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**BeiGene, Ltd.**  
**百濟神州有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 06160)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022**

BeiGene, Ltd., together with its subsidiaries (the “Company” or “BeiGene” or “we” or “us”), hereby announces the consolidated results of the Company for the year ended December 31, 2022 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2021, which have been prepared under generally accepted accounting principles in the United States (the “U.S. GAAP”) and reviewed by the audit committee (the “Audit Committee”) of the Board of Directors (the “Board” or “Directors”) of the Company.

### **FINANCIAL HIGHLIGHTS**

- *Total revenues for the year ended December 31, 2022, increased by approximately US\$239.6 million or approximately 20.4% to approximately US\$1.4 billion, as compared to the year ended December 31, 2021. Product revenue increased by approximately US\$620.6 million or approximately 97.9% to approximately US\$1,254.6 million, as compared to the year ended December 31, 2021. Collaboration revenue decreased by approximately US\$381.0 million to approximately US\$161.3 million, as compared to the year ended December 31, 2021.*
- *Total expenses for the year ended December 31, 2022, increased by approximately US\$590.6 million or approximately 22.6% to approximately US\$3,205.6 million, as compared to the year ended December 31, 2021.*
- *Net loss for the year ended December 31, 2022, increased by approximately US\$546.0 million or approximately 37.5% to approximately US\$2,003.8 million, as compared to the year ended December 31, 2021.*
- *Basic and diluted loss per share for the year ended December 31, 2022, amounted to US\$1.49, representing an increase of 23.1% when compared with that of US\$1.21 for the year ended December 31, 2021.*

## CONSOLIDATED BALANCE SHEETS

	Note	As of December 31,	
		2022	2021
		US\$'000	US\$'000
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		3,869,564	4,375,678
Short-term restricted cash	5	196	328
Short-term investments	6	665,251	2,241,962
Accounts receivable, net	7	173,168	483,113
Inventories	8	282,346	242,626
Prepaid expenses and other current assets	14	<u>216,553</u>	<u>270,173</u>
Total current assets		<u>5,207,078</u>	<u>7,613,880</u>
Non-current assets:			
Long-term restricted cash	5	5,277	6,881
Property, plant and equipment, net	11	845,946	587,605
Operating lease right-of-use assets	10	109,960	117,431
Intangible assets, net	12	40,616	46,679
Other non-current assets	14	<u>170,413</u>	<u>163,049</u>
Total non-current assets		<u>1,172,212</u>	<u>921,645</u>
Total assets		<u><u>6,379,290</u></u>	<u><u>8,535,525</u></u>
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Accounts payable	15	294,781	262,400
Accrued expenses and other payables	14	467,352	558,055
Deferred revenue, current portion	4	213,861	187,414
Tax payable	13	25,189	21,395
Operating lease liabilities, current portion	10	24,041	21,925
Research and development cost share liability, current portion	4	114,335	120,801
Short-term debt	16	<u>328,969</u>	<u>427,565</u>
Total current liabilities		<u>1,468,528</u>	<u>1,599,555</u>

## CONSOLIDATED BALANCE SHEETS (Continued)

	Note	As of December 31,	
		2022	2021
		US\$'000	US\$'000
Non-current liabilities:			
Long-term debt	16	209,148	202,113
Deferred revenue, non-current portion	4	42,026	220,289
Operating lease liabilities, non-current portion	10	34,517	43,041
Deferred tax liabilities	13	15,996	14,169
Research and development cost share liability, non-current portion	4	179,625	269,561
Other long-term liabilities	14	<u>46,095</u>	<u>54,234</u>
Total non-current liabilities		<u>527,407</u>	<u>803,407</u>
Total liabilities		<u>1,995,935</u>	<u>2,402,962</u>
Commitments and contingencies	25		
Equity:			
Ordinary shares, US\$0.0001 par value per share; 9,500,000,000 shares authorized; 1,356,140,180 and 1,334,804,281 shares issued and outstanding as of December 31, 2022 and 2021, respectively		135	133
Additional paid-in capital		11,540,979	11,191,007
Accumulated other comprehensive (loss) income	21	(77,417)	17,950
Accumulated deficit		<u>(7,080,342)</u>	<u>(5,076,527)</u>
Total equity		<u>4,383,355</u>	<u>6,132,563</u>
Total liabilities and equity		<u><u>6,379,290</u></u>	<u><u>8,535,525</u></u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Year Ended December 31, 2022 US\$'000	2021 US\$'000
<b>Revenues</b>			
Product revenue, net	17	1,254,612	633,987
Collaboration revenue	4	<u>161,309</u>	<u>542,296</u>
Total revenues		<u>1,415,921</u>	<u>1,176,283</u>
<b>Expenses</b>			
Cost of sales – product		286,475	164,906
Research and development		1,640,508	1,459,239
Selling, general and administrative		1,277,852	990,123
Amortization of intangible assets	12	<u>751</u>	<u>750</u>
Total expenses		<u>3,205,586</u>	<u>2,615,018</u>
Loss from operations		(1,789,665)	(1,438,735)
Interest income (expense), net		52,480	(15,757)
Other (expense) income, net	6	<u>(223,852)</u>	<u>15,904</u>
Loss before income taxes		(1,961,037)	(1,438,588)
Income tax expense	13	<u>42,778</u>	<u>19,228</u>
Net loss		<u><u>(2,003,815)</u></u>	<u><u>(1,457,816)</u></u>
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US\$)	19	(1.49)	(1.21)
Weighted-average shares outstanding, basic and diluted	19	1,340,729,572	1,206,210,049
Net loss per American Depositary Share (“ADS”), basic and diluted (in US\$)		(19.43)	(15.71)
Weighted-average ADSs outstanding, basic and diluted		103,133,044	92,785,388

