360**	17,588,845
Total current liabilities	**4,476,816**	3,499,198
Total non-current liabilities	**3,622,963**	3,359,698
Total liabilities	**8,099,779**	6,858,896
Net current assets	**8,951,169**	8,007,510

11. Liquidity and Source of Funding and Borrowing

As at 31 December 2023, the Company's bank balances and cash and current portion of other financial assets increased to RMB10,969.6 million from RMB9,166.0 million as at 31 December 2022. The increase primarily resulted from the placement of new shares for approximately RMB2,163.0 million in September 2023.

As at 31 December 2023, the current assets of the Company were RMB13,428.0 million, including bank balances and cash of RMB10,052.1 million and current portion of other financial assets of RMB917.5 million. As at 31 December 2023, the current liabilities of the Company were RMB4,476.8 million, including trade and bills payables of RMB372.5 million, other payables and accrued expenses of RMB2,467.8 million, contract liabilities of RMB416.2 million, borrowings of RMB1,195.2 million and lease liabilities of RMB25.1 million.

As at 31 December 2023, the Company had available unutilised long-term bank loan facilities of approximately RMB2,620.0 million.

12. Key Financial Ratios

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

	As at 31 December 2023	As at 31 December 2022
Current ratio[2]	**3.0**	3.3
Quick ratio[3]	**2.8**	2.9
Gearing ratio[4]	**NM[5]**	NM[5]

13. Significant Investments

The Company did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as of 31 December 2023) during the year ended 31 December 2023.

14. Material Acquisitions and Disposals

The Company did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2023.

15. Future Plans for Material Investments or Capital Assets

As at 31 December 2023, the Company did not have detailed future plans for material investments or capital assets.

16. Pledge of Assets

As at 31 December 2023, the Company had a total of RMB1,804.9 million of property, plant and equipment, RMB275.6 million of land use rights and RMB849.8 million of bank deposits pledged to secure its loans and banking facilities.

17. Contingent Liabilities

As at 31 December 2023, the Company 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 2023, a majority of the Company's transactions were settled in Renminbi (RMB), the functional currency of the Company's primary subsidiaries. As at 31 December 2023, a significant amount of the Company'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 Company did not have significant foreign currency exposure from its operations as at 31 December 2023.

19. Employees and Remuneration

As at 31 December 2023, the Company had a total of 4,872 (as at 31 December 2022: 5,294) employees, including nearly 1000 people from R&D, nearly 800 from CMC, and nearly 3,000 from selling and marketing. The remuneration policy and package of the Company's employees are periodically reviewed. The remuneration package comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based payment expenses. The packages were set by benchmarking with companies in similar industries and in accordance with employees' educational backgrounds, experience and performance. In accordance with applicable Chinese laws, the Company 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 Company's employees. The Company also provided external and internal training programs to our employees.

The Company also 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 Company'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 Company for the year ended 31 December 2023 was RMB2,744.0 million, as compared with RMB2,649.6 million for the year ended 31 December 2022.

During the year ended 31 December 2023, the Company 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 2023 (2022: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is scheduled to be held on 21 June 2024. A notice convening the AGM will be published and dispatched to the Shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 June 2024 to 21 June 2024, 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 the 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 17 June 2024.

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 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 2023, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 (formerly 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, and Dr. De-Chao Michael Yu, our executive Director, currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2023.

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 C3 (formerly 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 2023. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the year ended 31 December 2023.

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 2023 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 is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 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 12 September 2023, the Company and Morgan Stanley Asia Limited as placing agent, entered into a placing agreement, pursuant to the placing of 68,000,000 placing Shares at the placing price of HK$34.92 per placing share on the terms and subject to the conditions set out in the placing agreement (the "**2023 Placing**"). The 2023 Placing was completed on 19 September 2023. The net proceeds raised from the 2023 Placing were approximately HK$2,356.8 million. For further details, please refer to the announcements of the Company dated 12 and 19 September 2023 (the "**2023 Placing Announcements**").

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year ended 31 December 2023.

7. Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2023. 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 2023.

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 Net Proceeds

(a) Use of Net Proceeds from the 2020 Placing

The placing of new Shares pursuant to the placing agreement dated 23 July 2020 was completed on 30 July 2020 (the "**2020 Placing**"). An aggregate of 56,200,000 new Shares were successfully placed to not less than six independent placees. The net proceeds raised from the 2020 Placing were approximately HK$2,787.5 million (approximately RMB2,514.2 million). The net proceeds have been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 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 R&D laboratories, and (iii) for general corporate use, as appropriate.

