INNOCARE
诺诚健华

InnoCare Pharma Limited
諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9969)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of InnoCare Pharma Limited (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 Board and Audit Committee of the Company and confirmed by the Company's auditors.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amount and percentage figure included in this announcement have been subject to rounding adjustments or have been rounded to one or two decimal places, as appropriate. Any discrepancies in any table, chart or elsewhere totals and sums of amounts listed therein are due to rounding. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

FINANCIAL HIGHLIGHTS

	2023	2022
	RMB'000	*RMB'000*
Revenue	**738,537**	625,404
Cost of sales	**(128,435)**	(143,397)
Gross profit	**610,102**	482,007
Other income and gains	**244,153**	198,199
Selling and distribution expenses	**(366,891)**	(438,611)
Research and development expenses	**(751,176)**	(639,139)
Administrative expenses	**(193,520)**	(181,556)
Other expenses	**(92,674)**	(291,167)
Loss for the year	**(645,632)**	(893,727)
Adjusted loss for the year (as illustrated under "**Non-HKFRSs Measures**")	**(490,668)**	(473,691)

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Cash and bank balances	**8,224,596**	8,697,927

Total Revenue increased by 18.1% to RMB738.5 million for the year ended 31 December 2023, compared to RMB625.4 million for the year ended 31 December 2022, which was primarily attributable to continuous and rapid ramp-up of orelabrutinib sales volume. The sales of orelabrutinib increased by 18.5% to RMB670.7 million for the year ended 31 December 2023, compared to RMB565.9 million for the year ended 31 December 2022.

Gross Profit increased by 26.6% to RMB610.1 million for the year ended 31 December 2023 from RMB482.0 million for the year ended 31 December 2022. Gross profit margin was 82.6% for the year ended 31 December 2023, representing an increase of 5.5% as compared with 77.1% for the year ended 31 December 2022. The gross profit margin improvement was primarily due to the increased sales volume of orelabrutinib and reduction in the unit cost of sales. The reduction of unit cost of sales is attributed to the more efficient manufacture process implemented at Guangzhou facility during the Reporting Period.

Other Income and Gains increased to RMB244.2 million for the year ended 31 December 2023 from RMB198.2 million for the year ended 31 December 2022, primarily attributable to an increase by RMB55.4 million in the bank interest income to RMB192.3 million for the year ended 31 December 2023 from RMB136.9 million for the year ended 31 December 2022.

Total Expenses, including research and development expenses, selling and distribution expenses, administrative expenses and other expenses, decreased from RMB1,550.5 million for the year ended 31 December 2022 to RMB1,404.3 million for the year ended 31 December 2023. This change mainly resulted from (i) decreased selling and distribution expenses by RMB71.7 million from RMB438.6 million for the year ended 31 December 2022 to RMB366.9 million for the year ended 31 December 2023 due to business operational efficiency improvement; (ii) decreased unrealized foreign exchange loss by RMB200.7 million due to a lesser appreciation of the US dollar against the RMB in 2023 compared to 2022; offset by (iii) increased research and development expenses by RMB112.0 million to RMB751.2 million for the year ended 31 December 2023, primarily due to the spending increase for clinical trials with significant progress made in multiple pipelines and strategic investment in early stage candidates poised to become future assets.

Loss for the year decreased by 27.8% to RMB645.6 million for the year ended 31 December 2023 from RMB893.7 million for the year ended 31 December 2022.

Cash and bank balances stood at approximately RMB8.22 billion as of 31 December 2023. This robust cash position provides flexibility for the Company to expedite the clinical development, and to invest in a competitive pipeline.

Non-HKFRSs Measures

To supplement the Group's consolidated financial statements, which are presented in accordance with HKFRSs, we also use the adjusted total loss for the year as an additional financial measure, which is not required by, or presented in accordance with HKFRSs. We believe that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating our consolidated results of operations in turn as they help our management.

Adjusted total loss for the year represents the total loss for the year excluding the effect of certain non-cash items, namely the unrealized foreign exchange and share-based compensation expense. The term adjusted total loss for the year is not defined under HKFRSs. The use of this non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRSs. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-HKFRSs measure reflects our normal operating results by eliminating potential impacts of items that our management do not consider to be indicative of our normal operating performance, and thus, facilitate comparisons of normal operating performance from period to period and company to company to the extent applicable.

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

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(645,632)**	(893,727)
Adjust:		
Unrealized exchange loss	**89,861**	290,559
Share-based compensation expense	**65,103**	129,477
Adjusted loss for the year	**(490,668)**	(473,691)

BUSINESS HIGHLIGHTS

During the fiscal year, we continued advancing our robust pipeline which consists of 13 valuable assets, including 2 commercialized products, more than 30 ongoing global trials in various clinical stages, and business operations with consistent strong execution and a clear growth strategy in aspects of research and development ("**R&D**"), manufacturing, commercialization, and collaboration, including the following milestones and achievements:

BUILDING A LEADING FRANCHISE IN HEMATO-ONCOLOGY

With orelabrutinib serving as our backbone therapy and a key component of our extensive pipeline in hemato-oncology — including Tafasitamab, ICP-248, ICP-B02, ICP-490, ICP-B05, and potential future developments from internal and external sources — our goal is to become a leading player in hemato-oncology both in China and worldwide. We intend to address various segments, such as non-Hodgkin lymphoma ("**NHL**"), multiple myeloma ("**MM**"), and leukemia, utilizing both single and combination therapies.

Orelabrutinib

- Leveraging the indication expansion of relapsed and/or refractory marginal zone lymphoma ("**r/r MZL**") approved in April 2023 as the first and only BTK inhibitor for r/r MZL in China and the coverage of National Reimbursement Drug List ("**NRDL**") of relapsed and refractory chronic lymphocytic leukemia/small lymphocytic lymphoma ("**r/r CLL/SLL**") and relapsed and refractory mantle cell lymphoma ("**r/r MCL**"), our core product 宜諾凱® (Orelabrutinib, Bruton Tyrosine Kinase ("**BTK**") inhibitor) generated product revenue of RMB670.7 million for the year ended 31 December 2023, an increase of 18.5% compared to RMB565.9 million in the same period of 2022. The sales growth was mainly driven by the smooth implementation of the updated NRDL, expansion of new indications of our commercialized products, high maturity of dual-channel implementation, active and effective market penetration and hospital coverages carried out by our in-house commercialization team, and broad use recommendation by the Chinese Society of Clinical Oncology ("**CSCO**") Diagnosis and Treatment Guidelines for Malignant Lymphoma (the "**Guidelines**").

- The new drug application ("**NDA**") for r/r MZL was approved by the National Medical Products Administration ("**NMPA**") in April 2023 as the first and only BTK inhibitor for r/r MZL in China. Overall response rate ("**ORR**") was 58.9% assessed by Independent Review Committee ("**IRC**"). The estimated 12-month PFS and OS were 82.8% and 91%. Relapsed and/or refractory MZL has been included in the NRDL with no price cut.

- We have successfully finished the patient enrollment of the Phase III registrational trial for first-line treatment of CLL/SLL in the first half of 2023 and expect to submit the NDA in the second half of 2024.

- In the U.S., the patient enrollment of our Phase II registrational trial for r/r MCL was completed in the first half of 2023 and we expect to submit the NDA to the U.S. Food and Drug Administration ("**U.S. FDA or FDA**") and start the Phase III confirmatory trial in the second half of 2024.

- We are initiating a global randomized, double-blind, multicenter Phase 3 study of orelabrutinib in combination with rituximab and bendamustine (BR) vs. BR in subjects with treatment-naïve mantle cell lymphoma.

- A Phase III registrational trial in China for the first-line ("**1L**") treatment of MCD subtype DLBCL is ongoing to compare orelabrutinib in combination with rituximab, cyclophosphamide, doxorubicin, vincristine, and prednisone ("**R-CHOP**") versus R-CHOP. This global leading registrational trial in treatment-naïve patients with MCD subtype DLBCL is currently recruiting in 45 sites across China.

ICP-B04 (Tafasitamab ("CD19") (Minjuvi®))

- We have successfully finished the patient enrollment of the Phase II registrational trial for relapsed or refractory diffuse large B-cell lymphoma ("**r/r DLBCL**") in China and aim to submit the NDA to the Center for Drug Evaluation ("**CDE**") in the second quarter of 2024, with NDA approval anticipated in the first half of 2025. At the end of 2022, the Biologics License Application ("**BLA**") of tafasitamab and lenalidomide combination therapy was approved by the Department of Health of the Hong Kong Special Administrative Region for adult patients with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). Under the early access program in Boao Lecheng International Medical Tourism Pilot Zone and Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**"), prescriptions of tafasitamab in combination with lenalidomide were issued in China at the Ruijin Hainan Hospital and Guangdong Clifford Hospital for eligible DLBCL patients.

  Tafasitamab, in combination with lenalidomide, has obtained accelerated approval in the US and conditional marketing authorization approval in Europe for the treatment of adults with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). The combination therapy is the first available therapy for second line treatment for r/r DLBCL patients. In China, tafasitamab in combination with lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT in the CSCO Guidelines.

ICP-248

- ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. Currently, we are conducting a Phase I dose escalation trial, with a primary focus on patients with CLL/SLL, Mantle cell lymphoma ("**MCL**"), and other NHL. Patient enrollment is currently ongoing. The preliminary results demonstrated a good safety profile and achieved favorable pharmacokinetics ("**PK**") which has differentiated ICP-248 from other BCL-2 inhibitors. So far, seventeen patients were dosed and among six evaluable patients at 100mg QD, three reached complete responses ("**CR**") in which two achieved undetectable minimal residual disease ("**uMRD**") and ORR was 100%. These study results could potentially support combination therapy with orelabrutinib in 1L CLL/SLL treatment and other NHL treatment, which could become an important asset for our Company's globalization. The IND for combination therapy with orelabrutinib for 1L CLL/SLL treatment has been approved in March 2024. In the U.S., the IND filing was approved in January 2024.

ICP-B02 (CM355)

- ICP-B02 is a CD20xCD3 bi-specific antibody. We are conducting a Phase I/II clinical trial in China to assess the safety, tolerability, PK, and the preliminary anti-tumor activity of ICP-B02 in r/r NHL. Dose escalation of the intravenous infusion formulation ("**IV**") was completed and the subcutaneous formulation ("**SC**") is being evaluated. Our preliminary data of both IV and SC formulations have shown good efficacy of ICP-B02 in patients with follicular lymphoma ("**FL**") and DLBCL. All the 13 patients who were treated with ICP-B02 at doses ≥6mg achieved response yielding an ORR of 100%. Among 9 patients who were evaluable in SC group, the ORR was 100.0% (9/9) with complete response rate (CRR) of 77.8% (7/9), including 2 DLBCL patients with CR. Most of the responders are still under treatment with sustained response. Based on the encouraging results of ICP-B02 single agent, we are planning for a dose expansion study of ICP-B02 in combination with other immunochemotherapies targeting earlier lines of treatment for NHL patients. The IND for the combination therapies has been submitted.

ICP-490

- ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. We are conducting a Phase I dose escalation study in China with multiple myeloma ("**MM**") patients. ICP-490 was well tolerated. The favorable safety profile supported the dose escalation to the next dosage level. Pharmacodynamic ("**PD**") analysis showed deeper degradation of primary pharmacological targets Aiolos (IKZF3) and Ikaro (IKZF1). In September 2023, the IND approval was granted by CDE to initiate the clinical trial for ICP-490 in combination with dexamethasone. ICP-490 shows strong potential to revolutionize MM treatment and further promise in hemato-oncology therapeutics as a mono therapy or in combination with others.

ICP-B05 (CM369)

- ICP-B05 is an anti-CC chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug co-developed by InnoCare and KeyMed Biosciences Inc. (2162.HK) as a monotherapy or in combination with other therapies for the treatment of various cancers. We are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of ICP-B05 in subjects with advanced solid tumors and relapsed or refractory NHL. Dose escalation of ICP-B05 in solid tumors has been escalated up to 150mg, which is also the initial dose designated for NHL. ICP-B05 is well tolerated with no DLTs nor Grade≥3 adverse events ("**AEs**") observed. The preliminary results demonstrated a favorable PK profile with sufficient exposure for target coverage and regulatory T-cell depletion. Preliminary efficacy was observed in NHL patient, who achieved PR at the first tumor assessment. Dose escalation is ongoing and we will explore the combination of ICP-B05 with other immunotherapies in various cancer indications after collecting the safety data of monotherapy.

DEVELOPING B-CELL AND T-CELL PATHWAYS IN AUTOIMMUNE DISEASES

Autoimmune diseases can affect almost every organ in the body and can occur at any point across the lifespan. Many result in chronic and debilitating conditions, and some have no known cure. The global markets for autoimmune diseases therapeutics is anticipated to reach US$185 billion by 2029, growing moderately at a CAGR of 3.7% over the forecast period, driven by increasing prevalence of autoimmune diseases and immune-related secondary disorders, multiple new product launches, and rising cost for treatments. (October 3, 2023 by iHealthcareAnalyst, Inc.) We have fortified our powerful discovery engine in the global frontier targets for the development of autoimmune therapeutics through B-cell and T-cell pathways for the purpose of providing the first-in-class and/or best-in-class treatments to the massive unmet clinical needs with a promising market potential in China and/or worldwide.

Orelabrutinib

- We have achieved proof of concept ("**PoC**") of orelabrutinib for the treatment of Immune Thrombocytopenia ("**ITP**") and the Phase III registrational trial is ongoing in China. First patient was enrolled in Ocotober 2023, and last patient in is expected by the end of 2024 or the beginning of 2025. On 12 June 2023, the PoC of ITP Phase II result was orally presented at the European Hematology Association ("**EHA**") 2023 Hybrid Congress. Generally, 40% of patients taking orelabrutinib 50mg QD met the primary endpoint, 75%(6/8) of patients who had previously responded to glucocorticoids ("**GC**")/intravenous immunoglobulin ("**IVIG**") therapies met the primary endpoint at 50mg QD. By leveraging BTK inhibitor's advantage in ITP, such as decreased macrophage-mediate platelet destruction and reduced production of pathogenic autoantibodies, we positioned orelabrutinib as a preferred BTK inhibitor for idiopathic diseases.

- The Phase IIa trial for systemic lupus erythematosus ("**SLE**") demonstrated positive results, with remarkable SLE Responder Index ("**SRI**")-4 response rates observed in a dose dependent manner, along with trends indicating a reduction in proteinuria levels. A Phase IIb trial is ongoing. We expect to complete the patient enrollment in 2024. Interim analysis is planned and the results will be discussed with CDE for the next steps.

- The 24-week data from the multiple sclerosis ("**MS**") global Phase II trial is consistent with the previously reported 12-week data in terms of both efficacy and safety. The primary endpoint was achieved dose-dependently (C_{max} driven) in all three active orelabrutinib treatment groups. Notably, a 92.3% relative reduction was achieved in cumulative number of new Gd + T1 lesions at week 24 at 80mg QD compared to placebo arm (switched to orelabrutinib 50mg QD after Week 12). This reduction stands out as a leading indicator of efficacy when compared to other MS therapies that are approved or in developmental stages. All orelabrutinib groups achieved T1 new lesion control after 4 weeks of treatment and the effect was sustained up to 24 weeks. The 80mg QD cohort showed the highest reduction rate of cumulative number of new lesions Gd+T1 lesions and the best for lesion control throughout 24 weeks with lowest incidence of liver-related TEAEs, indicating its potential as a leading MS treatment.

ICP-332

- ICP-332 is a novel tyrosine kinase 2 ("**TYK2**") inhibitor that is being developed for the treatment of various T cell related autoimmune disorders. In December 2023, we have announced the positive topline results from the Phase II randomized, double-blind, placebo-controlled study of ICP-332, a once-daily oral inhibitor of TYK-2, in adult patients with moderate-to-severe atopic dermatitis ("**AD**"). Patients with AD treated with ICP-332 for 4 weeks showed excellent efficacy and safety profile. The percentage change from baseline in the Eczema Area and Severity Index ("**EASI**") score, a measure of the eczema area and severity of atopic dermatitis, reached to 78.2% at 80mg once-daily dosing with a statistically significance ($p<0.0001$) and 72.5% at 120mg once-daily dosing with a statistically significance ($p<0.0001$) compared to 16.7% for patients receiving placebo. Moreover, ICP-332 achieved multiple efficacy endpoints including EASI 50, EASI 75, EASI 90 (improvement of at least 50%, 75%, and 90% in EASI score from baseline) and Investigator's Global Assessment (IGA) 0/1 (score of 0 clear or 1 almost clear) in the 80mg and/or 120mg group respectively. EASI 75 reached to 64%/64% at the 80mg and 120mg dosing group respectively, compared to 8% percent for patients receiving placebo ($p<0.0001$). All treatment-related adverse events (TRAEs) were mild or moderate, which is comparable to those receiving placebo. We will continue to evaluate the potential of ICP-332 in the Phase III trial of AD, and across other immune-mediated diseases. We expect to start the patient enrollment of the Phase III trial for AD in China, initiate second indication in China and clinical trial in US in 2024.

ICP-488

- ICP-488 is a potent and selective TYK2 allosteric inhibitor that binds to the pseudo kinase JH2 domain of TYK2 and blocks IL-23, IL12, type 1 IFN, and other cytokine receptors. We plan to develop ICP-488 for the treatments of various autoimmune diseases. As of the date of this announcement, we have finished the Phase I trial of ICP-488. Pharmacokinetics (PK) and safety were evaluated in both healthy participants and patients with moderate to severe chronic plaque psoriasis, with preliminary efficacy assessed in the psoriasis patients. Following single dose of ICP-

488 administration (1–36 mg), ICP-488 plasma exposures were approximately dose-proportional. There was no apparent accumulation of ICP-488 observed (<1.5-fold) in the MAD portion (3–12 mg once-daily). No clinically significant differences in the pharmacokinetics of ICP-488 was observed following co-administration with standard high-fat, high-calorie meals. The least-squares mean percentage change from baseline in the Psoriasis Area and Severity Index ("**PASI**") score, a measure of the area and severity of psoriasis, indicated a significant difference between the ICP-488 6mg once-daily dosing group and the placebo group at week 4 (37.5% vs 13.8%, p=0.0870 which was less than two-sided alpha of 0.1). PASI 50 assessments demonstrated a 42% improvement with treatment of ICP-488 at 6mg QD compared with placebo (0%). All TEAEs and TRAEs were mild or moderate with the same incidence rate in both the ICP-488 and placebo arms. The safety and efficacy profile of ICP-488 supported advancing it to Phase II clinical trials in psoriasis patients.

- The Phase II study of psoriasis is ongoing, we aim to finish patient enrollment and have the topline results by the end of 2024.

ICP-B02 (CM355)

- ICP-B02 is a CD20×CD3 T-cell-engaging bispecific monoclonal antibody that redirects T cells to eliminate malignant B cells. ICP-B02 (SC & IV) induced a profound and sustained depletion of peripheral B cells after first infusion in our Phase I/II clinical trial in r/r NHL patients. Given the critical role of B cells in a variety of severe autoimmune diseases, ICP-B02 may have broader applications in severe autoimmune diseases as it is more feasible and tolerable.