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	<b>Note</b>	<b>Year Ended December 31,</b>	
		<b>2022</b>	<b>2021</b>
		<b>US\$'000</b>	<b>US\$'000</b>
Net loss		(2,003,815)	(1,457,816)
Other comprehensive (loss) income, net of tax of nil:			
Foreign currency translation adjustments	21	(90,421)	13,714
Pension liability adjustments	24	365	1,865
Unrealized holding loss, net	21	<u>(5,311)</u>	<u>(4,571)</u>
Comprehensive loss		<u><u>(2,099,182)</u></u>	<u><u>(1,446,808)</u></u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year Ended December 31, 2022 US\$'000	2021 US\$'000
<b>Cash flows from operating activities:</b>			
Net loss		(2,003,815)	(1,457,816)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense		66,278	46,457
Share-based compensation expense	20	303,162	240,712
Acquired in-process research and development	4	68,665	83,500
Amortization of research and development cost share liability	4	(96,402)	(112,486)
Unrealized losses (gains) on equity investments	6	21,996	(7,632)
Deferred income tax expense		2,059	3,377
Other items, net		9,047	23,510
Changes in operating assets and liabilities:			
Accounts receivable		304,112	(423,019)
Inventories		(56,689)	(153,333)
Other assets		(3,282)	(107,128)
Accounts payable		(4,352)	20,008
Accrued expenses and other payables		45,627	140,044
Deferred revenue		(151,816)	407,703
Other liabilities		(1,209)	(2,620)
		<u>(1,496,619)</u>	<u>(1,298,723)</u>
Net cash used in operating activities			
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment		(325,434)	(262,942)
Purchases of short-term investments		(1,485)	(2,147,881)
Proceeds from sale or maturity of short-term investments		1,563,618	3,146,891
Purchase of in-process research and development		(143,665)	(8,500)
Purchase of intangible assets	12	-	(43,409)
Purchase of long-term investments	6	(15,911)	(43,500)
		<u>1,077,123</u>	<u>640,659</u>
Net cash provided by investing activities			

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Note	Year Ended December 31, 2022 US\$'000	2021 US\$'000
<b>Cash flows from financing activities:</b>			
Proceeds from public offering, net of cost	22	–	3,392,616
Proceeds from sale of ordinary shares, net of cost	22	–	50,000
Proceeds from long-term loan	16	37,372	16,838
Proceeds from short-term loans	16	313,774	406,449
Repayment of short-term loans	16	(417,081)	(321,754)
Proceeds from option exercises and employee share purchase plan		46,964	92,762
		<u>(18,971)</u>	<u>3,636,911</u>
Net cash (used in) provided by financing activities			
Effect of foreign exchange rate changes, net		<u>(69,383)</u>	<u>14,035</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash		<u>(507,850)</u>	<u>2,992,882</u>
Cash, cash equivalents, and restricted cash, beginning of year		<u>4,382,887</u>	<u>1,390,005</u>
<b>Cash, cash equivalents, and restricted cash, end of year</b>		<u><u>3,875,037</u></u>	<u><u>4,382,887</u></u>
<b>Supplemental cash flow disclosures:</b>			
Cash and cash equivalents		3,869,564	4,375,678
Short-term restricted cash		196	328
Long-term restricted cash		5,277	6,881
Income taxes paid		29,500	15,695
Interest paid		25,169	29,967
<b>Supplemental non-cash activities:</b>			
Accruals for capital expenditures		95,346	53,197
Purchase of in-process research and development included in accounts payable		–	75,000

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Attributable to BeiGene, Ltd.