As at 31 December 2023, the net proceeds of the 2020 Placing had been fully utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2020 Placing. The table below sets out the use of proceeds from the 2020 Placing as at 31 December 2023:

Use of net proceeds	Unutilised as at 1 January 2023 *RMB million*	**Utilisation during the year ended 31 December 2023 *RMB million***	**Unutilised as at 31 December 2023 *RMB million***
Building a second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth	96.6	**96.6**	**–**
Funding increased international clinical trial needs with expansion of research & development laboratories	160.9	**160.9**	**–**
General corporate use	–	**–**	**–**
	257.5	**257.5**	**–**

(b) Use of Net Proceeds from the 2021 Placing

The placing of new Shares pursuant to the placing agreement dated 15 January 2021 was completed on 22 January 2021 (the "**2021 Placing**"). The net proceeds raised from the 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 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 2023, the net proceeds of the 2021 Placing had been fully utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2021 Placing. The table below sets out the use of proceeds from the 2021 Placing as at 31 December 2023:

Use of net proceeds	Unutilised as at 1 January 2023 *RMB million*	**Utilisation during the year ended 31 December 2023 *RMB million***	**Unutilised as at 31 December 2023 *RMB million***
Expediting the investment and development of various clinical programs for our leading innovative products globally	–	**–**	**–**
Funding potential product licensing and possible mergers	–	**–**	**–**
Further expanding the production capacity	279.6	**279.6**	**–**
Working capital and other general corporate use	202.3	**202.3**	**–**
	481.9	**481.9**	**–**

(c) Use of Net Proceeds from the Subscription

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 (the "**Subscription**").

The first tranche of the Subscription was completed on 18 August 2022 (the "**First Tranche**"). The net proceeds raised from the First Tranche 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 announcements of the Company dated 4 August 2022 and 18 August 2022 (the "**Subscription Announcements**") with the allocation being as follows: (i) approximately 70.0% for expediting the R&D of various preclinical 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. The second tranche of the subscription will be subject to a separate written share issuance agreement between the parties to be entered into in the future.

As at 31 December 2023, approximately RMB1,692.6 million of the net proceeds of the First Tranche had been utilised in accordance with the intended use of proceeds as previously disclosed in the Subscription Announcements, and RMB396.4 million remained unutilised. The table below sets out the use of proceeds from the Subscription as at 31 December 2023:

Use of net proceeds	Unutilised as at 1 January 2023 *RMB million*	**Utilisation during the year ended 31 December 2023 *RMB million***	**Unutilised as at 31 December 2023 *RMB million***
Expediting the R&D of various preclinical and clinical programs in our pipeline globally	1,070.2	**1,070.2**	**–**
Further expanding our production capacity	417.8	**21.4**	**396.4**
Funding potential in-licensing deal, potential M&A activities, working capital and other general corporate use	–	**–**	**–**
	1,488.0	**1,091.6**	**396.4**

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 44 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.

(d) Use of Net Proceeds from the 2023 Placing

The placing of new Shares pursuant to the placing agreement dated 12 September 2023 was completed on 19 September 2023 (the "**2023 Placing**"). An aggregate of 68,000,000 new Shares were placed to not fewer than six independent placees, who are professional, institutional or other investors, at HK$34.92 per share (at a net price of approximately HK$34.66 per Share). The Placing Shares have an aggregate nominal value of US$680.0 and a market value of HK$2,604.4 million.

The net proceeds raised from the 2023 Placing were approximately HK$2,356.8 million (approximately RMB2,163.0 million). The 2023 Placing was for the Company's future development, sustainable growth and global innovation. In particular, the net proceeds will be utilised in accordance with the intended use of proceeds as disclosed in the 2023 Placing Announcements, with the allocation being as follows: (i) approximately 60.0% for expediting the R&D of various prioritized preclinical and clinical programs in our pipeline globally, including but not limited to the conduction of MRCTs (multi-regional clinical trials), as well as for building the global infrastructure and facilities; (ii) approximately 30.0% for the development, marketing and commercialization of IBI362 (mazdutide), a GLP-1R/GCGR dual agonist and potential best-in-class clinical-stage drug candidate for diabetes and obesity, while respective phase 3 clinical studies of IBI362 (mazdutide) in obesity and diabetes are progressing smoothly for the subsequent NDA submission plan in China; and (iii) the remaining 10.0% for general and corporate use.