ICP-923

- ICP-923 is an oral IL-17A blocker. IL-17 is a pro-inflammatory cytokine that plays an important role in immune functional responses. Orally administered small molecules targeting IL-17A may represent a convenient alternative to IL-17A-targeting monoclonal antibodies for many patients. We have identified a novel, orally available, small molecule that can potently block the binding of both IL-17AA and IL-17AF to IL-17R.

BUILDING A COMPETITIVE DRUG PORTFOLIO FOR SOLID TUMOR TREATMENT

We strive to expand the breadth of our pipeline to cover solid tumor disease areas through a combination of targeted therapy and immune-oncology approaches. The inadequacy of age-appropriate dosage forms and strengths, along with a shortage of pediatric drugs, are key issues commonly encountered in pediatric medicine. We believe the potential best-in-class molecule, ICP-723, will enable us to establish a strong presence in the field of solid tumor treatment. To benefit a broader range of patients, our rapidly maturing early-stage pipeline, including cornerstone therapies like ICP-189, ICP-B05, and the ICP-033, aims to offer competitive treatment solutions for a wide array of solid tumors to patients both in China and globally.

ICP-723 (Zurletrectinib)

- A Phase II registrational trial has been initiated in mainland China for ICP-723 in adult and adolescent patients (12+ years of age) with advanced solid tumors harboring NTRK gene fusions. We expect patient enrollment to be completed within the next few months following the date of this announcement and thus far, we have observed an ORR of 80-90%. Zurletrectinib was shown to overcome acquired resistance to 1st generation TRK inhibitors, bringing hope to patients who failed prior TRKi therapy. Furthermore, the IND for the pediatric population (2 years old ≤ age < 12 years old) was approved by CDE in July 2023, and pediatric patients enrollment is ongoing with 1 PR observed. We expect to submit the NDA by the end of 2024 or early 2025.

ICP-189

- ICP-189 is a potent oral allosteric inhibitor of SHP2 with potential synergistic combinations with a range of targeted therapies or immunotherapies. We are conducting a Phase Ia dose escalation study to evaluate the safety, tolerability, pharmacokinetics and preliminary anti-tumor activity of ICP-189 in patients with advanced solid tumors in China. As of the date of this announcement, we completed the dose escalation up to the 120mg QD cohort with no DLTs or severe adverse events ("**AEs**") (Grade ≥ 3) observed. The patient enrollment at 160mg QD is ongoing. ICP-189 demonstrated dose proportional pharmacokinetics and a long half-life. At the 120mg dose, ICP-189 achieved sufficient exposure to effectively cover IC_{90} for DUSP6 inhibition, a downstream biomarker of MAPK pathway. Preliminary efficacy of ICP-189 monotherapy was observed; one patient with cervical cancer in the 20mg dose cohort achieved a partial response (PR) that sustained for 14 cycles. Additionally, the Phase I trial to evaluate the safety and efficacy of ICP-189 in

combination with ArriVent's furmonertinib, a 3rd generation EGFR inhibitor, for the treatment of non-small cell lung cancer ("**NSCLC**") is ongoing with first patient dosed in March 2024.

ICP-192 (Gunagratinib)

- Gunagratinib is a potent and highly selective pan-fibroblast growth factor receptor ("**pan-FGFR**") inhibitor that we are developing for the treatment of various types of solid tumors. We have completed the Phase I study, which showed good safety and tolerability, and are currently conducting a Phase II registrational trial in cholangiocarcinoma ("**CCA**") in China. In January 2023, we presented the data from an ongoing Phase IIa dose expansion study of gunagratinib in patients with cholangiocarcinoma at ASCO-GI 2023.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

OVERVIEW

InnoCare is a commercial stage biopharmaceutical company committed to discovering, developing, and commercializing potential best-in-class and/or first-in-class drugs for the treatment of cancers and autoimmune diseases, being two major therapeutic areas with significant market opportunities and synergies. Led by a well-known management team of seasoned industry executives, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing, and commercialization capabilities. Our vision is to become a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide.

Leveraging our management team's global vision and local expertise, we have built a differentiated and balanced drug portfolio and have launched our first product, orelabrutinib, in China. In addition, we have launched our second commercialized product, Tafasitamab, in a designated province in China for prior clinical use. Our drug candidates target both novel and evidence-based biological pathways. Our discovery and development efforts are focused on drug candidates with evidence-based targets that have the potential to be best-in-class from a safety and/or efficacy perspective. We also devote significant efforts in identifying novel targets and developing therapies with global breakthrough potential.

2024 OUTLOOK AND FUTURE DEVELOPMENT

As we approach our ninth year since the Company's establishment, we anticipate that 2024 will continue to be promising for our commercialized products and pivotal stage pipeline. It marks a transformative year for the Company, transitioning from InnoCare version 1.0 to 2.0. This transformation will be characterized by further expansion of our global R&D footprint, commercialization, and manufacturing capabilities. To accomplish our vision of becoming a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide, we will focus on pursuing the following aspects:

Building A Leading Franchise in Hemato-oncology

With orelabrutinib as our backbone therapy and supported by our extensive pipeline in hemato-oncology — including ICP-248, ICP-B02, Tafasitamab, ICP-490, ICP-B05, and potential future developments from both internal and external sources — we aim to become a leading player in the global hemato-oncology field. Our focus includes covering the MM and NHL markets in China and worldwide. Leveraging the strong sales momentum from its second year in the NRDL and the approval for the new indication of r/r MZL, we will continue to accelerate the sales of orelabrutinib (宜諾凱®) in China. Our broad clinical program aims to expand orelabrutinib's indications in China for a range of B-cell malignancies, including its use as a first-line treatment for CLL/SLL, MCL, and the MCD

subtype of DLBCL, etc. Concurrently, we are advancing efforts to secure orelabrutinib's timely approval in the U.S. for r/r MCL and actively pursuing potential combination therapy partners to maximize the value of its superior clinical profile in NHL markets outside of China.

Developing B-cell and T-cell Pathways in Autoimmune Diseases

Orelabrutinib's favorable safety profile and established capability in regulating the B-cell pathway have enabled us to aggressively pursue its application in treating various autoimmune diseases.

We have successfully accomplished the PoC of orelabrutinib in the ITP Phase II trial in mainland China, and the Phase III registrational trial is currently ongoing.

Based on the positive results from the Phase IIa SLE clinical trial, we believe orelabrutinib could potentially become the first-in-class BTK inhibitor for the treatment of SLE and we are actively moving forward with the Phase IIb trial in China and other development schemes. Furthermore, we have initiated Phase II trials in other autoimmune indications including NMOSD, and are evaluating CSU and Hidradenitis Suppurativa, among others.

In addition to orelabrutinib, we are exploring treatments for autoimmune diseases caused by T-cell dysfunctions with other potential candidates, addressing significant unmet clinical needs. As a recognized potential blockbuster novel target, we have successfully obtained the Phase II PoC readout of ICP-332 in AD and early PoC of ICP-488 in psoriasis. We plan to further evaluate various T-cell mediated autoimmune diseases, including SLE, LN, and IBD.

With orelabrutinib as a B-cell pathway regulator, and ICP-332, ICP-488 and ICP-923 as T-cell pathway regulators, we believe we are well-positioned to offer oral drug solutions for the significant unmet medical needs in autoimmune diseases.

Building A Competitive Drug Portfolio for Solid Tumor Treatment in China and Worldwide

We strive to expand the breadth of our pipeline to cover solid tumor disease areas through a combination of targeted therapy and immune-oncology approaches. The inadequacy of age-appropriate dosage forms and strengths, along with a shortage of pediatric drugs, are key issues commonly encountered in pediatric medicine. We believe the potential best-in-class molecule, ICP-723, will enable us to establish a strong presence in the field of solid tumor treatment. To benefit a broader range of patients, our rapidly maturing early-stage pipeline, including cornerstone therapies like ICP-189, ICP-B05, and the ICP-033 immune-oncology treatment, aims to offer competitive treatment solutions for a wide array of solid tumors to patients both in China and globally.

Continuing To Expand Our Pipeline Through In-House Discovery and Business Development Efforts

We will continue to develop our multiple candidates currently at the IND-enabling stage and generate new molecular entities from our proven in-house drug discovery platform.

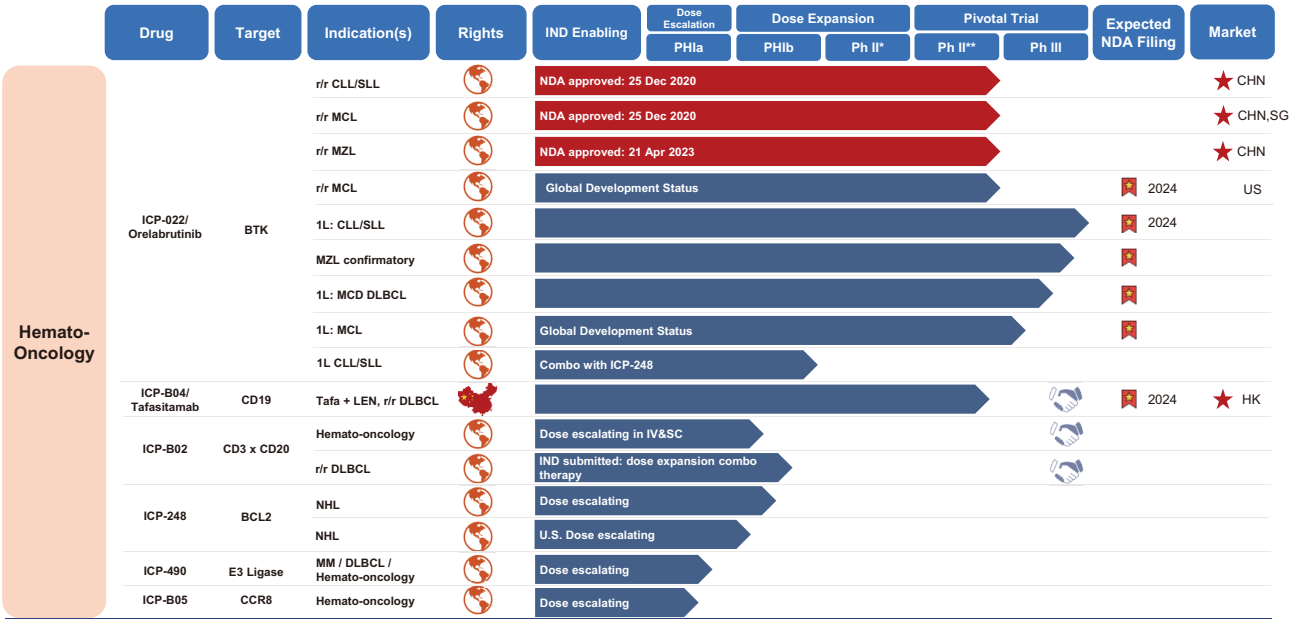
To further enhance our pipeline and optimize our operational efficiency, we will actively pursue in-licensing and clinical collaboration opportunities that will complement our existing portfolio. A strong emphasis will be placed on licensing assets that could allow us to fully leverage our established clinical development, commercialization, and manufacturing capabilities, and those that have potential synergies with our current pipeline for combination therapies.

Establishing In-House Biological Drug R&D Capability Through Internal and External Effortsd

With the long-term goal of becoming a world leading biopharma company, we believe it is necessary to build our internal biological drug R&D capability. Collaborative activities surrounding ICP-B02, ICP-B05, and Tafasitamab have clearly demonstrated our commitment and provided us a great starting point. Building an internal talent team with the necessary infrastructure for biological drugs is well underway.

PRODUCT PIPELINE

Our current pipeline drugs cover a variety of novel and validated therapeutic targets and drug modalities including monoclonal antibodies, bispecific antibodies, and small molecules for the treatment of various autoimmune diseases, hemato-oncology and solid tumors.



BUSINESS OVERVIEW

ORELABRUTINIB COMMERCIALIZATION ACHIEVEMENTS AND MILESTONES

(宜諾凱®, Orelabrutinib, BTK inhibitor)

Orelabrutinib (宜諾凱®), our first and core commercial product, is a highly selective, irreversible BTK inhibitor. It was successfully included in China's NRDL in 2022 for the treatment of patients with r/r CLL/SLL and r/r MCL. Orelabrutinib has also been included in the updated NRDL in 2024 for the treatment of patients with r/r MZL, maintaining the same price as in 2023. Since its first launch day in mainland China, orelabrutinib was included in the CSCO Guidelines as a Class I treatment for r/r CLL/SLL and r/r MCL, and as one of the recommended BTK inhibitors to be combined with chemotherapy for the treatment of r/r DLBCL and pCNSL.

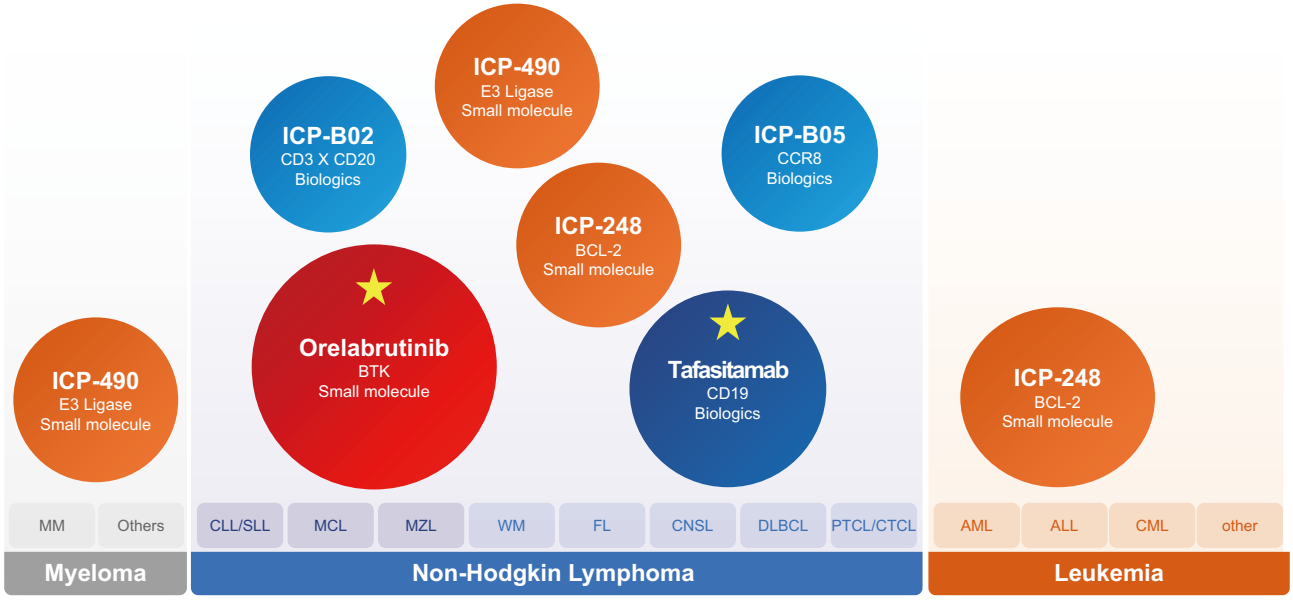
Total revenue of the Group was RMB738.5 million for the year ended 31 December 2023, of which orelabrutinib generated sales of RMB670.7 million for the year ended 31 December 2023, representing a 18.5% growth compared to the year ended 31 December 2022. With an in-house team of approximately 330 experienced sales and marketing members, orelabrutinib's promotion coverage has rapidly penetrated core cities and nationally leading hospitals. We expect that the NRDL inclusion, expansion of new indications, maturity of dual-channel implementation, and our strengthened commercialization capabilities will facilitate robust sales growth of orelabrutinib in 2024 and beyond. This growth will be supported through broadened patient access, accelerated market penetration, and an increased duration of treatment (DOT), ultimately enabling us to capture a substantial market share across all channels.

BUILDING A LEADING FRANCHISE IN HEMATO-ONCOLOGY

With orelabrutinib serving as our backbone therapy and a key component of our extensive pipeline in hemato-oncology — including Tafasitamab, ICP-248, ICP-B02, ICP-490, ICP-B05 and potential future developments from internal and external sources — our goal is to become a leading player in hemato-oncology both in China and worldwide. We intend to address various segments, such as non-Hodgkin lymphoma ("**NHL**"), multiple myeloma ("**MM**"), and leukemia, utilizing both single and combination therapies.

We are well underway towards building a leading hemato-oncology franchise to cover NHL and MM segments with (i) our internally developed core therapy orelabrutinib, (ii) the U.S. FDA and European Medicines Agency ("**EMA**") approved anti-CD19 antibody Tafasitamab for r/r DLBCL, (iii) multiple pipeline drugs that cover almost all important hemato-oncology targets such as BCL-2, CD20xCD3, E3 ligase and CCR8, and (iv) a well-established and focused commercialization platform in China.

Comprehensive Coverage for Hemato-oncology



Orelabrutinib for Hemato-Oncology Diseases

As of the date of this announcement, we have dosed over 1,100 patients across all of our orelabrutinib trials for oncology and autoimmune diseases. Besides r/r CLL/SLL and r/r MCL, orelabrutinib was approved for r/r MZL, marking it as the first and only BTK inhibitor approved for this use in mainland China. Additionally, multiple registrational trials are ongoing across China and the U.S., including first line and second line treatments for various hematological malignancies. The clinical data indicates that orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles.

Orelabrutinib for r/r MZL

MZL is an indolent B-cell NHL and the second most prevalent lymphoma in China, accounting for 8.3% of all lymphomas. It mainly affects middle-aged and elderly individuals. The annual incidence of MZL has been increasing globally. After first-line treatment, patients with r/r MZL lack effective treatment options.

In April 2023, orelabrutinib received approval from the Chinese NMPA for the treatment of patients with r/r MZL. Orelabrutinib is currently the first, and only, BTK inhibitor approved for the treatment of r/r MZL in China.

On 16 June 2023, we announced the latest clinical data of orelabrutinib at the 17th International Conference on Malignant Lymphoma ("**ICML**") during the oral presentation section. Orelabrutinib demonstrated high response rates with durable disease remission and was well tolerated in Chinese patients with r/r MZL. The primary endpoint was overall response rate ("**ORR**") assessed by Independent Review Committee ("**IRC**") based on the Lugano 2014 classification.

Among the enrolled Chinese patients, the majority had late-stage diseases, with stage IV accounting for 75.9%. After a median follow-up of 24.3 months, the IRC-assessed ORR was 58.9%. The median duration of response ("**DoR**") and the median progression-free survival ("**PFS**") was 34.3 months and not reached, respectively. The 12-month PFS rate was 82.8%, and the overall survival ("**OS**") rate was 91%. Treatment was generally well tolerated with most treatment-related adverse events ("**TRAE**") being grade of 1 or 2.

We are now conducting a randomized, controlled, double-blind, Phase III study to evaluate the efficacy and safety of orelabrutinib plus lenalidomide and rituximab (R2) versus placebo plus R2 in r/r MZL.