	Ordinary Shares		Additional Paid-In Capital US\$'000	Accumulated Other Comprehensive Income/(Loss) US\$'000	Accumulated Deficit US\$'000	Total US\$'000
	Shares	Amount US\$'000				
Balance at December 31, 2020	1,190,821,941	118	7,414,932	6,942	(3,618,711)	3,803,281
Issuance of ordinary shares in connection with STAR Offering	115,055,260	12	3,392,604	-	-	3,392,616
Proceeds from issuance of ordinary shares, net of cost	2,151,877	-	50,000	-	-	50,000
Exercise of options, ESPP and release of RSUs	28,778,893	3	92,759	-	-	92,762
Use of shares reserved for share option exercises	(2,003,690)	-	-	-	-	-
Share-based compensation	-	-	240,712	-	-	240,712
Other comprehensive income	-	-	-	11,008	-	11,008
Net loss	-	-	-	-	(1,457,816)	(1,457,816)
Balance at December 31, 2021	1,334,804,281	133	11,191,007	17,950	(5,076,527)	6,132,563
Cost from issuance of ordinary shares	-	-	(152)	-	-	(152)
Use of shares reserved for share option exercises	1,375,621	-	-	-	-	-
Exercise of options, ESPP and release of RSUs	19,960,278	2	46,962	-	-	46,964
Share-based compensation	-	-	303,162	-	-	303,162
Other comprehensive loss	-	-	-	(95,367)	-	(95,367)
Net loss	-	-	-	-	(2,003,815)	(2,003,815)
Balance at December 31, 2022	1,356,140,180	135	11,540,979	(77,417)	(7,080,342)	4,383,355

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Organization

BeiGene, Ltd. (the “Company”, “BeiGene”, “it”, “its”) is a global biotechnology company that is developing and commercializing innovative affordable oncology medicines to improve treatment outcomes and access for patients worldwide.

The Company currently has three approved medicines that were discovered and developed in its own labs, including BRUKINSA<sup>®</sup>, a small molecule inhibitor of Bruton’s Tyrosine Kinase (BTK) for the treatment of various blood cancers; tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers; and pamiparib, a selective small molecule inhibitor of PARP1 and PARP2. The Company has obtained approvals to market BRUKINSA in the United States, the People’s Republic of China (China or the PRC), the European Union (EU), the United Kingdom (“UK”), Canada, Australia and additional international markets, and tislelizumab and pamiparib in China. By leveraging its China commercial capabilities, the Company has in-licensed the rights to distribute 13 approved medicines for the China market. Supported by its global clinical development and commercial capabilities, the Company has entered into collaborations with world-leading biopharmaceutical companies such as Amgen Inc. (“Amgen”) and Novartis Pharma AG (“Novartis”) to develop and commercialize innovative medicines.

The Company is committed to advancing best and first-in-class clinical candidates internally or with like-minded partners to develop impactful and affordable medicines for patients across the globe. Its internal clinical development capabilities are deep, including a more than 2,700-person global clinical development and medical affairs team that is running close to 80 ongoing or planned clinical trials in over 50 medicines and drug candidates. This includes more than 30 pivotal or potentially registration-enabling trials across its portfolio, including three internally discovered, approved medicines. The Company has enrolled in its clinical trials more than 18,000 subjects, of which approximately one-half have been outside of China.

The Company has built, and is expanding, its internal manufacturing capabilities, through its state-of-the-art biologic and small molecule manufacturing facilities in China to support current and potential future demand of its medicines, and is building a commercial-stage biologics manufacturing and clinical R&D center in New Jersey. The Company also works with high quality contract manufacturing organizations (“CMOs”) to manufacture its internally developed clinical and commercial products.

Since its inception in 2010, the Company has become a fully integrated global organization of over 9,000 employees in 29 countries and regions, including the United States, China, Europe and Australia.