As at 31 December 2023, approximately RMB283.0 million of the net proceeds of 2023 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the 2023 Placing Announcements, and RMB1,880.0 million remained unutilised. The table below sets out the use of proceeds from the 2023 Placing as at 31 December 2023:

Use of net proceeds	Net proceeds *RMB million*	**Utilisation from 19 September 2023 to 31 December 2023 *RMB million***	**Unutilised as at 31 December 2023 *RMB million***
Expediting the R&D of various prioritized preclinical and clinical programs in global pipeline	1,297.8	**34.0**	**1,263.8**
Development, marketing and commercialization of IBI362 (mazdutide)	648.9	**73.0**	**575.9**
General and corporate use	216.3	**176.0**	**40.3**
	2,163.0	**283.0**	**1,880.0**

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 36 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**2023** ***RMB'000***	2022 *RMB'000*
Revenue from contracts with customers	*4*	**6,206,070**	4,556,380
Cost of sales		**(1,136,266)**	(930,990)
Gross profit		**5,069,804**	3,625,390
Other income		**552,350**	279,735
Other gains and losses	*5*	**81,164**	774,340
Research and development expenses		**(2,227,556)**	(2,871,220)
Administrative and other expenses		**(750,278)**	(835,488)
Selling and marketing expenses		**(3,100,693)**	(2,590,765)
Royalties and other related payments		**(670,578)**	(450,763)
Finance costs		**(98,624)**	(101,698)
Loss before tax		**(1,144,411)**	(2,170,469)
Income tax credit (expense)	*6*	**116,498**	(8,801)
Loss for the year		**(1,027,913)**	(2,179,270)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss			
Fair value gain (loss) on investment in equity instruments at fair value through other comprehensive income		**15,731**	(876)
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(1,660)**	(20,446)
Other comprehensive income (expense) for the year, net of income tax		**14,071**	(21,322)
Total comprehensive expense for the year		**(1,013,842)**	(2,200,592)
Loss per share	*7*		
– Basic (RMB Yuan)		**(0.66)**	(1.46)
– Diluted (RMB Yuan)		**(0.66)**	(1.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	NOTES	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment		**4,289,734**	3,411,496
Right-of-use assets		**366,650**	414,650
Intangible assets		**1,270,267**	1,198,163
Equity instruments at FVTOCI		**218,301**	202,570
Prepayments for acquisition of long-term assets		**195,519**	234,573
Prepayments and other receivables		**283,116**	193,058
Other financial assets		**575,788**	427,627
		7,199,375	6,082,137
Current assets			
Inventories		**968,088**	1,428,882
Trade receivables	*8*	**1,005,891**	575,269
Prepayments and other receivables		**484,377**	336,521
Other financial assets		**917,534**	3,213
Bank balances and cash		**10,052,095**	9,162,823
		13,427,985	11,506,708
Current liabilities			
Trade and bills payables	*9*	**372,549**	325,622
Other payables and accrued expenses		**2,467,771**	1,820,977
Contract liabilities		**416,166**	434,911
Borrowings		**1,195,155**	888,000
Lease liabilities		**25,175**	26,392
Tax payables		**–**	3,296
		4,476,816	3,499,198
Net current assets		**8,951,169**	8,007,510
Total assets less current liabilities		**16,150,544**	14,089,647

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Non-current liabilities		
Contract liabilities	**450,312**	569,096
Borrowings	**2,326,777**	2,215,433
Lease liabilities	**73,422**	98,683
Government grants	**509,739**	314,181
Other financial liabilities	**262,713**	162,305
	3,622,963	3,359,698
Net assets	**12,527,581**	10,729,949
Capital and reserves		
Share capital	**112**	105
Reserves	**12,527,469**	10,729,844
Total equity	**12,527,581**	10,729,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements:

IFRS 17(including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

2.1 Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. 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.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January, 2022;

(ii) the Group also, as at 1 January, 2022, recognised 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 difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance. And it has no impact on the retained earnings at the earliest year presented.

2.2 Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The application of the amendments has had no material impact on the Group's financial position and performance.