According to publicly disclosed data at ASH 2023 *(Jiadai Xu, Lu-Ya Cheng, Yang Ke, et al. Blood 2023; 142 (Supplement 1): 6146.)*, orelabrutinib combined with rituximab shows encouraging anti-tumor activity in MZL, with a favorable safety profile. These results suggest a potential first-line treatment strategy for MZL. Among a total of 10 patients, 3 (30%) achieved complete response ("**CR**") and 6 (60%) attained partial response ("**PR**") as their best response, resulting in an ORR of 90%. After a median follow-up of 13.0 months (range 7.8–24.7), the median PFS was not reached, with a 6-month PFS rate of 100%. OS could not be assessed, as no deaths occurred. As of May 6, 2023, 8 patients were receiving orelabrutinib maintenance treatment, with a median duration of maintenance treatment of 9.6 months (range 3.0–17.8). The ORR was 75% (6/8) during maintenance treatment, with 1 patient having stable disease ("**SD**") and 1 developing progressive disease ("**PD**"). No serious adverse events were observed and off-target related AEs such as atrial fibrillation, diarrhea, and major hemorrhage were not reported.

Orelabrutinib for r/r MCL

MCL is a subtype of B-cell non-Hodgkin lymphoma that results from the malignant transformation of B-lymphocytes in the mantle zone of lymph node follicles. MCL occurs most frequently in men at a median age of 60 years, and the majority of patients are diagnosed in an advanced stage of the disease. Despite high response rates to first-line chemoimmunotherapy, the majority of patients eventually relapse and require subsequent treatment. Currently, there is no standard therapy for relapsed/refractory MCL. The therapies approved by the Food and Drug Administration for this patient population are still limited, with low rates of CR, short durations of remission, and unfavorable safety and tolerability profiles for older patients.

On 2 May 2023, Blood Advances, part of leading hematology journal Blood, and the Journal of the American Society of Hematology, published the clinical study results of orelabrutinib in Relapsed or Refractory Mantle Cell Lymphoma ("**r/r MCL**") patients. The journal concluded that orelabrutinib demonstrated substantial efficacy and was well tolerated in patients with r/r MCL after long-term follow-up.

A total of 106 patients were enrolled in the study. As of 9 June 2023, after a median follow-up of 46.98 months, based on conventional computerized tomography ("**CT**") assessment, the ORR was 83%, with 35.8% achieving complete response, 3.8% achieving unconfirmed complete response ("**CRu**"), and 43.4% obtaining partial response, as assessed by the Investigator. Patients experienced a rapid response to the treatment. The median duration of response was 25.79 months, and the progression-free survival was 24.94 months. The median OS reached 56.21 months. Orelabrutinib was well-tolerated, demonstrating a favorable safety profile.

In the U.S., enrollment for the global Phase II registrational trial for r/r MCL was completed in the first half of 2023, and we expect to submit the NDA in the second half of 2024. Orelabrutinib has previously been granted breakthrough therapy designation ("**BTD**") from the FDA and will take an accelerated development path in the U.S. Thus far, orelabrutinib has demonstrated a consistent efficacy and safety profile in r/r MCL patients across diverse populations, including those from the U.S., China, and other countries.

A prospective, multicenter, single-arm Phase II study of orelabrutinib-lenalidomide-rituximab (OLR) in patients with untreated MCL in China *(Huilai Zhang, Liping Su, Lihong Liu, et al. Blood 2023; 142 (Supplement 1): 736.)* showed that out of 21 patients (75.0%) who completed 6 cycles of induction therapy and were evaluable for response, 16 (76.2%) achieved a CR and 5 (23.8%) obtained a PR, resulting in an ORR of 100%. In addition, 18 of these 21 patients were available for minimal residual disease ("**MRD**") analysis, with both peripheral blood MRD ("**PB-MRD**") and bone marrow MRD ("**BM-MRD**") results being negative in all 18 patients. The median DOR and median PFS were not reached, with the estimated 12-month DOR rate and PFS rate at 90.9% and 92.3%, respectively.

Orelabrutinib for 1L CLL/SLL

This is a randomized, multicenter, open-label, Phase III study to evaluate the efficacy and safety of orelabrutinib with previously untreated CLL/SLL. The primary endpoint of this study is progress-free survival ("**PFS**") evaluated by the IRC.

The registrational Phase III trial, conducted across 53 sites in China, successfully completed the enrollment of patients for 1L CLL in the first half of 2023. An interim analysis is planned for an early efficacy readout. We expect to submit the NDA in China in the second half of 2024.

Orelabrutinib for 1L MCL

We are initiating a global randomized, double-blind, multicenter Phase III study of orelabrutinib in combination with rituximab and bendamustine (BR) vs. BR in subjects with treatment-naïve mantle cell lymphoma.

Orelabrutinib for 1L DLBCL-MCD Subtype

We have a clear, differentiated strategy for DLBCL, the largest subtype of NHL, with more than 1 million patients worldwide. We initiated our strategy to 1L DLBCL by selecting the MCD subtypes. This is a Phase III, randomized, double-blind, placebo-controlled, multicenter study evaluating the efficacy and safety of orelabrutinib plus R-CHOP versus placebo plus R-CHOP in treatment-naive patients with MCD subtype DLBCL. The study is currently recruiting in 45 sites across China.

Approximately 40% of DLBCL patients will eventually become refractory/relapsed. This is often attributed to the heterogeneous genetic aberrations within the patient population. Recent research has been more supportive that R-CHOP+X with genetic rationale may provide synergy between multiple novel agents. Among the already classified genetic subtypes, MCD is predominantly enriched with B-cell receptor-dependent NF-KB activation, which indicates this patient sub-group might respond well to BTK inhibitors. The pre-clinical models have demonstrated that orelabrutinib preserves NK-cell-mediated antibody-dependent cell-mediated cytotoxicity ("**ADCC**") induced by anti-CD20 antibody due to less inducible T cell kinase ("**ITK**") inhibition. Orelabrutinib's improved safety profile, attributed to its high kinase selectivity also makes it a better candidate for combination therapies. These findings provide a solid rationale for exploring the combination of orelabrutinib and R-CHOP to improve treatment outcomes of the MCD subtype DLBCL.

The real-world data regarding orelabrutinib in combination with R-CHOP for MCD DLBCL were posted at the American Society of Clinical Oncology ("**ASCO**") in June 2022. Fourteen patients with MCD DLBCL were included in the study. All patients received orelabrutinib 150mg once daily. Among them, 8 were treated with R-CHOP or R-EPOCH,

and 6 with RICE, R-CHOP or R2 as second line therapy. The complete response rate ("**CRR**") for the first-line and second-line patients were 75% and 66.67%, respectively. Reported AEs were generally manageable and resolved soon after supportive treatment. The preliminary conclusion is that orelabrutinib containing regimens demonstrated encouraging efficacy with a well-tolerated safety profile among patients with MCD subtype DLBCL. A large-scale prospective registrational clinical study is in progress, which could offer a new therapeutic option for patients with MCD subtype DLBCL.

Orelabrutinib for r/r CLL/SLL

This is an open-label, multicenter, Phase II study to evaluate the safety and efficacy following 150mg daily oral administration of orelabrutinib in r/r CLL/SLL patients. A total of 80 patients with r/r CLL/SLL were enrolled. According to the data as of 26 June 2023, the median follow-up time was 52.4 months, with 42.5% remaining on treatment. The ORR was 93.8% with 30% complete response ("**CR**") as assessed by investigator. Median time for achieving first response was 1.84 months. The median duration of response ("**DOR**") and progression-free survival ("**PFS**") were 52 months and 50 months, respectively. Orelabrutinib showed a significant higher CR rate in r/r CLL/SLL in comparison with other BTK inhibitors at a similar median follow-up period. Long term follow up did not suggest any safety signal other than the ones observed previously. Similar to the previously reported safety results, most AEs were mild to moderate, which indicated that orelabrutinib was well tolerated.

Orelabrutinib for Primary Central Nervous System Lymphoma ("pCNSL")

During the EHA 2023 Hybrid Congress, preliminary findings were presented from a Phase II study on the chemo-free combination of pomalidomide, orelabrutinib, and rituximab with sequential high-dose methotrexate in newly diagnosed patients with primary CNS lymphoma.

This is the first study to treat newly diagnosed pCNSL ("**ND pCNSL**") with a targeted therapy combination before chemotherapy. The regimen of pomalidomide, orelabrutinib, and rituximab produced a high ORR and was well tolerated. This indicates the potential for non-cytotoxic first-line therapies in treating pCNSL.

Survival outcomes of patients with r/r pCNSL remain extremely poor, lacking approved therapies or a widely accepted standard-of-care. In 2022, eight investigator-initiated studies published results showing promising data for orelabrutinib-based regimens in treating both ND pCNSL and r/r CNSL. The ORR of orelabrutinib combined with immunochemotherapy ranged from 88.9% to 100%, with a CR rate of 53.9% to 61.8% in patients with ND pCNSL. The vast majority of the patients with ND pCNSL responded well to the combination of orelabrutinib with traditional immunochemotherapy, with more than half achieving complete remission. Notably, the median PFS ("**mPFS**") was not reached in these studies, with a 6-month PFS rate ranging from 63.6% to 100%.

In the relapse/refractory setting, approximately 60% of patients with r/r CNSL achieved remission with an ORR of 60% to 86.7%, with most of those that responded achieving complete remission. The mPFS was 9.8 months, marking a significant improvement from the historical mPFS of around 3 months.

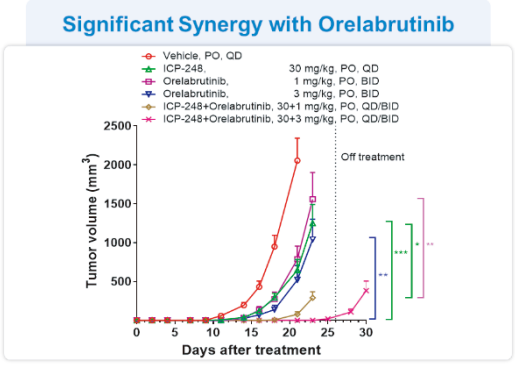
Patients exhibiting enhanced BCR signaling, particularly those with the MYD88 mutation, showed a superior response to treatment. This aligns with the mechanism of action ("**MOA**") of orelabrutinib, which is designed to target these specific molecular pathways. Importantly, orelabrutinib demonstrates excellent permeability across the blood-brain barrier ("**BBB**"), a critical feature for treating central nervous system conditions. An oral dose of 150mg per day resulted in a median cerebrospinal fluid concentration of 21.6ng/mL and a median BBB permeability rate of 58.6%.

Orelabrutinib combined with immunochemotherapy was well tolerated and manageable. The safety profile observed in these studies was consistent with the results in previous clinical trials. No new safety signals has been observed in pCNSL patients so far.

Combining orelabrutinib with ICP-248(BCL-2 inhibitor)

The advent of BTK inhibitors has revolutionized the treatment landscape for B cell malignancies, especially in CLL/SLL and MCL. These inhibitors have shifted the treatment paradigm for CLL from a disease managed with repeated courses of fixed-duration chemoimmunotherapy to one that is treated with a continuous daily oral therapy. BTK inhibitors have improved PFS when compared to traditional chemoimmunotherapy in frontline CLL treatment, and have been shown to improve OS when compared to fludarabine, cyclophosphamide, and rituximab chemoimmunotherapy. Despite these advancements, BTK inhibitors do not completely eradicate the disease, and achieving disease remissions with undetectable minimal residual disease ("**uMRD**") are rare. This necessitates ongoing treatment, increasing the risk for both resistance and chronic toxicity.

BCL-2 is an anti-apoptotic protein that renders cells resistant to apoptosis. The BCL-2 dysregulation is a key process in the pathogenesis of B cell lymphoma.



The combination of BCL-2 inhibitors and BTK inhibitors increases the depth of response and may induce a longer duration of remission in patients with CLL/SLL and MCL. For patients with CLL/SLL, this combination strategy also provides a fixed-duration therapeutic option. We are exploring the potential of orelabrutinib combined with ICP-248 (BCL-2 inhibitor) for treating CLL/SLL and MCL. Additionally, the dual oral combination therapie aims to provide a more convenient treatment regimens.

ICP-B04 (Tafasitamab)

In the current CSCO Guidelines, tafasitamab in combination with lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT.

As of the date of this announcement, tafasitamab has been included in the overseas special drug list in over 27 provinces and cities in mainland China including Beijing, Shanghai, Hebei, Hainan provinces, Suzhou City, Wuxi City, Foshan City, and Chengdu City, etc. This has greatly improved the accessibility of tafasitamab for patients with DLBCL. Tafasitamab, in combination with lenalidomide, has been approved for use in Hong Kong, as well as the early access program in the Greater Bay Area of mainland China.

We have successfully finished the patient enrollment of the Phase II pivotal trial of the tafasitamab and lenalidomide combination therapy for the treatment of r/r DLBCL and aim to submit the NDA to Center for Drug Evaluation ("**CDE**") in the second quarter of 2024.

We anticipate NDA approval in the first half of 2025. This is a single-arm, open-label, multicenter Phase II clinical study evaluating the safety and efficacy of tafasitamab combined with lenalidomide for the treatment of patients with r/r DLBCL. The primary endpoint is to evaluate the ORR assessed by investigator and IRC. The secondary endpoints are DCR, DoR, PFS, time to progression ("**TTP**"), time to response ("**TTR**"), OS, and safety.

Tafasitamab, in combination with lenalidomide, has obtained accelerated approval in the U.S., and conditional marketing authorization approval in Europe for the treatment of adults with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). Tafasitamab is approved for r/r DLBCL and is the first available therapy for the second-line treatment of r/r DLBCL patients. With a similar role and more stable expression across B-NHL, this CD19 targeted immunotherapy has the potential to become another fundamental therapy for B-NHL.

The Biologics License Application ("**BLA**") for the combination therapy of tafasitamab and lenalidomide was approved by the Department of Health of the Hong Kong Special Administrative Region for adult patients with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). Furthermore, under the early access program in the Boao Lecheng International Medical Tourism Pilot Zone and the Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**"), prescriptions of tafasitamab in combination with lenalidomide were issued at the Ruijin Hainan Hospital and Guangdong Clifford Hospital for eligible DLBCL patients.

ICP-248

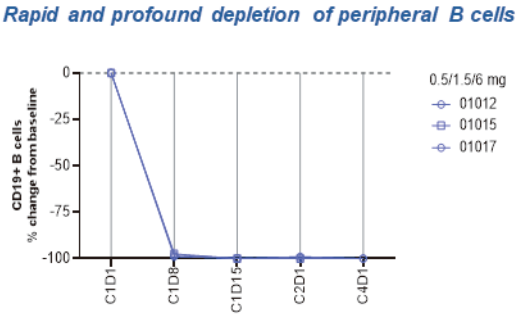
ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. BCL-2 plays a crucial role in the apoptotic pathway and is overexpressed in a variety of hematologic malignancies. BCL-2 inhibitors have demonstrated anti-tumor effects by activating the endogenous mitochondrial apoptosis pathway, leading to rapid cancer cell apoptosis. We have developed ICP-248 as a selective BLC2 inhibitor characterized by enhanced metabolic stability and reduced drug-drug interaction ("**DDI**") liability. Given the outstanding safety and efficacy profile of orelabrutinib, we are confident that the combination of ICP-248 and orelabrutinib will overcome resistance issues observed in existing BCL-2 inhibitors. We intend to develop ICP-248 in combination with orelabrutinib for the treatment of CLL/SLL and other NHLs.

Currently, the Phase I trial in mainland China is progressing. This is an open-label, multicenter, Phase I dose escalation and dose expansion study to evaluate the safety and preliminary efficacy of ICP-248 in r/r B-cell malignancies in China, mainly including CLL/SLL, MCL and other NHL. Preliminary results have demonstrated a good safety profile and favorable pharmacokinetics, with high exposure at relatively low dose levels, distinguishing ICP-248 from other BCL-2 inhibitors. Thus far, seventeen patients have been dosed, and among 6 evaluated patients at the potential 100mg QD RP2D, three achieved CR in which two achieved uMRD, with an ORR of 100%. The IND for the combination therapy with orelabrutinib for 1L CLL/SLL treatment was approved by CDE in March 2024. As a core asset for our Company's global development strategy, ICP-248 was approved for clinical trials by the FDA in January 2024.

ICP-B02 (CM355)

ICP-B02 is a CD20xCD3 bispecific antibody co-developed with KeyMed for the treatment of B-cell non-Hodgkin's lymphoma as a monotherapy or in combination with other therapies. In preclinical studies, it demonstrated stronger TDCC activities with less cytokine release as compared to its leading competitors.

As of the date of this announcement, we have completed the dose escalation of the intravenous infusion formulation ("**IV**") of ICP-B02 and are currently evaluating the subcutaneous formulation ("**SC**"). Encouragingly, our preliminary data for both the IV and SC formulations have shown good efficacy in patients with follicular lymphoma ("**FL**") and DLBCL. Remarkably, all 13 patients treated with ICP-B02 at dose ≥6mg responded, achieving an ORR of 100%. In the SC group, among 9 evaluable patients, the ORR was 100.0% (9/9), with a complete response rate (CRR) of 77.8% (7/9), including 2 DLBCL patients with CR. Most responders are still under treatment with sustained responses. Based on these encouraging results, we plan to initiate a dose confirmation and expansion study in ICP-B02 in combination with other immunochemotherapies for earlier lines of treatment in NHL patients. An IND application for these combination therapies was submitted to the CDE in March 2024.



ICP-B02 (SC & IV) induced a profound and sustained depletion of peripheral B cells after the first infusion in our Phase I/II clinical trial in r/r NHL patients. Given the critical role of B cells in a variety of severe autoimmune diseases, ICP-B02 may have wider applications in severe autoimmune diseases as it is more feasible and tolerable.

ICP-490

ICP-490 is a proprietary, orally available, next generation CRBN E3 Ligase modulator. As an immunomodulatory drug ("**IMiD**"), it modulates the immune system and influences other biological targets through targeted protein degradation ("**TPD**").

ICP-490, by specifically binding to the CRL4CRBN E3 Ligase complex, triggers the ubiquitination and subsequent degradation of transcription factors, including IKZF1

("**Ikaros**") and IKZF3 ("**Aiolos**"). In the in vivo efficacy studies, ICP-490 demonstrated significant anti-tumor effects in various MM and DLBCL xenograft models. Notably, ICP-490 overcomes acquired resistance against earlier generations of CRBN modulators in both in vitro and in vivo efficacy studies. Furthermore, ICP-490 synergizes with the anti-CD38 antibody daratumumab in preclinical assays by enhancing its ADCC activity, thus providing a strong scientific rationale for exploring combinatory treatments in clinical settings.

Preliminary data on ICP-490 was selected for oral presentation at the 2023 AACR Annual Meeting on 18 April 2023. Cell viability assays reveal robust in vitro efficacies of ICP-490 against various MM and NHL (including DLBCL) cell lines with nanomolar IC50 values. ICP-490 also exhibits potent anti-proliferative activity against lenalidomide-resistant cell lines. Importantly, while it shows a strong tumor killing effect, ICP-490 does not exhibit cytotoxicity against normal human cells. In vivo efficacy studies have further confirmed the effectiveness of ICP-490 against various MM and DLBCL xenografts models.

The immune modulation activity of ICP-490 has also been illustrated in a combinatory treatment with monoclonal antibody. A low dose of ICP-490 leads to robust induction of IL-2 and granzyme B, significantly enhancing the efficacy of anti-CD38 mAbs daratumumab in MM and NHLs. ICP-490 demonstrates synergistic tumor killing effects when combined with the BTK inhibitor orelabrutinib. These findings provide solid scientific rationales for exploring combinatory treatments in clinical settings.