As of December 31, 2022, the Company had the following 48 subsidiaries:

Name of Company	Place of Incorporation	Particulars of issued/paid-in capital	Percentage of Ownership by the Company	Principal Activities and Place of Operation
BeiGene 101	Cayman Islands	–	100%	No substantial business activities
BeiGene AUS Pty Ltd (“BeiGene Australia”)	Australia	USD56,947,230	100%	Medical, pharmaceutical research and development and commercial, Australia
BeiGene Austria GmbH	Austria	EUR35,000	100%	Medical, pharmaceutical research and development and commercial, Austria
BeiGene (Beijing) Co., Ltd. (“BeiGene Beijing”)	PRC*	RMB1,922,787,023	100%	Medical and pharmaceutical research and development, PRC
BeiGene Biologics Co., Ltd. (“BeiGene Biologics”)	PRC*	RMB14,540,000,000	100%	Medical and pharmaceutical research and development and manufacturing, PRC
BeiGene (Canada) ULC	Canada	CAD100	100%	Medical, pharmaceutical research and development and commercial, Canada
BeiGene ESP, S.L.U.	Spain	EUR3,000	100%	Medical, pharmaceutical research and development and commercial, Spain
BeiGene France Sarl	France	EUR7,500	100%	Medical, pharmaceutical research and development and commercial, France
BeiGene Guangzhou Biologics Manufacturing Co., Ltd. (“BeiGene Guangzhou Factory”)	PRC*	RMB12,490,389,800	100%	Medical and pharmaceutical research and development and manufacturing, PRC
BeiGene (Guangzhou) Innovation Technology Co., Ltd. (“BeiGene Guangzhou”, formerly known as BeiGene (Guangzhou) Co., Ltd.)	PRC*	USD263,000,000	100%	Medical and pharmaceutical research and development, PRC
BeiGene Germany GmbH	Germany	EUR25,000	100%	Medical, pharmaceutical research and development and commercial, Germany
BeiGene (Hong Kong) Co., Limited (“BeiGene HK”)	Hong Kong, China	HKD1 and RMB13,700,000,000	100%	Investment holding
Beijing Innerway Bio-tech Co., Ltd. (“Innerway”)	PRC*	USD4,000,000	100%	No substantial business activities, holding property for company operations, PRC
BeiGene International GmbH	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercial, Switzerland
BeiGene (Italy) S.r.l.	Italy	EUR10,000	100%	Medical, pharmaceutical research and development and commercial, Italy
BeiGene Brazil Ltda.	Brazil	BRL2,450,190	100%	Medical, pharmaceutical research and development and commercial, Brazil
BeiGene Poland sp. z o.o.	Poland	PLN5,000	100%	Medical, pharmaceutical research and development and commercial, Poland
BeiGene South Africa Pty Ltd.	South Africa	–	100%	Medical, pharmaceutical research and development and commercial, South Africa
BeiGene Sweden AB	Sweden	SEK25,000	100%	Medical, pharmaceutical research and development and commercial, Sweden
BeiGene Turkey Medical Products Trade Limited Company	Turkey	TRY10,000	100%	Medical, pharmaceutical research and development and commercial, Turkey
BeiGene Ireland Limited (“BeiGene Ireland”)	Republic of Ireland	–	100%	Medical, pharmaceutical research and development and commercial, Republic of Ireland
BeiGene Japan, Ltd.	Japan	JPY1,781,660	100%	Medical, pharmaceutical research and development and commercial, Japan
BeiGene Korea Y.H.	South Korea	KRW145,000,000	100%	Medical, pharmaceutical research and development and commercial, South Korea
BeiGene Netherlands B.V.	Netherlands	–	100%	Medical, pharmaceutical research and development and commercial, Netherlands
BeiGene NZ Unlimited (formerly known as BeiGene NZ, Limited)	New Zealand	NZD100,000	100%	Medical, pharmaceutical research and development and commercial, New Zealand