2.3 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

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 2023.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

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:

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**5,728,314**	4,139,084
Licence fee income	**5,098**	20,304
	5,733,412	4,159,388
Overtime		
Research and development service fee income	**30,327**	241
Licence fee income	**442,331**	396,751
	472,658	396,992
	6,206,070	4,556,380

Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and 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

	2023	2022
	RMB'000	*RMB'000*
The PRC	**5,753,345**	4,132,539
United States of America ("**USA**")	**442,601**	411,034
Other	**10,124**	12,807
	6,206,070	4,556,380

(ii) Performance obligations for contracts with customers and revenue recognition policies

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. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Under the Group's standard contract terms, customers can only return or request refund if the goods delivered do not meet required quality standards. Following the delivery, the customer 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 the customer. The normal credit term is 45 – 60 days upon delivery.

As at 31 December 2023, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Licence fee income – over time

The Group entered into collaboration agreements and to provide licences to customers. Upfront fee, development milestone fee and other consideration received are recorded under contract liabilities. The Group transfers the contract liabilities to licence fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits.

Licence fee income – a point in time

The Group provides licence of its patented intellectual property ("IP") to customers. Licence fee income is recognised at a point in time upon the customer obtains control on the usage of the IP.

For contracts that contain variable consideration in relation to milestone payment and sales-based royalty from license agreement, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which best predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based royalty promised in exchange for a licence of IP only when (or as) the later of the following events occurs:

- the subsequent sale occurs; and

- the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied (or partially satisfied).

Research and development agreements with customers

The Group entered into research and development agreements with customers. The Group earns revenues by providing research services to the customers. Contract duration is over a year. Upfront payments (if any) received by the Group was initially recognised as a contract liability. Services revenue is recognised as a performance obligation satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses units produced/services transferred to the customer to date (output method) to measure progress towards complete satisfaction of these performance obligations. Payment for services is not due from the customer until the related payment milestone is completed and then a contract asset is transferred to trade receivables.

5. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
(Loss) gain on disposal of property, plant and equipment	**(952)**	60
Gain from changes in fair value of other financial assets measured at FVTPL	**30,807**	2,430
Gain from disposal of other financial assets measured at FVTPL	**–**	2,672
(Loss) gain from changes in fair value of other financial liabilities measured at FVTPL	**(9,515)**	16,510
Net foreign exchange gains	**60,824**	752,054
Others	**–**	614
	81,164	774,340

6. INCOME TAX (CREDIT) EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Income tax	**224**	3,140
Over provision in prior years	**(887)**	(48,288)
Withholding tax *(note)*	**(115,835)**	53,949
	(116,498)	8,801

Note:

Innovent Biologics (Suzhou) Co., Ltd. is entitled to RMB144.5 million tax refund for income tax withheld in 2020 from license fee income with a USA based customer.

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	
	2023	2022
Loss (RMB'000)		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,027,913)**	(2,179,270)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,559,637,004**	1,490,123,192

The computation of basic loss per share for the year ended 31 December 2023 and 2022 excluded the treasury shares and included the vested but unissued restricted shares of the Company.

(b) Diluted

31 December 2023 and 2022

The Company had two categories of potential ordinary shares which are restricted shares awarded under the Pre-IPO Share Incentive Plan, 2018 Restricted Shares Plan, 2020 Restricted Shares Plan and the shares options awarded under Pre-IPO Plan and Post-IPO share option scheme. As the Group incurred losses for the years ended 31 December 2023 and 2022, 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 years ended 31 December 2023 and 2022 is the same as basic loss per share.

8. TRADE RECEIVABLES

	At 31 December 2023	At 31 December 2022
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**1,005,891**	575,269

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

	At 31 December 2023	At 31 December 2022
	RMB'000	*RMB'000*
0 – 60 days	**1,005,891**	575,269

9. TRADE AND BILLS PAYABLES

	At 31 December 2023	At 31 December 2022
	RMB'000	*RMB'000*
Trade payables	**258,100**	267,942
Bills payables	**114,449**	57,680
	372,549	325,622

The average credit period on trade purchases is 0 to 90 days. Aging analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	At 31 December 2023	At 31 December 2022
	RMB'000	*RMB'000*
0 – 30 days	**171,622**	170,865
31 – 60 days	**44,779**	58,614
Over 60 days	**41,699**	38,463
	258,100	267,942

Aging analysis of the Group's bills payables based on the date of issue of bills at the end of the reporting period is as follows:

	At 31 December 2023	At 31 December 2022
	RMB'000	*RMB'000*
0 – 90 days	**34,023**	50,000
91-180 days	**80,426**	7,680
	114,449	57,680

10. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the years ended 31 December 2023 and 2022, 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 2023 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, 20 March 2024

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