As of the date of this announcement, we are conducting a Phase I dose escalation study in China focused on patients with MM. ICP-490 was well tolerated. This safety profile has supported the decision to continue dose escalation to the next dosage level. Preliminary efficacy of ICP-490 monotherapy was observed in one patient who achieved a minimal response ("**MR**"). Pharmacodynamic ("**PD**") analysis revealed deeper degradation of the primary pharmacological targets Aiolos, (IKZF3) and Ikaro (IKZF1). In September 2023, the CDE granted IND approval to initiate a clinical trial of ICP-490 in combination with dexamethasone. ICP-490 shows strong potential to revolutionize treatment of MM and other hemato-oncology indications, whether as a mono therapy or in combination with other therapies.

ICP-B05 (CM369)

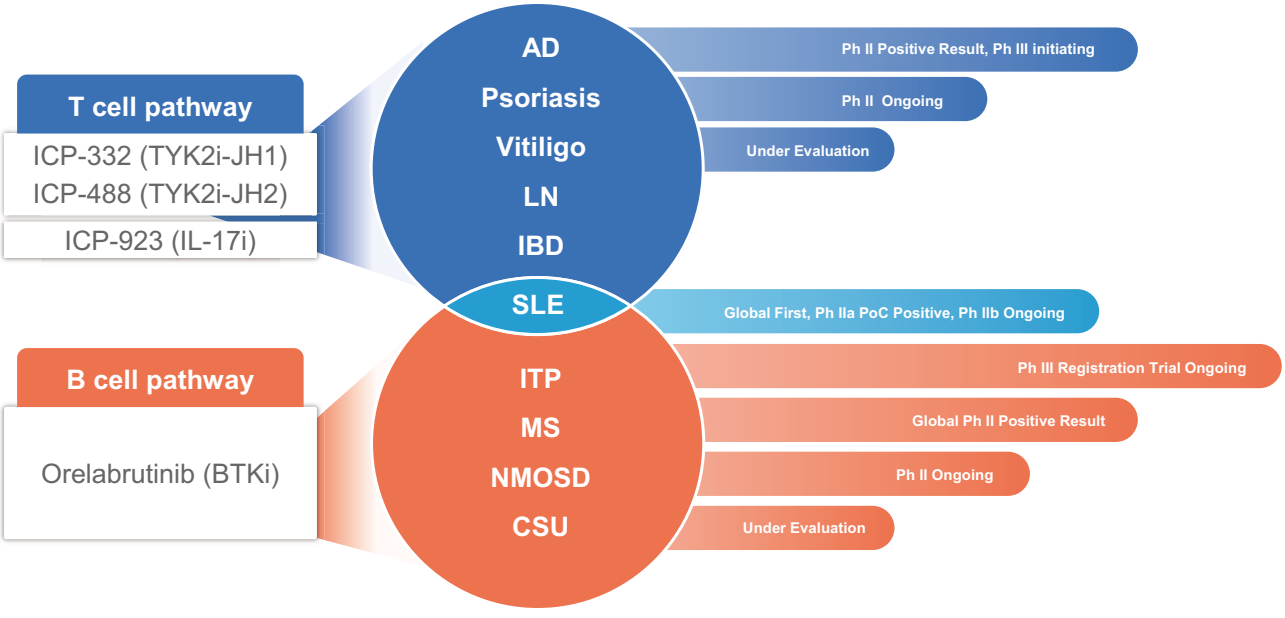
ICP-B05, an anti-C-C motif chemokine receptor 8 ("**CCR8**") monoclonal antibody, is a potential first-in-class drug co-developed by our Company and KeyMed as a monotherapy or in combination for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells ("**Tregs**") in the tumor microenvironment ("**TME**"). ICP-B05 binds to CCR8 positive Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. ICP-B05 stands as a potentially groundbreaking therapy in our arsenal against solid tumors, offering a targeted approach to deplete

regulatory T cells (Tregs) within the tumor microenvironment. This specificity in targeting Tregs promises to deliver more precise anti-tumor activity compared to other available immunotherapies. Its unique mechanism not only enhances our capabilities in solid tumor management but also synergizes with our existing treatment pipelines, reinforcing our position in the field of oncology. By focusing on the optimal depletion of tumor-associated Tregs, ICP-B05 could significantly improve therapeutic outcomes and mark a significant step forward in precision immunotherapy.

Currently, we are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of ICP-B05 in subjects with advanced solid tumors and relapsed/refractory NHL. For solid tumors, the dosage of ICP-B05 has been escalated up to 150mg, which is also the initial dose designed for NHL. ICP-B05 was well tolerated with no DLTs nor ≥grade3 treatment-related AEs (TRAEs) observed. The preliminary results demonstrated a favorable PK profile with sufficient exposure for target coverage and regulatory T-cell depletion. For NHL, the preliminary efficacy was observed in patient, who achieved a PR at the first tumor assessment. We will explore the combination of ICP-B05 with other immunotherapies in various cancer indications after collecting the monotherapy safety data.

Developing B-cell and T-cell Pathways in Autoimmune Diseases

We have fortified our powerful discovery engine to focus on global frontier targets for the development of autoimmune therapeutics. By targeting both B-cell and T-cell pathways, our aim is to provide first-in-class or best-in-class treatments that meet vast unmet clinical needs with a promising market potential worldwide and/or in China markets.



AD: Atopic Dermatitis
LN: Lupus Nephritis
IBD: inflammatory bowel disease

SLE: Systemic Lupus Erythematosus
ITP: Idiopathic Thrombocytopenic Purpura
MS: Multiple Sclerosis

NMOSD: Neuromyelitis Optica Spectrum Disorders
CSU: Chronic Spontaneous Urticaria

Leveraging orelabrutinib's favorable safety profile, high selectivity, and central nervous system ("**CNS**") penetrance, we have established B-cell pathway regulation capabilities, enabling us to actively pursue its application in treating various auto-immune diseases. Orelabrutinib achieved favorable PoC results in the treatment of ITP patients, particularly in those who had responded to previous glucocorticoids ("**GC**")/intravenous immunoglobulin ("**IVIG**") therapies. In the first half of 2023, we have initiated the registrational Phase III trial in China. Based on the positive results from the Phase IIa SLE clinical trial, we believe orelabrutinib could potentially become the first-in-class BTK inhibitor for the treatment of SLE and a Phase IIb trial has been initiated in China. Furthermore, we are progressing Phase II trials in other autoimmune indications, including NMOSD, with further potential indications such as chronic spontaneous urticaria ("**CSU**") and hidradenitis suppurativa ("**HS**").

Meanwhile, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488, two TYK2 inhibitors for the treatment of various T-cell mediated autoimmune diseases, such as AD, psoriasis, SLE, lupus nephritis ("**LN**"), Crohn's disease ("**CD**"), and ulcerative colitis ("**UC**").

With orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well positioned to provide oral drug solutions for the substantially unmet medical needs in autoimmune diseases.

B Cell Pathway — Orelabrutinib for Autoimmune Diseases

BTK is a member of the TEC family and is expressed in B lymphocytes, mast cells, macrophages, monocytes, and neutrophils. It is a key kinase in the BCR signaling pathway, and regulates B cell proliferation, survival, differentiation, and cytokine expression. The abnormal activation of BTK related signaling pathways can mediate autoimmune diseases. BTK has become a new and popular therapeutic target for autoimmune diseases.

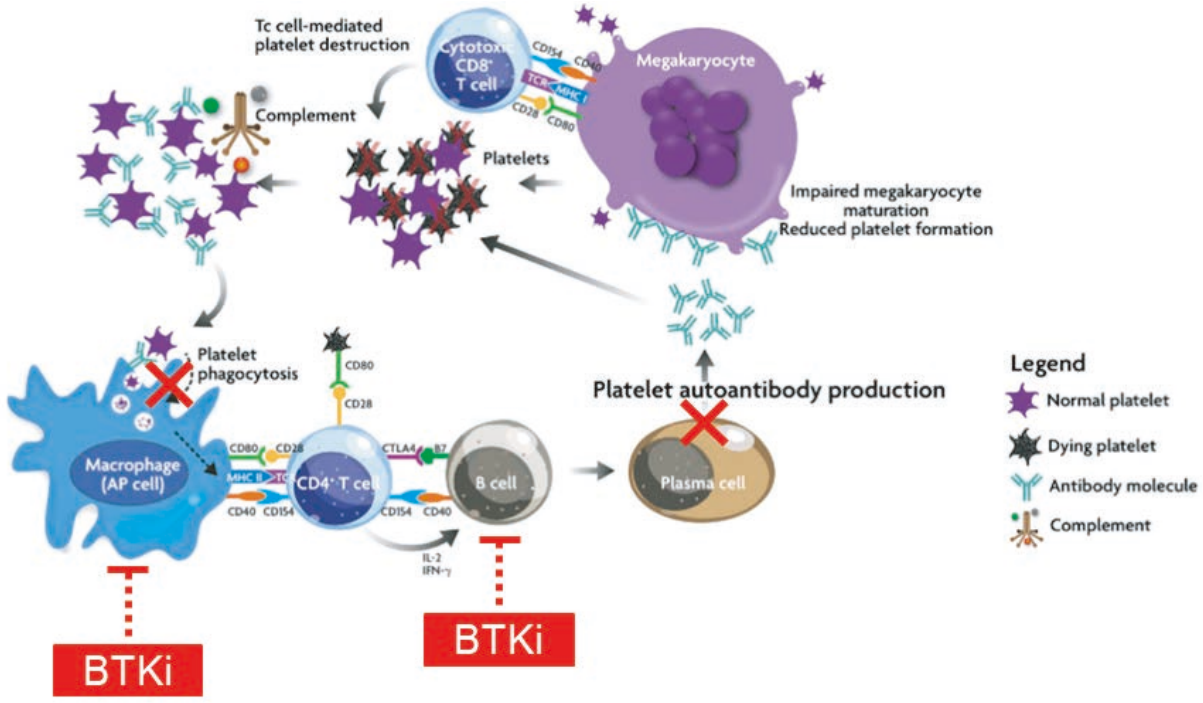
Because of orelabrutinib's high target selectivity and good safety profile, we are evaluating it as a novel therapy for the treatment of various autoimmune diseases.

Orelabrutinib for ITP

ITP, also referred to as immune thrombocytopenic purpura, is an acquired immune mediated disorder characterized by a decrease in peripheral blood platelet counts, resulting in an increased risk of bruising and bleeding. The main pathogenesis of ITP is the loss of immune tolerance to platelet auto-antigens. This immune intolerance leads to increased platelet destruction and decreased platelet production from megakaryocytes by autoantibodies and cytotoxic T lymphocytes.

ITP, which has a U.S. prevalence of 23.6 cases out of 100,000 and a China prevalence of 9.5 cases out of 100,000, represents hundreds of thousands of patients globally. Current therapies, including corticosteroids, thrombopoietin receptor agonists, anti-CD20 monoclonal antibodies, and spleen tyrosine kinase inhibitors lack long-term tolerability or durable sustained responses. New safe and effective treatment options are needed for patients who have inadequate responses to previous treatment lines.

BTK is a key kinase in the B cell receptor signaling pathway, which is essential for the activation of B lymphocytes, macrophages, and other immune cells as well as the production of antibodies in the pathological process of ITP. No BTK inhibitor has yet been approved for the treatment of patients with ITP globally. Orelabrutinib, with its high target selectivity and good safety profile, has the potential to become a novel treatment option for ITP patients.



Current Status

In the first half of 2023, the Phase II clinical trial of orelabrutinib for the treatment of ITP was completed in mainland China. This is a randomized, multicenter, open-label Phase II study to evaluate the efficacy and safety of orelabrutinib in adult patients with persistent or chronic primary ITP and provide a basis for a Phase III study design and dose selection. The primary endpoint was the proportion of subjects with platelet count $\geq 50 \times 10^9$/L (platelet count should be detected at least twice consecutively, with an interval of at least 7 days) without rescue medication in the 4 weeks preceding the count elevation. As of the cut-off date on 6 Feb 2023, 33 patients were enrolled. Both the 50mg QD and 30mg QD doses of orelabrutinib were safe in the treatment of patients with ITP. Generally, patients receiving the 50mg QD dose responded rapidly with better efficacy, especially in those who had

responded to previous glucocorticoids ("**GC**")/intravenous immunoglobulin ("**IVIG**") therapies. Overall, 36.4% (12/33) of patients met the primary endpoint, with 40% (6/15) of patients at the 50mg cohort reaching the primary endpoint. Among the 12 patients with primary endpoint response, 83.3% (10/12) of the patients achieved a durable response defined as the percentage of patients with platelet count $\geq 50 \times 10^9$/L for at least 4 of the 6 visits between weeks14 and 24. Among the 22 patients who previously responded to GC or IVIG, 75.0% (6/8) of patients at the 50mg arm achieved the primary endpoint. Orelabrutinib demonstrated a favorable safety profile in the treatment of ITP, with all treatment related adverse events ("**TRAEs**") being of grade 1 or 2.

On 12 June 2023, the proof of concept of the ITP Phase II result was selected as an oral presentation at the European Hematology Association ("**EHA**") 2023 Hybrid Congress.

Since we have achieved PoC of orelabrutinib for the treatment of ITP, we are currently conducting a registrational trial in China with the first patient enrolled in October 2023. Patient enrollment is expected to be completed by end of 2024 or at beginning of 2025.

The favorable Phase II results demonstrated a proof of concept of orelabrutinib in ITP and provided us with the confidence to move the project forward. By leveraging the BTK inhibitor's advantage in ITP of decreased macrophage-mediated platelet destruction and reduced production of pathogenic autoantibodies, we positioned orelabrutinib as a preferred BTK inhibitor to obtain approval for the treatment of this idiopathic disease.

Orelabrutinib for SLE

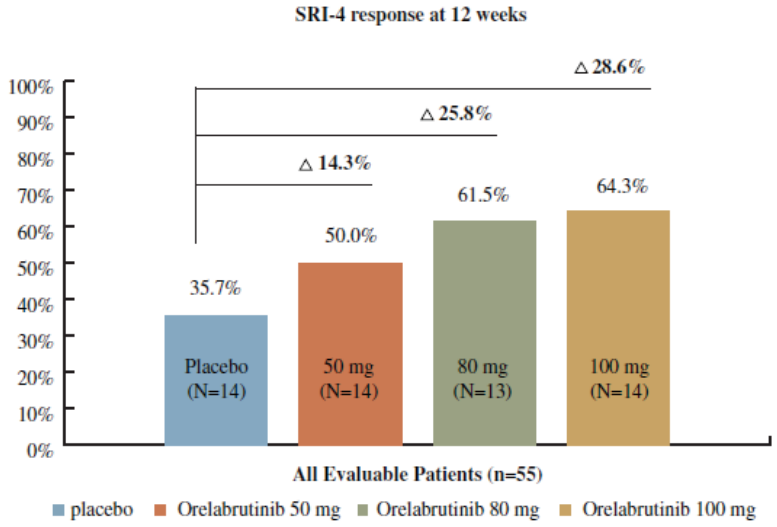
Orelabrutinib inhibits the BCR signaling cascade by binding to BTK, hence preventing the proliferation and activation of B cells in autoimmune diseases. Pre-clinical data demonstrated that orelabrutinib has dose dependent effects on the improvement of kidney function, the inhibition of arthritis, and the reduction of inflammation in SLE mouse models.

The root causes of SLE include family history, hormones, unhealthy lifestyles, certain environmental factors, drugs, and infections. The number of SLE patients in China is estimated to reach 1.06 million by 2025 with a compound annual growth rate of 0.7% from 2020 to 2025, and approximately to 1.09 million by 2030 with a compound annual growth rate of 0.5% from 2025 to 2030.

Current Status

In China, orelabrutinib's Phase IIa trial for SLE showed positive results. This is a randomized, double-blind, placebo-controlled, dose-finding study aimed to evaluate the safety and tolerability of orelabrutinib in patients with mild to moderate SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1:1 to receive oral orelabrutinib at 50mg QD, 80mg QD, 100mg QD or placebo once daily, for 12 consecutive weeks.

The Phase IIa results showed that orelabrutinib was safe and well tolerated at all doses. A dose dependent efficacy was observed in evaluable patients treated with orelabrutinib. The SRI-4 response rates at 12-week were 35.7%, 50.0%, 61.5% and 64.3% in patients treated with placebo, 50mg/day, 80mg/day and 100mg/day of orelabrutinib, respectively. Treatment with orelabrutinib led to a reduction in levels of proteinuria, and improvement of immunologic markers, including reduced immunoglobulin G and increased complements C3 and C4. The result of this Phase IIa study was presented through a late-breaking oral presentation at 2022 European Alliance of Associations for Rheumatology ("**EULAR**").



Based on the Phase IIa results, we have initiated a Phase IIb study, and patients are currently being recruited across 40 sites in China. This is a randomized, double-blind, placebo-controlled, multicenter, Phase IIb study evaluating the efficacy and safety of orelabrutinib in adult patients with moderate to severe SLE. The primary purpose of the trial is to evaluate the efficacy of orelabrutinib in SLE subjects, with a secondary objective of evaluating the safety, tolerability, and impact on the quality of life of subjects with moderate to severe SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1 to receive oral orelabrutinib at 50mg, 75mg, or placebo once daily, for 48 consecutive weeks. The primary endpoint is the SRI-4 response rate with other secondary points including time to first flare, steroid dose reduction, proteinuria, change in the number of swollen and tender joints, changing from baseline in complement C3, complement C4, and anti-dsNDA antibody levels, etc. An interim data analysis for 48 weeks with 50% of the patients is scheduled, and the results will be discussed with CDE for the next steps.

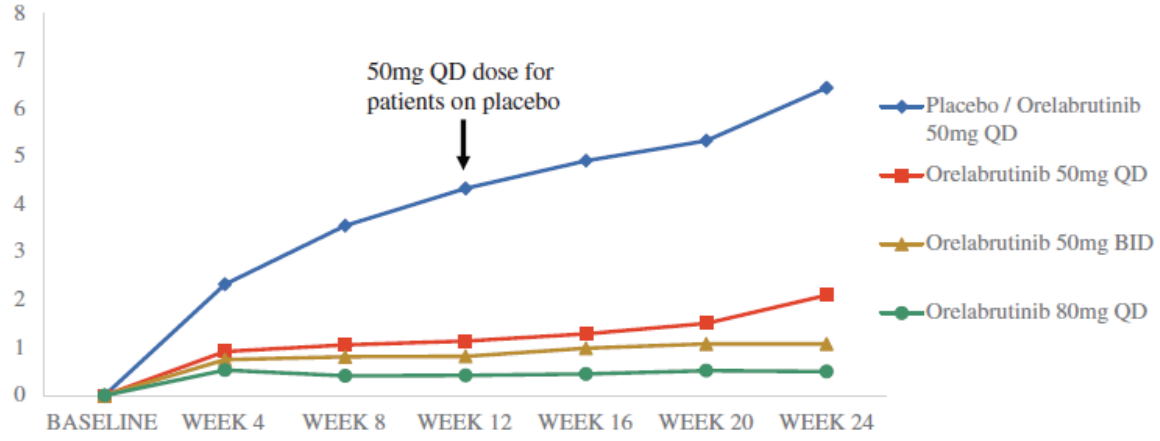
Based on the Phase IIa data, orelabrutinib has the potential to become the first BTK inhibitor that controls the disease activity in SLE patients, and its oral administration should have obvious advantages over commonly used injectable SLE drugs.