<b>Name of Company</b>	<b>Place of Incorporation</b>	<b>Particulars of issued/paid-in capital</b>	<b>Percentage of Ownership by the Company</b>	<b>Principal Activities and Place of Operation</b>
BeiGene Pharmaceuticals GmbH	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercial, Switzerland
BeiGene Pharmaceuticals (Guangzhou) Co., Ltd. (“BeiGene Pharmaceutical (Guangzhou)”)	PRC*	RMB3,800,000	100%	Drug commercialization, PRC
BeiGene Pharmaceuticals Israel Ltd.	Israel	ILS10,000	100%	Medical, pharmaceutical research and development and commercial, Israel
SuGene Pharmaceuticals (Suzhou) Co., Ltd. (formerly known as BeiGene Pharmaceuticals (Suzhou) Co., Ltd.)	PRC*	RMB7,000,000	100%	Drug commercialization, PRC
BeiGene Pharmaceutical (Shanghai) Co., Ltd. (“BeiGene Pharmaceutical (Shanghai)”)	PRC*	USD1,000,000	100%	Drug commercialization, PRC
BeiGene (Shanghai) Co., Ltd. (“BeiGene Shanghai”)	PRC*	RMB1,434,344,311	100%	Medical and pharmaceutical research and development, PRC
BeiGene (Shanghai) Management Consulting Co., Ltd.	PRC*	RMB1,000,000	100%	Business management and consulting, PRC
BeiGene (Shanghai) Research & Development Co., Ltd.	PRC*	RMB270,000,000	100%	Medical and pharmaceutical research, PRC
BeiGene Singapore Pte., Ltd.	Singapore	SGD1	100%	Medical, pharmaceutical research and development and commercial, Singapore
BeiGene (Suzhou) Co., Ltd. (“BeiGene Suzhou”)	PRC*	RMB3,673,218,389	100%	Medical and pharmaceutical research and manufacturing and commercial, PRC
BeiGene Switzerland GmbH (“BeiGene Switzerland”)	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercial, Switzerland
BeiGene (Taiwan) Limited	Taiwan, China	TWD168,000,000	100%	Medical, pharmaceutical research and development and commercial, Taiwan, China
BeiGene UK, Ltd. (“BeiGene UK”)	United Kingdom	GBP143	100%	Medical, pharmaceutical research and development and commercial, United Kingdom
BeiGene United Kingdom, Ltd.	United Kingdom	GBP 110	100%	Investment holding
BeiGene USA, Inc. (“BeiGene USA”)	Delaware, United States	USD1	100%	Medical, pharmaceutical research and development and commercial, U.S.
BeiGene US Holdings, LLC	Delaware, United States	USD54,000,000	100%	Investment holding, U.S.
BeiGene US Manufacturing Co., Inc.	Delaware, United States	USD210,000,000	100%	Medical and pharmaceutical research and development and manufacturing. U.S.
BeiGene Hopewell Urban Renewal, LLC	New Jersey, United States	USD125,000,000	100%	Medical and pharmaceutical research and development and manufacturing. U.S.
Pi Health, Ltd.	Cayman Islands	USD22,500,000	100%	Health technology research and development, Cayman Islands
Pi Health USA, LLC	Delaware, United States	USD5,000,000	100%	Health technology research and development, U.S.
Pi Health Brasil Consultoria Ltda.	Brazil	–	100%	Investment holding and business management and consulting, Brazil
B10 Health Technologies Private Limited	India	INR370,344,475	100%	Health technology research and development, India
Newco 101	Cayman Islands	–	100%	Medical and pharmaceutical research and development, Cayman Islands

\* Limited liability company established in PRC

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation and Principles of Consolidation*

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances between the Company and its wholly-owned subsidiaries are eliminated upon consolidation.

Noncontrolling interests are recognized to reflect the portion of the equity of subsidiaries which are not attributable, directly or indirectly, to the controlling shareholders. Prior to 2020, the Company consolidated its interests in its joint ventures, BeiGene Biologics Co., Ltd. (BeiGene Biologics) and MapKure, LLC (MapKure), under the voting model and recognized the minority shareholders' equity interest as a noncontrolling interest in its consolidated financial statements. In June 2020, the Company deconsolidated MapKure and recorded an equity method investment for its remaining ownership interest in the joint venture (see Note 6). In November 2020, the Company acquired the remaining equity interest in BeiGene Biologics. Subsequent to the share purchase, BeiGene Biologics is a wholly owned subsidiary of the Company (see Note 9).

### *Use of Estimates*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, estimating the useful lives of long-lived assets, estimating variable consideration in product sales and collaboration revenue arrangements, identifying separate accounting units and the standalone selling price of each performance obligation in the Company's revenue arrangements, assessing the impairment of long-lived assets, valuation and recognition of share-based compensation expenses, estimating uncertain tax positions, valuation of inventory, estimating the allowance for credit losses, determining defined benefit pension plan obligations, measurement of right-of-use assets and lease liabilities and the fair value of financial instruments. Management bases the estimates on historical experience, known trends and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

### *Revision of prior period financial statements*

The Company evaluates the recoverability of its deferred tax assets on a jurisdiction-by-jurisdiction basis by assessing the adequacy of future expected taxable income from all sources, including reversal of temporary differences, forecasted operating earnings and available tax planning strategies in accordance with ASC 740. This assessment is subject to a high degree of subjectivity, as the sources of income rely heavily on estimates that are based on a number of factors, including historical experience and short-range and long-range business forecasts. A valuation allowance is provided when the Company determines that it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Prior to the third quarter of 2022, the Company determined that the majority of its net deferred tax assets (primarily in the U.S.) were realizable on a more-likely-than-not basis, primarily due to cumulative pre-tax income at the taxpaying entity and the weighting of available positive and negative evidence. Accordingly, no valuation allowance was previously recorded related to those deferred tax assets. In October 2022, in connection with the preparation of its condensed consolidated financial statements for the three and nine months ended September 30, 2022, the Company reassessed its position on the realizability of its net deferred tax assets and determined that the negative evidence associated with cumulative losses at the consolidated financial statement level are not able to be overcome by other positive evidence, and therefore, a valuation allowance should be applied to its net deferred tax asset balance. The Company determined the previous conclusion to not apply a valuation allowance to certain net deferred tax assets was an error.

In accordance with Staff Accounting Bulletin (SAB) No. 99, “Materiality,” and SAB No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements,” the Company evaluated the error and determined that the related impact was not material to any of its previously issued financial statements, but that correcting the cumulative impact of the error would be significant to its statements of operations for the twelve months ended December 31, 2022. Accordingly, the Company has revised the annual periods of fiscal year 2021 consolidated financial statements and related notes included herein to record a valuation allowance against the Company’s net deferred tax asset balance for all periods presented. A summary of revisions to previously reported financial statements is presented in Note 3, *Revision of Prior Period Financial Statements*. Note 13, *Income Taxes* and Note 19, *Loss Per Share* have been updated to reflect the revision. The Company will also correct previously reported financial information for this error in its future filings, as applicable.

### ***Recent Accounting Pronouncements***

#### *New accounting standards which have been adopted*

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. This update requires certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. This update is effective for annual periods beginning after December 15, 2021, and early application is permitted. This guidance should be applied either prospectively to all transactions that are reflected in financial statements at the date of initial application and new transactions that are entered into after the date of initial application or retrospectively to those transactions. The Company adopted this standard on January 1, 2022. The adoption of this standard has been applied to existing government assistance transactions.

### 3. Revision of Prior Period Financial Statements

As discussed in Note 2, the Company revised certain prior period financial statements to correct an error related to the valuation of net deferred tax assets, the impact of which was immaterial to our previously filed financial statements in the annual periods of fiscal 2021 (See Note 2). Specifically, a valuation allowance should have been recorded on all net deferred tax assets and such a valuation allowance was not previously recorded. A summary of revisions to the Company's previously reported financial statements for the comparative periods presented within this announcement is presented below.

#### Consolidated Balance Sheet

	As of December 31, 2021		
	As Reported US\$'000	Adjustments US\$'000	As Revised US\$'000
Deferred tax assets	110,424	(110,424)	–
Total non-current assets	1,032,069	(110,424)	921,645
Total assets	8,645,949	(110,424)	8,535,525
Accumulated deficit	(4,966,103)	(110,424)	(5,076,527)
Total equity	6,242,987	(110,424)	6,132,563
Total liabilities and equity	8,645,949	(110,424)	8,535,525

#### Consolidated Statements of Operations

	Year Ended December 31, 2021		
	As Reported US\$'000	Adjustments US\$'000	As Revised US\$'000
Income tax expense (benefit)	(25,234)	44,462	19,228
Net loss	(1,413,354)	(44,462)	(1,457,816)
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US\$)	(1.17)	(0.04)	(1.21)
Net loss per ADS (in US\$)	(15.23)	(0.48)	(15.71)

#### Consolidated Statements of Comprehensive Loss

	Year Ended December 31, 2021		
	As Reported US\$'000	Adjustments US\$'000	As Revised US\$'000
Net loss	(1,413,354)	(44,462)	(1,457,816)
Comprehensive loss	(1,402,346)	(44,462)	(1,446,808)

## Consolidated Statement of Cash Flows

	Year Ended December 31, 2021		
	As Reported US\$'000	Adjustments US\$'000	As Revised US\$'000
<b>Operating activities:</b>			
Net loss	(1,413,354)	(44,462)	(1,457,816)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred income tax expense	(41,085)	44,462	3,377
Net cash used in operating activities	(1,298,723)	–	(1,298,723)