Orelabrutinib for MS

We have completed the global Phase II clinical study to evaluate the use of orelabrutinib in patients with relapsing-remitting multiple sclerosis ("**RRMS**").

The 24-week data from the MS global Phase II trial is consistent with previous reported positive 12-week data in terms of both efficacy and safety. The primary endpoint was achieved dose — dependently (Cmax driven) in all three active orelabrutinib treatment groups. All orelabrutinib groups achieved T1 new lesion control after 4 weeks of treatment and the effect was sustained up to 24 weeks. 92.3% relative reduction was achieved in cumulative number of new Gd + T1 lesions at week 24 at 80mg QD compared to the placebo arm (the placebo arm switched to orelabrutinib 50mg QD after Week 12), which stands out as a leading efficacy when compared to other MS therapies approved or in development stages.

Adjusted Mean Cumulative Number of New Gd+ T1 Brain Lesions Up to Week 24 (PHS Population, N=115)



Note: QD=once daily, BID=twice daily, CI=confidence interval, Gd+=gadolinium-enhancing.

Cumulative number of New Gd+ T1 Lesion from Week 4 to Week 24	Placebo / Orelabrutinib 50mg QD (N=27)	Orelabrutinib 50mg QD (N=30)	Orelabrutinib 50mg BID (N=29)	Orelabrutinib 80mg QD (N=29)
Adjusted mean cumulative number (95% CI) of lesions from W4 to W24	6.45 (3.62, 11.52)	2.10 (0.62, 7.11)	1.08 (0.30, 3.81)	0.50 (0.09, 2.74)
Percent reduction		**67.4** (-22.0, 91.3)	**83.3** (33.2, 95.8)	**92.3** (56.5, 98.6)
P-value		**0.0958**	**0.0114**	**0.0037**

The 80mg QD cohort showed the highest reduction rate of cumulative number of new lesions (Gd+T1 lesions) and the best for lesion control throughout 24 weeks with lowest incidence of liver-related TEAEs, indicating its potential as an MS treatment therapy with leading efficacy. A total of two cases of ALT/AST >8xULN were reported, including one in the 50mg BID group and another in the 50mg QD group. The safety profile of 80mg QD is similar to that of placebo. We are actively working with the FDA to lift the partial clinical hold.

On 15 February 2023, Biogen terminated the collaboration and license agreement with us on orelabrutinib's global development, returning all global rights, including intellectual property, research, manufacturing, and commercial proceeds. Following the termination, InnoCare has regained all global rights granted to Biogen under the Agreement, including related intellectual property, decision-making regarding research and development, manufacturing, and commercialization, and commercial proceeds generated from orelabrutinib. We have completed the transition in May.

For details, see our announcement dated 15 February 2023 published on the websites of the Stock Exchange and the Company.

In conclusion, with the ability to cross the blood brain barrier, orelabrutinib has the potential to inhibit B cell and myeloid cell effector functions in the CNS, and may provide a clinically meaningful benefit in all forms of MS especially in SPMS and PPMS. The Phase II MS global OLE part of the study is ongoing. Given the encouraging clinical outcomes from multiple autoimmune trials, we remain confident and committed to accelerating the global development of orelabrutinib as a potential best-in-class BTK inhibitor for MS and other autoimmune diseases.

Orelabrutinib for NMOSD

NMOSD is a chronic inflammatory demyelinating autoimmune disease of the central nervous system mainly involving the optic nerve and spinal cord, which are mediated by antigen-antibodies related to humoral immunity. Clinically, it is characterized by attacks of predominantly optic neuritis and longitudinally extensive transverse myelitis. One of the latest Chinese epidemiological study based on inpatients shows that the peak incidence of the disease is 45–65 years old, the incidence rate is 0.445/100,000 people per year, and the ratio of female to male is 4.71:1.

BTK is a key kinase in B cell receptor signal transduction pathway, which is responsible for regulating B cell proliferation, differentiation, maturation and cytokine expression. Abnormal activation of BTK related signaling pathway can lead to autoantibody production and autoimmune diseases. Thus, BTK inhibitors, especially a brain penetrant BTK inhibitor such as orelabrutinib hold high potential to become a novel therapy for NMOSD.

Current Status

As of the date of this announcement, one investigator initiated trial ("**IIT**") Phase II trial is ongoing, and we plan to initiate InnoCare sponsored trial when we obtain the primary results.

T Cell Pathway — TYK2 for Autoimmune Diseases

ICP-332

ICP-332 is a small molecule inhibitor of TYK2 that is being developed for the treatment of various autoimmune disorders. TYK2 is a member of the JAK family and plays a critical role in transducing signals downstream of IL-12/IL-23 family interleukin receptors as well as type I interferon ("**IFN**") receptor. These cytokine/receptor pathways drive the functions of T helper 17 ("**TH17**"), THl, B and myeloid cells which are critical in the pathobiology of multiple autoimmune and chronic inflammatory diseases including psoriasis, psoriatic arthritis, inflammatory bowel disease, lupus, AD, etc. ICP-332 was designed to be a potent and selective TYK2 inhibitor with 400 folds of selectivity against JAK2 to avoid the adverse events associated with nonselective JAK inhibitors. Thus, by selective inhibition of TYK2, ICP-332 may become a potential therapy for multiple autoimmune diseases, such as atopic dermatitis, psoriasis, psoriatic arthritis, systemic lupus erythematosus, IBD, dermatomyositis and uveitis, with a better safety profile.

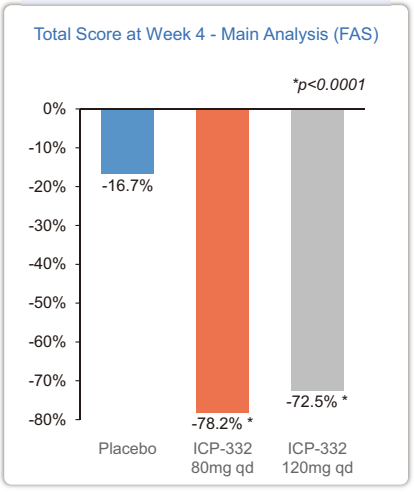
Atopic dermatitis is one of the most common skin eczemas and causes itching, redness and inflammation. According to Pharma Intelligence, atopic dermatitis has become a major autoimmune disease, with a 12-month prevalence rate ranging from 0.96–22.6% in children and 1.2–17.1% in adults, indicating a global market potential of US$10 billion in 2030. In China, according to Frost & Sullivan Analysis, AD patients numbered 65.7 million in 2019, and is estimated to reach 81.7 million people by 2030, reflecting a compound annual growth rate of 1.7%. For moderate and severe patients, AD could seriously impact life quality due to recurring itching, which is associated with sleep disturbances in 33% to 90% of adult patients per *J Allergy Clin Immunol Pract*. 2021 Apr; 9(4): 1488–1500. Thus, reducing itching was an urgent need for most patients with moderate to severe AD disease. With the tremendous potential to address the massive unmet medical needs of millions of patients indicated above, we anticipate ICP-332 will become a cornerstone product of our autoimmune franchise.

Current Status

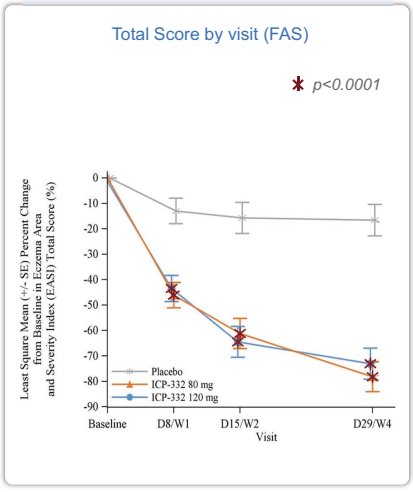
We have announced the positive Phase II POC data in December 2023. The Phase II study is a randomized, double-blind, placebo-controlled trial evaluating the safety, efficacy, pharmacokinetics, and pharmacodynamics of ICP-332 in moderate-to-severe atopic dermatitis. A total of 75 adult subjects with moderate to severe AD were enrolled with 25 subjects in the 80mg QD treatment group, 120mg QD treatment group and placebo group, respectively. Patients received four weeks of treatment with a 28 day safety follow-up.

Patients with AD treated with ICP-332 for 4 weeks showed excellent efficacy and safety profiles. ICP-332 achieved multiple efficacy endpoints, including percentage reductions from baseline in Eczema Area and Severity Index ("**EASI**") score, EASI 50, EASI 75, EASI 90 (improvement of at least 50%, 75%, and 90% in EASI score from baseline) and Investigator's Global Assessment (IGA) 0/1 (score of 0 clear or 1 almost clear) in the 80mg and/or 120mg group respectively.

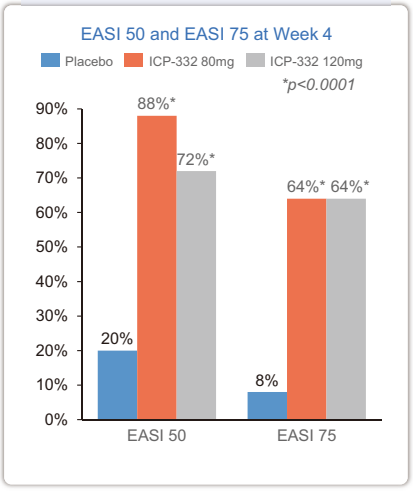
Percent Change from Baseline in EASI



Percent Change from Baseline in EASI

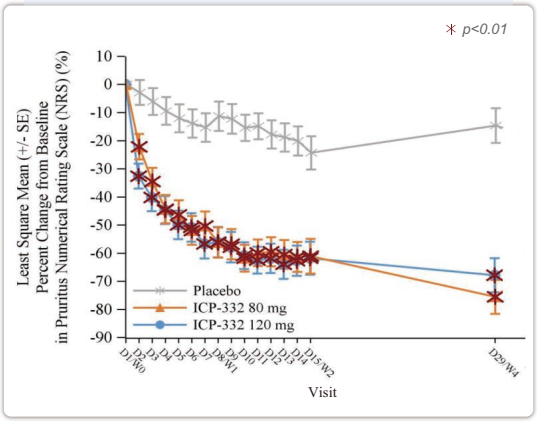


High Proportion of Patients Achieved



Quick and Statistically Significant Response from Day 2

Pruritus Numerical Rating Scale (NRS)



Improvement of Patient Quality of Life

Dermatology Life Quality Index (DLQI) Score Change from Baseline by Visits (Full Analysis Set)

	Placebo (N=25)	ICP-332 80mg (N=25)	ICP-332 120mg (N=25)
D8/W1	-3.3(-4.8,-1.9)	-6.5(-8.0,-5.1)	-6.8(-8.4,-5.3)
	p-value	**0.0027**	**0.0018**
D15/W2	-2.2(-4.2,-0.2)	-8.7(-10.7,-6.7)	-7.9(-9.9,-5.9)
	p-value	**<0.0001**	**0.0002**
D29/W4	-1.2(-3.3,0.9)	-10.8(-12.8,-8.8)	-8.9(-11.0,-6.8)
	p-value	**<0.0001**	**<0.0001**

The mean percentage change from baseline in the EASI score reached 78.2% and 72.5% for the once-daily dosing groups of 80mg and 120mg, respectively, both with a highly statistically significance (p<0.0001), compared to 16.7% for patients receiving placebo. EASI 75 reached 64% and 64% in the 80mg and 120mg dosing group respectively, compared to 8% percent for patients receiving placebo (p<0.0001). In the 80mg QD treatment group, the difference from placebo reached 56% in EASI 75, 40% in EASI 90, 32% in (IGA) 0/1 and 56% in NRS ≥4 Improvement (p<0.01).

In addition, significant improvement was observed with respect to pruritus (itch). Patients treated with ICP-332 experienced quick response in improving pruritus numerical rating from day 2 onwards both in severity and frequency across the 80/120mg ICP-332 doses, as measured by the pruritus numerical rating scale (NRS) ($p<0.01$).

ICP-332 was safe and well tolerated in AD patients. In this study, all treatment-related adverse events (TRAEs) were mild or moderate. The overall incidence rates of TRAEs and TRAEs related to infections and infestations in the two treatment groups were comparable to the placebo group.

The result of this Phase II study was presented through a late-breaking oral presentation at 2024 American Academy of Dermatology ("**AAD**").

Positive results from the Phase II study of ICP-332 provides great possibilities for the effective treatment of AD and/or other autoimmune diseases with the potential best efficacy for AD. We will continue to evaluate the potential of ICP-332 in Phase III trials for atopic dermatitis and across multiple immune-mediated diseases. We expect to start the patient enrollment and the initiation of the Phase III trial for AD in China, initiate second indication in China and clinical trial in US in 2024.

ICP-488

ICP-488 is a small molecule inhibitor of the pseudo kinase domain JH2 of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown to be the cause of or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding to the TYK2 JH2 domain, blocks IL-23, IL-12, type 1 IFN and other autoimmune cytokine receptors. We intend to develop ICP-488 for the treatment of autoimmune diseases such as psoriasis, psoriatic arthritis, SLE, LN, and IBD, etc. Together with ICP-332, ICP-488 will further enrich our TYK2 portfolio.

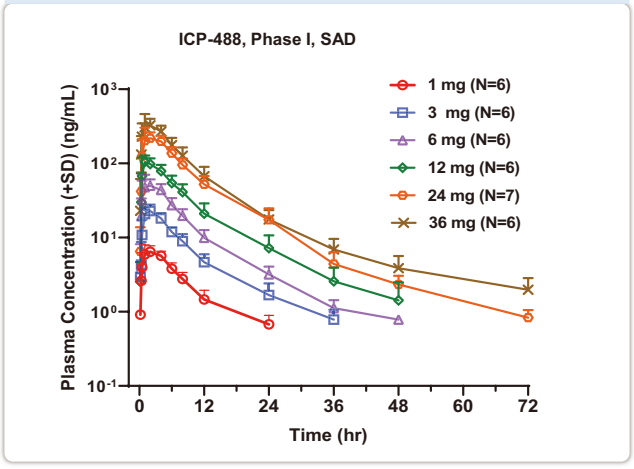
Psoriasis is an immune-mediated disease that causes raised, scaly patches on the skin due to systemic inflammation. The typical clinical manifestations are scaly plaques, localized or widely distributed and difficult to treat. The cause of psoriasis involves multiple factors such as genetics, immunity, and the environment. The immune response is mainly mediated by T lymphocytes and participated by a variety of immune cells. The immune pathways related to interleukin 23 (IL-23) and helper T cells 17 (Th17) cells serve as the key regulator of psoriasis. According to World Psoriasis Day consortium, over 125 million people worldwide had psoriasis in 2022 with 2%-3% of total population.

As of the date of this announcement, we have finished the Phase I trial of ICP-488 in healthy subjects and patients with psoriasis. This study is a randomized, double-blind, placebo-controlled, parallel group, single and multiple ascending dose Phase I study to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of ICP-488 in healthy subjects and patients with moderate to severe psoriasis.

The study consisted of single (1–36mg) and multiple (3–12mg once-daily) ascending dose regimens. The study also assessed the effect of food on ICP-488 exposure. Safety and PK were evaluated for both healthy participants and psoriasis patients, while efficacy was assessed in psoriasis patients.

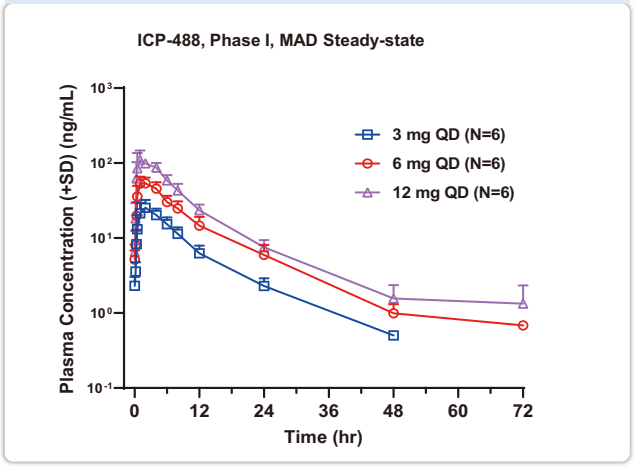
Dose Proportional and Linear PK in SAD

- Linear pharmacokinetics in SAD
- The mean half-life: 7.2-11.2 hrs



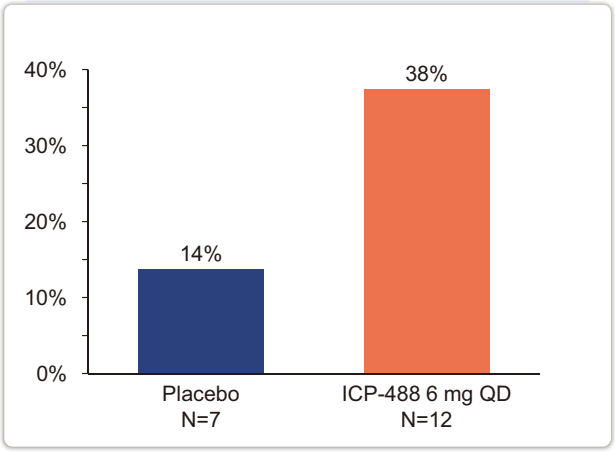
Dose Proportional and Linear PK in MAD

- C_{av} at 6 mg QD reached the IC_{50} of TYK2-mediated signaling inhibition

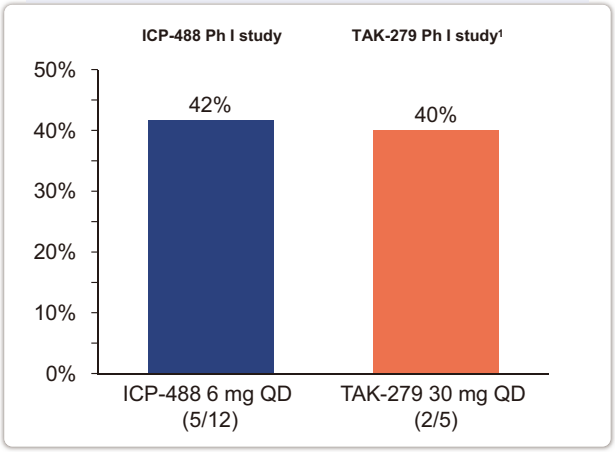


Following a single dose of ICP-488 administration (1–36 mg), ICP-488 plasma exposures were approximately dose-proportional. There was no apparent accumulation of ICP-488 observed (<1.5-fold) in MAD part (3–12 mg once-daily). No clinically significant differences in the pharmacokinetics of ICP-488 was observed following co-administration with standard high-fat, high-calorie meals.

Percent Change from Baseline in PASI



PASI 50 Improvement (Placebo-Adjusted)



p=0.0870 which was less than two-sided alpha of 0.1
PASI: Psoriasis Area and Severity Index
1 Nimbus 2022-05-19 SDI NDI-034858 Phase Ib Results Poster.pdf

The least-squares means percentage change from baseline in the Psoriasis Area and Severity Index ("**PASI**") score, a measure of the area and severity of psoriasis, indicated a significant preliminary difference between the ICP-488 6mg once-daily dosing group and the placebo group at week 4 (37.5% vs 13.8%, p=0.0870 which was less than two-sided alpha of 0.1). PASI 50 assessments demonstrated a 42% improvement with treatment of ICP-488 at 6mg QD compared with placebo (0%). All TEAEs and TRAEs were mild or moderate with same incidence rate between the ICP-488 arm and placebo arm.