## Consolidated Statement of Stockholders' Equity

	Accumulated Deficit			Total Equity		
	As Reported US\$'000	Adjustments US\$'000	As Revised US\$'000	As Reported US\$'000	Adjustments US\$'000	As Revised US\$'000
Balance at December 31, 2020	(3,552,749)	(65,962)	(3,618,711)	3,869,243	(65,962)	3,803,281
Net loss	(1,413,354)	(44,462)	(1,457,816)	(1,413,354)	(44,462)	(1,457,816)
Balance at December 31, 2021	<u>(4,966,103)</u>	<u>(110,424)</u>	<u>(5,076,527)</u>	<u>6,242,987</u>	<u>(110,424)</u>	<u>6,132,563</u>

#### 4. Collaborative and Licensing Arrangements

The Company enters into collaborative arrangements for the research and development, manufacture and/or commercialization of drug products and drug candidates. To date, these collaborative arrangements have included out-licenses of and options to out-license internally developed products and drug candidates to other parties, in-licenses of products and drug candidates from other parties, and profit – and cost-sharing arrangements. These arrangements may include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing and reimbursement arrangements, royalty payments, and profit sharing.

#### *Out-Licensing Arrangements*

During the two years ended December 31, 2022, the Company's collaboration revenue related to its out-licensing collaborative agreements has consisted of upfront license fees, research and development services revenue and right to access intellectual property revenue from its collaboration agreements with Novartis for tislelizumab and ociperlimab.

The following table summarizes total collaboration revenue recognized for the years ended December 31, 2022 and 2021:

Revenue from Collaborators	Year Ended December 31,	
	2022 US\$'000	2021 US\$'000
License revenue	–	484,646
Research and development service revenue	46,822	53,671
Right to access intellectual property revenue	104,994	3,979
Other	9,493	–
Total	<u>161,309</u>	<u>542,296</u>

## **Novartis**

### *Tislelizumab Collaboration and License*

In January 2021, the Company entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize tislelizumab in North America, Europe, and Japan (the “Novartis Territory”). The Company and Novartis have agreed to jointly develop tislelizumab in these licensed countries, with Novartis responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals. In addition, both companies may conduct clinical trials globally to explore combinations of tislelizumab with other cancer treatments, and the Company has an option to co-detail the product in North America, funded in part by Novartis.

Under the agreement the Company received an upfront cash payment of US\$650,000,000 from Novartis. The Company is eligible to receive up to US\$1,300,000,000 upon the achievement of regulatory milestones, US\$250,000,000 upon the achievement of sales milestones, and royalties on future sales of tislelizumab in the licensed territory. Under the terms of the agreement, the Company is responsible for funding ongoing clinical trials of tislelizumab, Novartis has agreed to fund new registrational, bridging, or post-marketing studies in its territory, and each party will be responsible for funding clinical trials evaluating tislelizumab in combination with its own or third party products. Each party retains the worldwide right to commercialize its proprietary products in combination with tislelizumab.

The Company evaluated the Novartis agreement under ASC 606 as all the material units of account within the agreement represented transactions with a customer. The Company identified the following material components under the agreement: (1) exclusive license for Novartis to develop, manufacture, and commercialize tislelizumab in the Novartis Territory, transfer of know-how and use of the tislelizumab trademark; (2) conducting and completing ongoing trials of tislelizumab (R&D services); and (3) supplying Novartis with required quantities of the tislelizumab drug product, or drug substance, upon receipt of an order from Novartis.

The Company determined that the license, transfer of know-how and use of trademarks are not distinct from each other and represent a single performance obligation. The R&D services represent a material promise and were determined to be a separate performance obligation at the outset of the agreement as the promise is distinct and has standalone value to Novartis. The Company evaluated the supply component of the contract and noted the supply will not be provided at a significant incremental discount to Novartis. The Company concluded that, for the purpose of ASC 606, the provision related to providing clinical and commercial supply of tislelizumab in the Novartis Territory was an option but not a performance obligation of the Company at the outset of the Novartis collaboration agreement. A performance obligation for the clinical and commercial supply will be established as quantities of drug product or drug substance are ordered by Novartis.

The Company determined that the transaction price as of the outset of the arrangement was the upfront payment of US\$650,000,000. The potential milestone payments that the Company is eligible to receive were excluded from the transaction price, as all milestone amounts were fully constrained due to uncertainty of achievement. The transaction price was allocated to the two identified performance obligations based on a relative fair value basis. The standalone selling price of the license, transfer of know-how and use of trademarks performance obligation was determined using the adjusted market assessment approach based on the probability-weighted present value of forecasted cash flows associated with out-licensing tislelizumab in the Novartis Territory. The standalone selling price of the R&D services was valued using a cost plus margin valuation approach based on the present value of estimated tislelizumab clinical trial costs plus a reasonable margin. Based on the relative standalone selling prices of the two performance obligations, US\$484,646,000 of the total transaction price was allocated to the license and US\$165,354,000 was allocated to the R&D services. The estimates of the standalone selling prices involved management’s key assumptions such as revenue growth rate, estimated clinical trial costs, mark-up rate, probability of technical and regulatory success, and discount rates. These significant assumptions are forward looking and could be affected by future economic, regulatory and market conditions.