The PK, safety, and efficacy profiles of ICP-488 supported advancing it to Phase II clinical trials in psoriasis patients.

The Phase II study of ICP-488 in psoriasis is ongoing, we aim to finish patient enrollment and have the topline results by the end of 2024.

BUILDING A COMPETITIVE DRUG PORTFOLIO FOR SOLID TUMOR TREATMENT

We strive to expand the breadth of our pipeline to cover solid tumor disease areas through a combination of targeted therapy and immune-oncology approaches. The lack of label information in drugs for children, inadequacy of age-appropriate dosage forms and strengths, and shortage of pediatric drugs are some of the problems commonly faced in pediatric medicine. We believe the potential best-in-class molecule, ICP-723, will enable us to establish a strong presence in the field of solid tumor treatment.

To benefit more patients, we have accelerated the global clinical study to evaluate the anti-tumor activity and safety of ICP-189 in combination with furmonertinib in patients with advanced non-small cell lung cancer ("**NSCLC**") through a clinical collaboration. Furthermore, our rapidly advancing early-stage pipeline, featuring cornerstone therapies like ICP-B05 and ICP-033 for immune-oncology and targeting tumor driver genes, has enabled us to offer a competitive treatment solution for a wide range of solid tumors, catering to patients in both China and around the world.

ICP-723 (Zurletrectinib)

ICP-723 is a second-generation small molecule pan-inhibitor of tropomyosin-related kinase ("**pan-TRK inhibitor**") designed to treat patients with NTRK gene fusion-positive cancers who were TRK inhibitor treatment-naive or who have developed resistance to the first generation TRK inhibitors, regardless of cancer types. First generation pan-TRK inhibitors have shown rapid and durable responses in patients with TRK gene fusions, however, patients can develop acquired resistance. Preclinical data showed that ICP-723 markedly inhibited the activity of the wild type TRKA/B/C as well as mutant TRKA with resistant mutation G595R or G667C. This finding provides strong evidence that ICP-723 could overcome acquired resistance to the first generation TRK inhibitors.

Mechanism of Action

The TRK family consists of three proteins referred to as TRKA, TRKB and TRKC, respectively, which are encoded by neurotrophic receptor tyrosine kinase genes NTRKl, NTRK2 and NTRK3, respectively. TRKs play an important role in maintaining normal nervous system function. Unwanted joining of separated NTRK genes, or NTRK gene fusions, have been found to contribute to tumorigenesis in a variety of different cancers, with high prevalence in infantile fibrosarcoma, salivary gland carcinomas and thyroid carcinoma. NTRK fusions have also been detected at lower frequencies, in soft-tissue sarcomas, thyroid cancer, mammary analogue secretory carcinoma of salivary glands, lung cancer, colorectal cancer, melanoma, breast cancer, etc.

Current Status

We are currently conducting a registrational trial in mainland China of ICP-723 in adult and adolescent patients (12 years old ≤ age < 18 years old) with advanced solid tumor harboring NTRK gene fusion. Furthermore, the IND for additional pediatric population (2-12 years old) was approved by the CDE in July 2023.

A Phase II registrational trial has been initiated in mainland China for ICP-723 in adult and adolescent patients (12+ years of age) with advanced solid tumors harboring NTRK gene fusion. We expect to complete the patient enrollment in the next few months and submit the NDA in mainland China by the end of 2024 or early 2025. Thus far, we have observed an efficacy of 80%–90%. Zurletrectinib was shown to overcome acquired resistance to 1st generation TRK inhibitors, bringing hope to patients who failed prior TRKi therapy. Furthermore, the IND for the pediatric population (2 years old ≤ age < 12 years old) was approved by CDE in July 2023, and pediatric patients enrollment is ongoing with 1 PR observed.

ICP-189

ICP-189 is a potent oral allosteric inhibitor of SHP2 with reliable selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a potential cornerstone therapy in combinations with other antitumor agents. SHP2 is a key upstream regulator of the RAS-MAPK pathway and thus plays an essential role in the signaling by multiple oncogenic driver kinases, as well as a key signal transducer of PD-1 signaling, making SHP2 inhibitors an ideal partner for combination with multiple targeted and immune-oncology therapies.

In preclinical efficacy studies, ICP-189 demonstrated significant anti-tumor effects in various xenograft models as monotherapy. In preclinical studies, ICP-189 has also shown promising activity in combination with a range of targeted therapies and immunotherapies, including inhibitors of Epidermal Growth Factor Receptor ("**EGFR**"), KRAS, MEK and

PD-1. The in vivo efficacy of ICP-189 was confirmed by pharmacodynamic modulations, where ICP-189 exposure levels correlated with reduced p-ERK and DUSP6 mRNA levels in tumors.

We are conducting a Phase Ia dose escalation study to evaluate the safety, tolerability, pharmacokinetics, and preliminary anti-tumor activity of ICP-189 in patients with advanced solid tumors in China. As of the date of this announcement, we completed the dose escalation up to the 120mg QD cohort with no DLT nor ≥grade3 treatment-related AEs (TRAEs) observed. The patient enrollment at the 160mg QD dose is ongoing. ICP-189 demonstrated dose proportional pharmacokinetics and long half-life. At the 120mg dose, ICP-189 achieved sufficient exposure to effectively target IC90 against DUSP6, a downstream biomarker of MAPK pathway. Preliminary efficacy was observed in ICP-189 monotherapy, 1 patient with cervical cancer in the 20mg dose cohort achieved PR which sustained for 14 cycles. We anticipate having the Phase Ia data readout in 2024.

Multiple ICP-189 combinations, including treatment with third-generation EGFR inhibitor in lung cancer and anti-PD-1 antibody in multiple cancer types, will be explored in the Phase Ib trial. On 14 July 2023, InnoCare and ArriVent Biopharma ("**ArriVent**"), a clinical stage company dedicated to accelerating the global development of innovative biopharmaceutical therapeutics, announced a clinical development collaboration to evaluate the combination of InnoCare's novel SHP2 allosteric inhibitor, ICP-189, with ArriVent's furmonertinib, a highly brain-penetrant, broadly active mutation-selective EGFR inhibitor in patients with advanced non-small cell lung cancer ("**NSCLC**"). Preclinical studies demonstrated that the combination of ICP-189 and furmonertinib could overcome the resistance to third-generation EGFR inhibitors.

As of the date of this announcement, the Phase Ib trial of ICP-189 combined with EGFRi is ongoing with first patient dosed in March 2024. The combination of furmonertinib with ICP-189 could be another potential treatment option to improve the lives of people living with advanced or metastatic lung cancer.

At the end of the first quarter of 2023, the IND approval of ICP-189 was granted by the FDA for initiating clinical trials in the U.S..

ICP-192 (Gunagratinib)

Gunagratinib is a potent and highly selective pan-fibroblast growth factor receptors ("**pan-FGFR**") inhibitor that we are developing for the treatment of various types of solid tumors. Studies have shown that mutations and aberrant activation of FGFRs are implicated with the development of various cancers, including bile duct, breast, lung, head and neck, gastric and urothelial cancers, accounting for approximately 7.1% of solid tumors.

Current Status

Gunagratinib is a novel pan-FGFR inhibitor that potently and selectively inhibits FGFR activities irreversibly by covalent binding. Preclinical data showed that gunagratinib overcomes the acquired resistance to the first generation reversible FGFR inhibitors, e.g., infigratinib.

In the middle of January 2023, we presented the ICP-192 data from an ongoing Phase IIa dose expansion study of gunagratinib in patients with cholangiocarcinoma ("**CCA**"). 18 CCA patients were enrolled, and 17 patients had at least one tumor assessment. The median follow-up was 5.57 months. The ORR was 52.9% (9 out of 17 patients) and the DCR was 94.1% (16 out of 17 patients). The median progression free survival ("**mPFS**") was 6.93 months (95% CI, 5.42-not reached) (not mature at cutoff). No patient discontinued treatment due to TRAE and there was no treatment-related death. Thus, gunagratinib is safe and well-tolerated with high response rate (52.9%) compared to other approved FGFR inhibitors in previously treated patients with locally advanced or metastatic CCA harboring FGR2 gene fusions or rearrangements. We have started the Phase II registrational trial in mainland China in the first half of 2023.

ICP-033

ICP-033 is a multi-kinase inhibitor mainly targeting discoid in domain receptor 1 ("**DDR1**") and vascular endothelial growth factor receptor ("**VEGFR**") that inhibits angiogenesis and tumor cell invasion, normalizes abnormal blood vessels, and reverses the immunosuppressive state of the tumor microenvironment. Preclinical studies have shown that ICP-033 exhibits strong anti-tumor effects both in vivo and in vitro. ICP-033 is intended to be used alone or in combination with immunotherapies and other targeted drugs for liver cancer, renal cell carcinoma, colorectal cancer, and other solid tumors.

As of the date of this announcement, ICP-033 Phase I trial is ongoing in China.

Beside the above-mentioned three focused therapeutics areas, with a proven record in small molecule R&D, we are establishing our internal biological drug R&D capability through internal and external efforts. We are also actively considering other new drug modalities such as PROTAC, XDC, molecule glue, etc.

MANUFACTURING

Guangzhou Manufacturing Facility

Our 50,000 m^2 small molecule in-house Guangzhou manufacturing facility ("**Guangzhou Base**") complies with GMP requirements of the U.S., Europe, Japan, and China, and have an annual production capacity of one billion pills. We have successfully obtained a manufacturing license for the facility. Upon receiving the approval from the China

NMPA to begin the production of commercial supply of our self-developed BTK inhibitor orelabrutinib at the Guangzhou Base, we have begun manufacturing orelabrutinib at the Guangzhou small molecule production facility, which was released to the commercial market since August 2022.

Improving the solubility of poorly soluble drugs has become a focus and challenge in the research and development of innovative drug formulation. Our Guangzhou Base has built a technical platform to solve such problems, including the establishment of international advanced production lines of spray dried solid dispersion and solid dosage forms, and equipped with three major technology platforms, namely the solubilization preparation technology for poorly soluble drugs, the release preparation technology for oral solid dosage forms and the targeted drug delivery technology, thereby solving the common problems faced by the industry. Our solid dispersion technology is the core technology in the solubilization process, which can accelerate the solubility and dissolution rate of poorly soluble drugs, thus improving the bioavailability of drugs and better catering for the needs of the development and production of new drugs. In the first half of 2023, our Guangzhou Base was honored by the Guangzhou Government as the Guangdong Engineering Technology Research Center of Insoluble Drug Innovation Preparation (廣東省難溶性藥物創新製劑工程技術研究集中心) and Guangdong Specialized and Sophisticated SMEs (廣東省專精特新中小型企業).

Additionally, we have successfully completed the second phase of construction, and the facility is now transitioning into the operational stage. The third phase of construction is planned to support the upcoming new product launches in 2025 and beyond. Both projects create an additional 30,000m^2 of production area to support our growing drug pipeline and continued business expansion.

Beijing Manufacturing Facility

We established a large molecules CMC pilot facility which is poised to enter the operational phase for early clinical supplies in Changping, Beijing. Meanwhile, a 70,381 m^2 plot of land in Beijing, adjacent to our Company's headquarter inside the Life Science Park, was selected to build a landmark R&D center and large molecule production facility.

OTHER CORPORATE DEVELOPMENTS

The Company satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. Thus, the HKEx has granted approval for the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules (the "**Relevant Rules**") to the Company. As a result of the dis-application of the Relevant Rules, the "B" marker has no longer been affixed to the Company's English and Chinese stock short name from 12 May 2023.

For details, please see the announcement dated 9 May 2023 published on the websites of the Stock Exchange and the Company.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to 31 December 2023, the following significant events took place:

From 12 January 2024 to 23 February 2024, the Company repurchased an aggregate of 2,198,000 shares on the Stock Exchange at the highest and lowest prices of HK$6.00 and HK$4.54 per share, respectively. The aggregate purchase price paid for the share repurchase was approximately HK$11.3 million.

As at the date of this announcement, a total of 548,000 Shares repurchased in January 2024 have been cancelled on 7 February 2024 and a total of 1,650,000 Shares repurchased in February 2024 have not yet been cancelled.

FINANCIAL REVIEW

Revenue

	Year Ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from continuing operations				
Net sales of drugs	**671,582**	**90.9**	566,755	90.6
R&D service and IP transfer	**66,955**	**9.1**	58,649	9.4
Total Revenue	**738,537**	**100.0**	625,404	100.0

Total revenue increased by 18.1% from RMB625.4 million for the year ended 31 December 2022 to RMB738.5 million for the year ended 31 December 2023. Net sales of drugs increased by 18.5% from RMB566.8 million for the year ended 31 December 2022 to RMB671.6 million for the year ended 31 December 2023.

Gross Profit and Gross Profit Margin

	Year Ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Sales of drugs	**581,114**	**95.2**	471,170	97.8
R&D services and IP transfer	**28,988**	**4.8**	10,837	2.2
Gross Profit	**610,102**	**100.0**	482,007	100.0

Gross Profit increased by 26.6% to RMB610.1 million for the year ended 31 December 2023 from RMB482.0 million for the year ended 31 December 2022. Gross profit margin was 82.6% for the year ended 31 December 2023, representing an increase of 5.5% as compared with 77.1% for the year ended 31 December 2022. The gross profit margin improvement was primarily due to the increased sales volume of orelabrutinib and reduction in the unit cost of sales. The reduction of unit cost of sales is attributed to the more efficient manufacture process implemented at Guangzhou facility during the Reporting Period.

Segmental Information

The Group is engaged in biopharmaceutical research and development, manufacturing, commercialization and services, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Other Income and Gains

Other income and gains increased from RMB198.2 million for the year ended 31 December 2022 to RMB244.2 million for the year ended 31 December 2023, primarily attributable to an increase amounting to RMB55.4 million in the bank interest income to RMB192.3 million for the year ended 31 December 2023 from RMB136.9 million for the year ended 31 December 2022.

Research and Development Expenses

Research and development expenses increased by 17.5% to RMB751.2 million for the year ended 31 December 2023 from RMB639.1 million for the year ended 31 December 2022, primarily due to the spending increase for clinical trials with significant progress made in multiple pipelines and strategic investment in early stage candidates poised to become future assets.

	Year Ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Direct clinical trial and third-party contracting expense	**291,712**	**38.8**	196,826	30.8
Employee expense	**255,436**	**34.0**	223,095	34.9
Share-based compensation	**29,045**	**3.9**	58,164	9.1
Depreciation and amortization	**59,997**	**8.0**	43,083	6.7
Others	**114,986**	**15.3**	117,971	18.5
Research and development expenses	**751,176**	**100.0**	639,139	100.0

(i) RMB94.9 million increase of direct clinical trial and third party contracting expense from RMB196.8 million to RMB291.7 million;

(ii) RMB32.3 million increase of R&D employees expense from RMB223.1 million to RMB255.4 million;

(iii) RMB29.2 million decrease of share-based compensation from RMB58.2 million to RMB29.0 million;

(iv) RMB16.9 million increase of depreciation and amortization from RMB43.1 million to RMB60.0 million; and

(v) RMB3.0 million decrease of other R&D expenses such as trial materials, consumables and energy, etc., from RMB118.0 million to RMB115.0 million.

Administrative Expenses

Administrative expenses increased by RMB11.9 million from RMB181.6 million for the year ended 31 December 2022 to RMB193.5 million for the year ended 31 December 2023, primarily attributable to RMB10.8 million substitute payment to terminate the IP transfer agreement between InnoCare and BioDuro.

	Year Ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Employee expense	**79,904**	**41.3**	78,008	43.0
Share-based compensation	**27,836**	**14.4**	34,357	18.9
Professional fees	**31,553**	**16.3**	35,159	19.4
Depreciation and amortisation	**16,737**	**8.6**	11,297	6.2
Taxes and surcharges	**9,704**	**5.0**	6,895	3.8
Substitutes of interest distribution on terminating BTK agreement	**10,766**	**5.6**	—	—
Others	**17,020**	**8.8**	15,840	8.7
Administrative Expenses	**193,520**	**100.0**	181,556	100.0

Selling and Distribution Expenses

Selling and Distribution expenses decreased from RMB438.6 million for the year ended 31 December 2022 to RMB366.9 million for the year ended 31 December 2023, primarily due to less spending on market research, market promotion and education with improvement of operational efficiency.

	Year Ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Market research, market promotion and education	**171,829**	**46.8**	234,345	53.4
Employee expense	**155,115**	**42.3**	143,105	32.6
Share-based compensation	**8,223**	**2.2**	36,956	8.4
Others	**31,724**	**8.7**	24,205	5.6
Selling and Distribution Expenses	**366,891**	**100.0**	438,611	100.0

Other Expenses

Other expenses decreased from RMB291.2 million for the year ended 31 December 2022 to RMB92.7 million for the year ended 31 December 2023, the loss is mainly arised from the unrealized foreign exchange loss due to USD appreciation against RMB when exchanging the overseas company's RMB balance to its functional currency USD. The reduction of this loss in 2023 was driven by a lesser appreciation of the US dollar against the RMB.

Fair value changes of convertible loan

Fair value changes of convertible loan with Guangzhou Kaide changed from a gain of RMB3.4 million for the year ended 31 December 2022 to a loss of RMB54.0 million for the year ended 31 December 2023.

Share of losses of joint ventures

Share of losses of joint ventures was RMB4.9 million for the year ended 31 December 2023 comparing to a loss of RMB9.7 million for the year ended 31 December 2022.

Finance Costs

Finance costs increased from RMB17.0 million for the year ended 31 December 2022 to RMB35.1 million for the year ended 31 December 2023, primarily attributable to the increasing discounted interests with more affected periods in 2023 of other current liability and long term payables compared with last year.

Analysis of Key Items of Financial Position

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
CURRENT ASSETS		
Trade and bills receivables	**307,638**	127,825
Prepayments, other receivables and other assets	**113,994**	95,344
Inventories	**119,095**	65,322
Financial assets at fair value through profit or loss	**—**	313,290
Cash and bank balances	**8,224,596**	8,697,927
Total current assets	**8,765,323**	9,299,708
CURRENT LIABILITIES		
Interest-bearing bank borrowings	**5,000**	—
Trade payables	**134,905**	118,597
Contract liabilities	**—**	4,242
Other payables and accruals	**667,717**	727,552
Deferred income	**12,008**	7,757
Lease liabilities	**23,233**	20,112
Convertible loan	**1,251,131**	1,197,168
Total current liabilities	**2,093,994**	2,075,428
NET CURRENT ASSETS	**6,671,329**	7,224,280

We had net current assets of RMB6,671.3 million as of 31 December 2023, which was primarily attributable to cash and bank balances of RMB8,224.6 million, trade and bills receivables of RMB307.6 million, prepayments, other receivables and other assets of RMB114.0 million and inventories of RMB119.1 million, which was partially offset by other payables and accruals of RMB667.7 million, trade payables of RMB134.9 million and convertible loan of RMB1,251.1 million.

Trade and bills receivables

Trade and bills receivables mainly consist of the receivables by selling drugs and other receivables from providing R&D services. An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**248,942**	127,822
3 months to 6 months	**58,696**	3
Trade and bills receivables	**307,638**	127,825

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally one to three months, and expanding up for some customers. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group's major customers are state-owned large-scale drug distributors located in the PRC with whom the Group has been cooperating since 2021. The Group considers that such practice is in line with the unique norm of the bio-pharmaceutical industry in the PRC where primary drug distributors are state-owned enterprises. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

Prepayments, other receivables and other assets

Prepayments, other receivables and other assets increased from RMB95.3 million as of 31 December 2022 to RMB114.0 million as of 31 December 2023, primarily due to (i) RMB5.4 million increase in prepayments from RMB33.6 million as of 31 December 2022 to RMB39.0 million as of 31 December 2023; and (ii) RMB17.5 million increase in interest receivable from RMB45.0 million as of 31 December 2022 to RMB62.5 million as of 31 December 2023.

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Prepayments	**39,044**	33,557
Interest receivable	**62,540**	44,987
Tax recoverable	**10,390**	12,147
Other receivables	**2,020**	4,653
Prepayments, other receivables and other assets	**113,994**	95,344

Inventories

To prepare for the future sales growth, the inventories, which mainly include raw materials, consigned processing material and finished goods, increased from RMB65.3 million as of 31 December 2022 to RMB119.1 million as of 31 December 2023.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are wealth management products denominated in RMB, measured at fair value and whose changes are included in profit or loss, with Nil in current assets as of 31 December 2023, compared to RMB313.3 million in current assets as of 31 December 2022 because of redemption during the year.

Trade Payables

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**124,207**	111,186
1 year to 2 years	**10,432**	7,335
2 years to 3 years	**199**	66
Over 3 years	**67**	10
Trade Payables	**134,905**	118,597

Other Payables and Accruals

Other payables and accruals decreased from RMB727.6 million as of 31 December 2022 to RMB667.7 million as of 31 December 2023, primarily due to (i) a decrease in payable for property, plant and equipment from 104.1 million as of 31 December 2022 to RMB58.2 million as of 31 December 2023; (ii) a decrease in individual income tax and other taxes from RMB32.6 million as of 31 December 2022 to RMB15.3 million as of 31 December 2023; (iii) a decrease in accruals from RMB51.4 million as of 31 December 2022 to RMB38.3 million as of 31 December 2023; and offset by (iv) an increase in other current liability from RMB459.5 million as of 31 December 2022 to RMB476.3 million as of 31 December 2023.

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Payable for property, plant and equipment	**58,190**	104,050
Payroll payables	**52,999**	57,014
Individual income tax and other taxes	**15,253**	32,580
Sales rebate	**11,853**	7,628
Accruals	**38,336**	51,391
Other current liability	**476,336**	459,517
Others	**14,750**	15,372
Other Payables and Accruals	**667,717**	727,552

Indebtedness and finance lease

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Included in current liabilities		
Interest-bearing bank borrowings	**5,000**	—
Lease liabilities	**23,233**	20,112
Other current liability	**476,336**	459,517
Convertible loan	**1,251,131**	1,197,168
Included in non-current liabilities		
Interest-bearing bank borrowings	**26,300**	—
Lease liabilities	**43,647**	35,439
Long term payables	**305,577**	287,761
Total indebtedness	**2,131,224**	1,999,997

Total indebtedness increased from RMB2,000.0 million as of 31 December 2022 to RMB2,131.2 million as of 31 December 2023, mainly due to the increase of other current liability, convertible loan, long term payables and interest-bearing bank borrowings.

Deferred income

Total deferred income, classified in current liabilities and non-current liabilities, decreased from RMB286.0 million as of 31 December 2022 to RMB280.9 million as of 31 December 2023, mainly due to government grants recognized in profit.

Property, Plant and Equipment

Property, plant and equipment increased from RMB653.2 million as of 31 December 2022 to RMB759.8 million as of 31 December 2023, which is mainly caused by increase of buildings, plant and machinery for both Beijing Tiancheng Pharma Tech Co., Ltd. and Guangzhou InnoCare Pharma Tech Co., Ltd.

Right-of-use Assets

Right of use assets increased from RMB284.1 million as of 31 December 2022 to RMB293.8 million as of 31 December 2023, which is mainly caused by the addition of right-of-use assets, partially offset by the normal amortization.

Other Intangible Assets

Other intangible assets decreased from RMB41.3 million as of 31 December 2022 to RMB39.0 million as of 31 December 2023 was mainly due to the amortization of the intangible assets.

Investments in Joint Ventures

Investments in joint ventures decreased from RMB11.7 million as of 31 December 2022 to RMB5.7 million as of 31 December 2023 mainly because the share of loss of the joint venture increased.

Other Non-Current Assets

Other non-current assets, which were mainly the prepayments for property, plant and equipment etc., increased from RMB28.0 million as of 31 December 2022 to RMB52.4 million as of 31 December 2023.

Key Financial Ratios

The following table sets forth our selected key financial ratio:

	As of 31 December	
	2023	2022
Current ratio	**4.2**	4.5

Current ratio equals current assets divided by current liabilities as of the end of the year.

The decrease in current ratio was primarily due to the decrease of cash and bank balances from RMB8,697.9 million to RMB8,224.6 million, the decrease of financial assets at fair value through profit or loss from RMB313.3 million to nil and the increase of convertible loan from RMB1,197.2 million to RMB1,251.1 million, partially offset by the increase of trade and bills receivables from RMB127.8 million to RMB307.6 million, the increase of inventories from RMB65.3 million to RMB119.1 million and the decrease of other payables and accruals from RMB727.6 million to RMB667.7 million.

LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements to be satisfied by a combination of cash generated from operating activities, bank and other borrowing facilities, other funds raised from the capital markets from time to time and the net proceeds from the IPO and the RMB Share Issue. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

On 23 March 2020, 250,324,000 Shares of US$0.000002 each were issued at a price of HK$8.95 per Share in connection with the Company's Listing on the Hong Kong Stock Exchange. The proceeds of HK$3,883 representing the par value of shares, were credited to the Company's share capital. The remaining proceeds of HK$2,240.4 million (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from U.S. dollar to Hong Kong dollar is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the U.S. as of 23 March 2020.

On 15 April 2020, the international underwriters of the Global Offering exercised the overallotment option in full, pursuant to which the Company is required to allot and issue the option shares, being 37,548,000 Shares, representing approximately 15% of the maximum number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK$322.59 million (after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option).

On 10 February 2021, pursuant to two subscription agreements entered between the Company and certain investors, a total of 210,508,000 Shares of the Company were subscribed at a subscription price of HK$14.45 per subscription share. For further details, please refer to the announcements of the Company dated 3 February 2021 and 10 February 2021, respectively.

On 21 September 2022, 264,648,217 RMB Shares of US$0.000002 each were issued at a price of RMB11.03 per RMB Share and listed on the STAR Market. Net proceeds after deducting underwriting discounts and commission and offering expenses were RMB2,778.82 million. As required by the PRC securities laws, the net proceeds from the RMB Share Issue must be used in strict compliance with the planned uses as disclosed in the PRC prospectus as well as the Company's proceeds management policy for the RMB Share Issue approved by the board of directors.

As of 31 December 2023, cash and bank and wealth management product balances were RMB8,224.6 million, as compared to RMB9,011.2 million as of 31 December 2022. The decrease was mainly due to the operating activities. Our primary uses of cash are to fund research and development efforts of new drug candidates, sales promotion, working capital and other general corporate purposes. Our cash and cash equivalents are held in RMB, USD, AUD and HKD.

Save as disclosed in this announcement, during the Reporting Period and until the date of this announcement, the Company has not made any issue of equity securities for cash.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Subscription of Wealth Management Products

Between 8 October 2021 and 29 December 2021, the Company, through its subsidiaries, subscribed for certain wealth management products issued by China Merchants Bank Co., Ltd. and administered by CMB Wealth Management Company Limited, for an aggregate principal amount of RMB715 million. The relevant wealth management products are non-principal guaranteed with floating return, and with moderately low risk. As of 31 December 2023, the aggregated outstanding principal amount of the Group's Wealth Management Products was Nil, and the subscriptions generated an investment income of RMB10.5 million during the Reporting Period .

Saved as disclosed above, as of 31 December 2023, we did not hold any significant investments of the Company. For the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company. We did not have any future plans for material investments and capital assets as of 31 December 2023.

GEARING RATIO

The gearing ratio (calculated as total debt (includes other current liability, loans and borrowings and convertible loan) divided by total assets and multiplied by 100%) as of 31 December 2023 was 20.8% (31 December 2022: 18.8%).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

BANK LOANS AND OTHER BORROWINGS

As of 31 December 2023, we had RMB1,251.1 million of convertible loan with Guangzhou Kaide, RMB305.6 million of long term payable with Beijing Changxin Construction Investment Co., Ltd, RMB31.3 million of interest-bearing borrowings with Bank of Beijing and RMB476.3 million of other current liability with GZHT Technology Holdings, land use right of RMB156.8 million was mortgaged to Beijing Changxin Construction Investment Co., Ltd. We signed a loan agreement with Bank of Beijing in May 2023, with the banking facility of RMB400.0 million. As of 31 December 2023, RMB33.8 million was withdrawn and the unutilized banking facility was RMB366.2 million.

Save as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CONTINGENT LIABILITIES

As of 31 December 2023, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

Our financial statements are presented in RMB, but certain of our cash and cash equivalents, time deposits, trade and other receivables, trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

LIQUIDITY RISK

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

CHARGE ON GROUP ASSETS

Except for the mortgage on land use right under the paragraph of "Bank Loans and Other Borrowings", there was no pledge of the Group's assets as of 31 December 2023.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 December 2023.

No dividend was declared and paid by the Group for the year ended 31 December 2023 (2022: Nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on Thursday, 27 June 2024. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 24 June 2024 to Thursday, 27 June 2024, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, 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 Friday, 21 June 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 3 November 2015 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 23 March 2020. On 21 September 2022, the RMB Shares of the Company were listed on the STAR Market.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's annual general meeting held on 2 June 2023, the Shareholders passed a special resolution in relation to the amendments to the memorandum and articles of association of the Company. The fourth amended and restated memorandum and articles of association of the Company became effective on 2 June 2023. For details, please refer to the Company's circular dated 3 May 2023.

CHANGES IN INFORMATION OF DIRECTORS, AND SENIOR MANAGEMENT

During the Reporting Period and up to the date of this announcement, the composition of the Board of Directors, and senior management of the Company changed as follows:

Mr. Shan Fu	—	resigned as a non-executive Director with effect from 27 March 2023. For details, please refer to the announcement of the Company dated 27 March 2023.
Dr. Zemin Jason Zhang	—	resigned as an independent non-executive Director, a member of the Audit Committee, a member of the Compensation Committee and a member of the Nomination Committee of the Company with effect from 14 July 2023.
Dr. Dandan Dong	—	appointed as an independent non-executive Director with effect from 11 October 2023. For details of the personal particulars of Dr. Dandan Dong required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, please refer to the announcement of the Company dated 11 October 2023.
Mr. Xin Fu	—	appointed as the chief financial officer with effect from 18 December 2023. For details, please refer to the overseas regulatory announcement of the Company dated 17 December 2023.

Following the resignation of Dr. Zemin Jason Zhang as a member of each of the Compensation Committee, the Nomination Committee and the Audit Committee, (i) Dr. Kaixian Chen, an independent non-executive Director, has been appointed as a member of the Compensation Committee; (ii) Ms. Lan Hu, an independent non-executive Director, has

been appointed as a member of the Nomination Committee; and (iii) Mr. Ronggang Xie, a non-executive Director, has been appointed as a member of the Audit Committee.

Dr. Dandan Dong has ceased to serve as a director of VISEN Pharmaceuticals with effect from 13 December 2023.

Save as disclosed in this announcement, there was no change in the information of Directors of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules. During the Reporting Period, the Board is of the opinion that the Company has complied with all applicable code provisions apart from the deviation below.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the Chairperson and the Chief Executive should be segregated and should not be performed by the same individual. The roles of the Chairperson and Chief Executive Officer of the Company are held by Dr. Jisong Cui who is a co-founder of the Company. The Board believes that this structure will not impair the balance of power and authority between our Board and the management of the Company, given that: (i) a decision to be made by the Board requires approvals by at least a majority of Directors and that the Board comprises three independent non-executive Directors out of nine Directors, and the Board believes there is sufficient check and balance in the Board; (ii) Dr. Jisong Cui and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefits and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board also believes that the combined role of Chairperson and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Further, in view of Dr. Jisong Cui's experience, personal profile and her roles in the Company as mentioned above, Dr. Jisong Cui is the Director best suited to identify strategic opportunities and focus of the Board due to her extensive understanding of our business as the Chief Executive Officer. Finally, as Dr. Jisong Cui is the co-founder of the Company, the Board believes that vesting the roles of both Chairperson 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 and communication within the Group. The Board will

continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairperson and Chief Executive Officer is necessary.

The Company will continue to regularly review this annual result and monitor the corporate governance practices to ensure the compliance with the CG Code and maintain a high standard of the best practices. We aim to implement a high standard of corporate governance, which is crucial to safeguard the interests of the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 8 September 2023, the Board approved and the Company announced a HK$200 million share repurchase plan (the "**Share Repurchase Plan**") of the Shares listed on the Main Board of the Stock Exchange. During the Reporting Period, the Company repurchased 1,191,000 Shares on-market for a total consideration of HK$6,876,550 pursuant to the Share Repurchase Plan. As at 31 December 2023, 1,011,000 and 180,000 Shares repurchased have been cancelled on 8 November and 28 December 2023, respectively. The Directors are of the view that repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

Details of the share repurchases during the Reporting Period are as follows:

Month of repurchase in 2023	**Number of Shares and method of repurchased**	**Price per Share paid**		**Total consideration paid**
		Highest	**Lowest**	
September 2023	451,000 Shares on the Stock Exchange	HK$6	HK$5.72	HK$2,627,610
October 2023	560,000 Shares on the Stock Exchange	HK$5.58	HK$5.34	HK$3,057,470
November 2023	180,000 Shares on the Stock Exchange	HK$6.66	HK$6.46	HK$1,191,470
Total	**1,191,000 Shares on the Stock Exchange**			**HK$6,876,550**

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. Save as disclosed above, there was no transaction in the Company's securities, or securities of its subsidiaries (in each case, in the nature of (1) convertible securities, options, warrants or similar rights issued or granted; (2) exercise of any conversion or subscription rights attached to the aforesaid; or (3) redemption, purchase or cancellation of redeemable securities) during the Reporting Period.

SCOPE OF WORK OF THE GROUP'S AUDITORS

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 auditors to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by the Group's auditors 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 the Group's auditors in this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises one non-executive Director, namely Mr. Ronggang Xie, and two independent non-executive Directors, namely Ms. Lan Hu and Dr. Kaixian Chen. Ms. Lan Hu, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

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 auditors. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a Nomination Committee and a Compensation Committee.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as at the end of the Reporting Period.

USE OF NET PROCEEDS

Use of Net Proceeds from the IPO

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO and the exercise of over-allotment option of approximately HK$2,415.67 million. Up to 31 December 2023, HKD1,499.6 million, or 62.1% out of the net proceeds have been utilized. The remaining proceeds will be used in the following one to three years. The completion time for usage of proceeds is determined based on the Company's actual business needs and future business development.

	Use of proceeds as stated in the Prospectus *(in HK$'000) (approximate)*	**Net proceeds unutilized as of 1 January 2023** *(in HK$'000) (approximate)*	**Actual use of proceeds during the Reporting Period** *(in HK$'000) (approximate)*	**Net proceeds unutilized as of 31 December 2023** *(in HK$'000) (approximate)*	**Expected timeline for usage of proceeds**
50% for ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of orelabrutinib concurrently in both China and the U.S.	1,207,835	411,998	150,448	261,550	The amount is expected to be fully utilized before the second half of 2026
40% for our other clinical stage product candidates*	966,268	696,201	63,004	633,197	The amount is expected to be fully utilized before the second half of 2026
10% for working capital and general corporate purposes	241,567	47,316	26,016	21,300	The amount is expected to be fully utilized by the end of 2024
Total	**2,415,670**	**1,155,515**	**239,468**	**916,047**	

* Please refer to the interim results announcement of the Company dated 29 August 2023 for the adjustment made to the categorization of the use of net proceeds from the IPO.

Use of Net Proceeds from Subscription Agreements in February 2021

On 2 February 2021, the Company and certain investors had entered into two subscription agreements pursuant to which the Company has conditionally agreed to allot and issue and the investors, namely Gaoling Fund L.P., YHG Investment L.P. and Vivo Opportunity Fund, L.P., have conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 Shares of the Company, representing approximately 16.33% of the then total issued shares of the Company as at the date of the subscription agreements and approximately 14.04% of the total issued shares of the Company as enlarged by the allotment and issue of the subscription shares, at the subscription price of HK$14.45 per subscription share. The aggregate nominal value of the subscription shares under the subscription was US$421.02. The net price of each subscription share based on the net proceeds of approximately HK$3,041.44 million and 210,508,000 subscription shares were estimated to be approximately HK$14.45. The closing price as quoted on the Stock Exchange on 2 February 2021 was HK$15.72 per Share. The gross proceeds and net proceeds from the issued subscription shares were approximately HK$3,041.84 million and HK$3,041.44 million, respectively. The above-mentioned subscription was completed on 10 February 2021. Such use of proceeds will be in line with the planned use according to the intentions previously disclosed by the Company and it is expected there will be no significant change or delay.

The table below sets out the planned applications of the proceeds and actual usage up to 31 December 2023:

Intended use of proceeds	Proceeds from the subscription *(in HK$'000) (approximate)*	Actual use of proceeds from closing of the subscriptions to 31 December 2022 *(in HK$'000) (approximate)*	Net proceeds unutilized as of 1 January 2023 *(in HK$'000) (approximate)*	Actual use of proceeds during the Reporting Period *(in HK$'000) (approximate)*	Net proceeds unutilized as of 31 December 2023 *(in HK$'000) (approximate)*	Expected timeline for usage of proceeds
(i) R&D cost, which includes, expanding and accelerating ongoing and planned clinical trials in domestic and international regions, and expanding and accelerating internal discovery stage programs (including the multiple IND-enabling stage candidates in our pipeline	N/A*(Note 1)*	231,104	N/A*(Note 1)*	10,871	N/A*(Note 1)*	All remaining proceeds are expected to be fully utilized before 2027 in accordance with the intended use of proceeds the respective exact sum of which will depend on the Company's actual business needs with reference to evolving market conditions
(ii) Retain and recruiting domestic and international talents to strengthen the Group's capabilities in discovery, clinical, business development and commercialization functions (including commercial team expansion to ensure successful launches of orelabrutinib and subsequent products)		522,373		116,076		
(iii) Reserve fund for any potential external collaboration and in-licensing opportunities		272,889		304		
(iv) To use as working capital and other general corporate purpose		678,132		44,149		
Total	**3,041,440**	**1,704,498**	**1,336,942**	**171,400**	**1,165,542**	

Note:

1. Pursuant to the subscription agreements dated 2 February 2021, there is no allocation on how the proceeds would be applied to each intended use. Accordingly, there were no numerical value applicable to the relevant columns.

Use of Net Proceeds from RMB Share Issue

On 21 September 2022, the RMB Shares were listed on the STAR Market. The gross proceeds amounted to approximately RMB2,919.07 million. After deducting issuance expenses of RMB140.25 million in accordance with the related requirements, the net proceeds amounted to approximately RMB2,778.82 million. The net proceeds raised from the RMB Share Issue have been used and will be used in accordance with the intended uses disclosed in the Company's RMB Share prospectus dated 16 September 2022, which has been attached to the overseas regulatory announcement of the Company dated 16 September 2022.

As at 31 December 2023, the net proceeds of the RMB Share Issue had been utilised as follows:

	Proceeds from the subscription *(in RMB'000) (approximate)*	**Net proceeds unutilized as of 1 January 2023** *(in RMB'000) (approximate)*	**Actual use of proceeds during the Reporting Period** *(in RMB'000) (approximate)*	**Net proceeds unutilized as of 31 December 2023** *(in RMB'000) (approximate)*	**Expected timeline for usage of proceeds**
New drug research and development ("**R&D**") projects	1,494,220.6	1,494,220.6	251,353.3	1,242,867.3	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Upgrade of drug R&D platform	116,146.6	116,146.6	90,268.5	25,878.1	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Construction of marketing network	273,851.4	273,851.4	114,706.7	159,144.7	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Construction of IT system	60,952.3	60,952.3	28,656.2	32,296.1	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Replenishment of cash flow	833,644.7	833,644.7	468,728.4	364,916.3	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Total	**2,778,815.6**	**2,778,815.6**	**953,713.1**	**1,825,102.5**	

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*4*	**738,537**	625,404
Cost of sales		**(128,435)**	(143,397)
Gross profit		**610,102**	482,007
Other income and gains	*4*	**244,153**	198,199
Selling and distribution expenses		**(366,891)**	(438,611)
Research and development expenses		**(751,176)**	(639,139)
Administrative expenses		**(193,520)**	(181,556)
Other expenses		**(92,674)**	(291,167)
Fair value change of a convertible loan		**(53,963)**	3,396
Impairment losses on financial assets		**(268)**	(100)
Share of losses of joint ventures		**(4,900)**	(9,711)
Finance costs		**(35,069)**	(17,045)
LOSS BEFORE TAX		**(644,206)**	(893,727)
Income tax expense	*5*	**(1,426)**	—
LOSS FOR THE YEAR		**(645,632)**	(893,727)
Attributable to:			
Owners of the parent		**(631,263)**	(886,593)
Non-controlling interests		**(14,369)**	(7,134)
		(645,632)	(893,727)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*7*	**(RMB0.37)**	(RMB0.60)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(645,632)**	(893,727)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**113,544**	429,445
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**113,544**	429,445
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(532,088)**	(464,282)
Attributable to:		
Owners of the parent	**(517,719)**	(457,148)
Non-controlling interests	**(14,369)**	(7,134)
	(532,088)	(464,282)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**759,764**	653,163
Right-of-use assets		**293,837**	284,103
Goodwill		**3,125**	3,125
Other intangible assets		**39,007**	41,305
Investment in a joint venture		**5,660**	11,712
Other non-current assets		**52,413**	28,042
Total non-current assets		**1,153,806**	1,021,450
CURRENT ASSETS			
Inventories		**119,095**	65,322
Trade and bills receivables	*8*	**307,638**	127,825
Prepayments, other receivables and other assets		**113,994**	95,344
Financial assets at fair value through profit or loss		**—**	313,290
Cash and bank balances		**8,224,596**	8,697,927
Total current assets		**8,765,323**	9,299,708
CURRENT LIABILITIES			
Trade payables	*9*	**134,905**	118,597
Contract liabilities		**—**	4,242
Other payables and accruals		**667,717**	727,552
Deferred income		**12,008**	7,757
Interest-bearing bank borrowings		**5,000**	—
Lease liabilities		**23,233**	20,112
Convertible loan		**1,251,131**	1,197,168
Total current liabilities		**2,093,994**	2,075,428
NET CURRENT ASSETS		**6,671,329**	7,224,280
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,825,135**	8,245,730

	Notes	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**26,300**	—
Lease liabilities		**43,647**	35,439
Long term payables		**305,577**	287,761
Deferred income		**268,906**	278,203
Total non-current liabilities		**644,430**	601,403
Net assets		**7,180,705**	7,644,327
EQUITY			
Equity attributable to owners of the parent			
Share capital		**23**	23
Reserves		**7,147,825**	7,597,078
		7,147,848	7,597,101
Non-controlling interests		**32,857**	47,226
Total equity		**7,180,705**	7,644,327

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2015. The registered office of the Company is located at the offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the research, development, manufacture and commercialisation of biological products. The Company's ordinary shares were listed on the Main Board of the Hong Kong Stock Exchange and STAR Market of the Shanghai Stock Exchange on 23 March 2020 and on 21 September 2022, respectively.

Information about the subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Ocean Prominent Limited	British Virgin Islands	US$1	100%	—	Investment holding
Sunny Investments Limited	Hong Kong	HK$1	—	100%	Investment holding
InnoCare Pharma Inc.	United States of America ("**USA**")	US$3	—	100%	Research and development
InnoCare Pharma Australia Pty Ltd.	Australia	AU$10	—	100%	Research and development
Beijing InnoCare Pharma Tech Co., Ltd. ("**Beijing InnoCare**") [(a)]	PRC/ Chinese Mainland	US$80,000,000	—	100%	Research and development and commercialisation
Nanjing Tianyin Jian Hua Pharma Tech Co., Ltd. ("**Nanjing InnoCare**")	PRC/ Chinese Mainland	RMB10,000,000	—	100%	Research and development
Beijing Tiancheng Pharma Tech Co., Ltd. [(d)] ("**Beijing Tiancheng**")	PRC/ Chinese Mainland	RMB66,474,400	—	93.39%	Research and development
Shanghai Tianjin Pharma Tech Co., Ltd. ("**Shanghai Tianjin**")	PRC/ Chinese Mainland	RMB4,000,000	—	100%	Research and development
Guangzhou InnoCare Pharma Tech Co., Ltd. ("**Guangzhou InnoCare**")	PRC/ Chinese Mainland	RMB1,000,000,000	—	93%	Development and manufacture
Beijing Tianshi Pharma Tech Co., Ltd. ("**Beijing Tianshi**") [(b)]	PRC/ Chinese Mainland	RMB2,000,000	—	100%	Research and development
Guangzhou InnoCare Biological Tech Co., Ltd. [(a)] [(c)]	PRC/ Chinese Mainland	US$30,000,000	—	100%	Research and development

(a) Registered as wholly-foreign-owned enterprises under PRC law.

(b) On 26 October 2023, Beijing InnoCare acquired 50% equity of Beijing Tianshi from an independent third party for a cash consideration of RMB1,152,000.00. After acquisition, the Group holds 100% equity of the subsidiary. As of the acquisition date, Beijing Tianshi has not yet conducted actual business activities and only holds bank deposits. The acquired assets cannot be operated or managed in a business form to generate revenue. Therefore, in terms of accounting treatment, the Group determines that the acquisition of Beijing Tianshi does not constitute a business combination.

(c) The subsidiary was dissolved on 5 September 2023.

(d) On 23 February 2023, the registered share capital of Beijing Tiancheng increased from RMB49,225,100 to RMB66,474,400 and the percentage of equity interest attributable to the Company increased from 91.08% to 93.39%.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, bills receivable and convertible loan which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the foreign exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements. However, they did not have any impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with earlier application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research and development, manufacture, commercialisation and services, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**673,134**	568,035
Other countries/regions	**65,403**	57,369
Total revenue	**738,537**	625,404

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**1,153,392**	1,020,695
Other countries/regions	**414**	755
Total non-current assets	**1,153,806**	1,021,450

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

Information about major customers

Revenue from each of the major customers (aggregated if under common control) which accounted for 10% or more of the Group's revenue during the year is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**249,438**	224,090
Customer B	**111,890**	101,386
Customer C	**93,421**	81,916
	454,749	407,392

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**738,537**	625,404

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Sales of goods	**671,582**	566,755
Research and development services	**59,758**	57,369
Licence out	**5,645**	—
Other services	**1,552**	1,280
Total	**738,537**	625,404
Geographical markets		
Chinese Mainland	**673,134**	568,035
Other countries/regions	**65,403**	57,369
Total	**738,537**	625,404
Timing of revenue recognition		
Goods and service transferred at a point in time	**678,779**	568,035
Services transferred over time *(note)*	**59,758**	57,369
Total	**738,537**	625,404

Note: In February 2023, Biogen notified the Company of its decision to terminate its licence and collaboration agreement with the Company, an oral small molecule BTK inhibitor for the potential treatment of MS along with the research and development services. Following the termination, the Company would regain all global rights granted to Biogen, including related intellectual property, decision-making regarding research and development, manufacture, and commercialisation, and commercial proceeds generated from orelabrutinib. The Company and Biogen have completed the transition in May.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Research and development services	**17,783**	7,797

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Licence out and research and development services

The performance obligation is satisfied at a point in time or over time as output generated from upon completion of transfer of know-how or the research and development activities is supplied to the customer, and payment is generally due within 60 days from the date of billing.

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from the date of billing.

Other services

The performance obligation is satisfied upon delivery of the testing service reports and payment is generally due within 90 days from delivery.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue		
Within one year	**—**	17,783

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants *(note)*	**41,006**	46,159
Bank interest income	**192,333**	136,914
Investment income of investments from wealth management products	**10,472**	8,486
Others	**342**	83
Total other income	**244,153**	191,642
Gains		
Fair value changes of financial assets at fair value through profit or loss	**—**	6,557
Total other income and gains	**244,153**	198,199

Note: Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development activities and compensate capital expenditures.

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands ("**BVI**"), Ocean Prominent Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Ocean Prominent Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatment of 15% is available to entities recognised as High and New Technology Enterprises. Beijing InnoCare, Nanjing InnoCare and Guangzhou InnoCare were recognised as High and New Technology Enterprises and were entitled to a preferential tax rate of 15% in 2023 (2022: Beijing InnoCare, 15%; Nanjing InnoCare, 15%; Guangzhou InnoCare, 15%).

In 2022, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Further Implementation of Preferential Income Tax for Small and Micro Enterprises (Cai Shui [2022] No. 13), which provides that the portion of annual taxable income of small and micro enterprises exceeding RMB1,000,000 but not exceeding RMB3,000,000 shall be deducted to 25% of the taxable income and subject to income tax at a rate of 20% for the period from 1 January 2022 to 31 December 2024. Beijing Tianshi was recognised as Small and Micro Enterprises and was entitled to a preferential tax rate of 20% in 2023 (2022: Beijing Tiancheng, 20%; Shanghai Tianjin 20%).

Australia

The subsidiary incorporated in Australia with less than AU$50,000,000 of turnover was subject to income tax at the rate of 25% (2022: 25%) on the estimated assessable profits during the year.

United States of America

The subsidiary incorporated in United States is subject to statutory United States federal corporate income tax at a rate of 21% (2022: 21%). It is also subject to the state income tax in relevant states to fulfil compliance requirements.

	2023	2022
	RMB'000	*RMB'000*
Current income tax expense	**1,426**	—

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(644,206)**	(893,727)
Tax at the statutory tax rate of 25%	**(161,052)**	(223,432)
Effect of tax rate differences in other jurisdictions	**16,747**	97,152
Preferential tax rates applicable to certain subsidiaries	**34,600**	65,183
Adjustments in respect of current tax on foreign subsidiary of previous periods	**62**	—
Additional deductible allowance for qualified research and development costs	**(111,915)**	(62,491)
Tax losses not recognised	**204,349**	103,983
Expenses not deductible for tax	**16,536**	18,148
Losses attributable to joint ventures	**735**	1,457
Withholding tax from licence revenue	**1,364**	—
Tax charge at the Group's effective rate	**1,426**	—

The Group has tax losses arising in Chinese Mainland of RMB2,693,952,000 that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

6. DIVIDEND

No dividends have been declared and paid by the Company for the year ended 31 December 2023 (2022: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount attributable to ordinary equity holders of the parent is based on the following data:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(631,263)**	(886,593)

	2023	2022
	Number of shares	Number of shares
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**1,687,470**	1,479,565

The calculation of basic loss per share for the years ended 31 December 2023 and 2022 excluded the unvested restricted stock units of the Company.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of the conversion of the exercise of restricted stock units, had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the years ended 31 December 2023 and 2022 are the same as the basic loss per share amounts.

8. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**276,778**	127,957
Bills receivable	**31,261**	—
Impairment	**(401)**	(132)
Net carrying amount	**307,638**	127,825

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, extending up for some customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**248,942**	127,822
3 months to 6 months	**58,696**	3
Total	**307,638**	127,825

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**132**	31
Impairment losses	**268**	100
Foreign exchange differences	**1**	1
At end of year	**401**	132

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision is based on exposure at default, probability of default and loss given default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 December 2023

	Gross carrying Amount ***RMB'000***	**Expected loss rate**	**Expected credit loss** ***RMB'000***
Trade and bills receivables aged in less than 1 year	**276,778**	**0.14%**	**401**

As at 31 December 2022

	Gross carrying Amount *RMB'000*	Expected loss rate	Expected credit loss *RMB'000*
Trade and bills receivables aged in less than 1 year	127,957	0.10%	132

9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Within 1 year	**124,207**	111,186
1 year to 2 years	**10,432**	7,335
2 years to 3 years	**199**	66
Over 3 years	**67**	10
Total	**134,905**	118,597

The trade payables are non-interest-bearing.

10. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following events taken place subsequent to 31 December 2023:

From 12 January 2024 to 23 February 2024, the Company repurchased an aggregate of 2,198,000 shares on the Hong Kong Stock Exchange at the highest and lowest prices of HK$6.00 and HK$4.54 per share, respectively. The aggregate purchase price paid for the share repurchase was approximately HK$11.30 million.

As at the date of this report, a total of 548,000 shares repurchased in January 2024 have been cancelled on 7 February 2024 and a total of 1,650,000 shares repurchased in February 2024 have not yet been cancelled.

GLOSSARY AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"AD"	atopic dermatitis
"AGM"	annual general meeting of the Company
"ALL"	acute lymphoblastic leukemia
"AML"	acute myeloid leukemia
"ASH"	American Society of Hematology
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"B-cell"	a type of white blood cell that differs from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes
"BioDuro"	BioDuro Inc. and its affiliates, including BioDuro Shanghai and BioDuro Beijing Co. Ltd. (保諾科技(北京) 有限公司) or any one of them
"Biogen"	Biogen Inc. (Nasdaq: BIIB)
"Board"	the board of directors of our Company
"BTD"	breakthrough therapy designation
"BTK"	Bruton's tyrosine kinase, a human enzyme encoded by the BTK Gene
"CD20"	B-lymphocyte antigen CD20, a B-cell specific cell surface molecule that is encoded by the MS4Al gene
"CDE"	Center for Drug Evaluation, an institution under the NMPA

"Chief Executive Officer"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"Chairperson"	Chairperson of the Board
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cholangiocarcinoma"	bile duct cancer, a type of cancer that forms in the bile ducts
"CLL"	chronic lymphocytic leukemia
"CNSL"	central nervous system lymphoma
"Company", "our Company", "the Company" or "InnoCare"	InnoCare Pharma Limited (Stock code: 9969), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 3 November 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange on 23 March 2020
"Compensation Committee"	the compensation committee of the Board
"Director(s)"	the director(s) of the Company
"DLBCL"	diffuse large B-cell lymphoma, a common type of non-Hodgkin lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
"EULAR"	the European Alliance of Associations for Rheumatology
"FGFR"	fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors
"FL"	follicular lymphoma

"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"GMP"	good manufacturing practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"Guangzhou Kaide"	Guangzhou Kaide Technology Development Co., Ltd., which was renamed as GZHT Technology Holdings since September 2019
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"IBD"	inflammatory bowel disease
"ICP-192"	one of the Company's clinical stage drug candidates
"Orelabrutinib"	one of the Company's clinical stage drug candidates
"IL-2"	interleukin-2
"IL-12"	interleukin-12
"IL-23"	interleukin-23
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"IPO"	the initial public offering of the Company on the Hong Kong Stock Exchange
"IRC"	Independent Review Committee
"ITK"	inducible T cell Kinase
"ITP"	Immune Thrombocytopenia

"JAK"	janus tyrosine kinase
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	23 March 2020, being the date on which the Shares of the Company were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MCD"	a subtype of diffuse large B-cell lymphoma (DLBCLs), based on co-occurrence of MYD88L265P and CD79B mutations (MCD subtype
"MCL"	mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"MS"	multiple sclerosis
"MZL"	marginal zone lymphoma
"NDA"	new drug application
"NMOSD"	neuromyelitis optic a spectrum disorder, also known as demyelinating autoimmune disease, is a chronic disorder of the brain and spinal cord dominated by inflammation of the optic nerve (optic neuritis) and inflammation of the spinal cord (myelitis)
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"NRDL"	National reimbursement drug list
"NTRK"	neurotrophic tyrosine receptor kinase

"pan-FGFR inhibitor"	pan-inhibitor of fibroblast growth factor receptor (FGFR) family
"pan-TRK inhibitor"	pan-inhibitor of tropomyosin-related kinase
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Prospectus"	the prospectus of the Company, dated 11 March 2020, in relation of its Global Offering
"R&D"	research and development
"R/R" or "r/r"	relapsed and refractory
"R-CHOP"	a combination of five drugs as first-line treatment for aggressive non-Hodgkin lymphoma
"RICE"	a combination of four drugs as a treatment for non-Hodgkin lymphoma or Hodgkin lymphoma that has come back after treatment.
"RMB"	Renminbi, the lawful currency of the PRC
"RMB Share Issue"	the Company's initial issue of no more than 264,648,217 RMB Shares which have been listed on the STAR Market since 21 September 2022
"RMB Shares"	the ordinary Shares to be subscribed for in RMB by target subscribers in the PRC, to be listed on the STAR Market and traded in RMB
"SC"	subcutaneous
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US$0.000002 each
"Shareholder(s)"	holder(s) of Share(s)

"SHP2"	non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway as well for regulation of cellular proliferation and survival
"SLE"	systemic lupus erythematosus
"SLL"	small lymphocytic lymphoma
"SRI"	the SLE Responder Index
"STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange
"T-cell"	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response. T-cells can be distinguished from other lymphocytes, such as B-cells and NK cells, by the presence of a T-cell receptor on the cell surface
"TDCC"	T-cell-dependent cellular cytotoxicity
"TRK"	a family of tyrosine kinases that regulates synaptic strength and plasticity in the mammalian nervous system
"TYK2"	tyrosine kinase 2
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. FDA" or "FDA"	U.S. Food and Drug Administration
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Vivo"	Vivo Opportunity Fund, L.P, a company of Vivo Capital VIII, LLC
"WM"	Waldenstrom's macroglobulinemia

APPRECIATION

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

By order of the Board
InnoCare Pharma Limited
Dr. Jisong Cui
Chairperson and Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board of Directors comprises Dr. Jisong Cui as Chairperson and executive Director, Dr. Renbin Zhao as executive Director, Dr. Yigong Shi, Mr. Ronggang Xie, and Mr. Ming Jin as non-executive Directors, and Ms. Lan Hu, Dr. Kaixian Chen, and Dr. Dandan Dong as independent non-executive Directors.