The Company satisfied the license performance obligation at a point in time when the license was delivered and the transfer of know-how completed which occurred during the year ended December 31, 2021. As such, the Company recognized the entire amount of the transaction price allocated to the license as collaboration revenue during the year ended December 31, 2021. The portion of the transaction price allocated to the R&D services was deferred and is being recognized as collaboration revenue as the R&D services are performed using a percentage-of-completion method. Estimated costs to complete are reassessed on a periodic basis and any updates to the revenue earned are recognized on a prospective basis. The Company recognized R&D service revenue of US\$39,655,000 and US\$53,421,000 during the years ended December 31, 2022 and 2021, respectively. The Company also recognized other collaboration revenue of US\$9,493,000 related to the sale of tislelizumab clinical supply to Novartis in conjunction with the collaboration during the years ended December 31, 2022.

### ***Ociperlimab Option, Collaboration and License Agreement and China Broad Market Development Agreement***

In December 2021, the Company expanded its collaboration with Novartis by entering into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize the Company's investigational TIGIT inhibitor ociperlimab in the Novartis Territory. In addition, the Company and Novartis entered into an agreement granting the Company rights to market, promote and detail five approved Novartis oncology products, TAFINLAR® (dabrafenib), MEKINIST® (trametinib), VOTRIENT® (pazopanib), AFINITOR® (everolimus), and ZYKADIA® (ceritinib), across designated regions of China referred to as "broad markets." In the first quarter of 2022, the Company initiated marketing and promotion of these five products.

Under the terms of the option, collaboration and license agreement, the Company received an upfront cash payment of US\$300,000,000 in January 2022 from Novartis and will receive an additional payment of US\$600,000,000 or US\$700,000,000 in the event Novartis exercises its exclusive time-based option prior to mid-2023 or between then and late-2023, respectively. Following option exercise, the Company is eligible to receive up to US\$745,000,000 upon the achievement of regulatory approval milestones, US\$1,150,000,000 upon the achievement of sales milestones, and royalties on future sales of ociperlimab in the Novartis Territory. Subject to the terms of the option, collaboration and license agreement, during the option period, Novartis has agreed to initiate and fund additional global clinical trials with ociperlimab and the Company has agreed to expand enrollment in two ongoing trials. Following the option exercise, Novartis has agreed to share development costs of global trials. Following approval, the Company has agreed to provide 50 percent of the co-detailing and co-field medical efforts in the United States, and has an option to co-detail up to 25 percent in Canada and Mexico, funded in part by Novartis. Each party retains the worldwide right to commercialize its propriety products in combination with ociperlimab, as is the case with tislelizumab under the tislelizumab collaboration and license agreement. The existing tislelizumab collaboration and license agreement was not modified as a result of the ociperlimab option, collaboration and license agreement.

The Company evaluated the Novartis agreements under ASC 606 as the units of account within the agreement represented transactions with a customer. The Company identified the following material promises under the agreement: (1) exclusive option for Novartis to license the rights develop, manufacture, and commercialize ociperlimab in the Novartis Territory; (2) Novartis' right to access ociperlimab in its own clinical trials during the option period; (3) initial transfer of BeiGene know-how; and (4) conducting and completing ongoing trials of ociperlimab during the option period (R&D Services). The market development activities are considered immaterial in the context of the contracts.

The Company concluded that, at the inception of the agreement, the option for the exclusive product license constitutes a material right as it represents a significant and incremental discount to the fair value of the exclusive product license that Novartis would not have received without entering into the agreement and is therefore considered a distinct performance obligation. The Company determined that Novartis' right to access ociperlimab in its own trials over the option period and the initial transfer of know-how were not distinct from each other, as the right to access ociperlimab has limited value without the corresponding know-how transfer, and therefore should be combined into one distinct performance obligation. The R&D Services represent a material promise and were determined to be a separate performance obligation at the outset of the agreement as the promise is distinct and has standalone value to Novartis.

The Company determined the transaction price as of the outset of the arrangement was the upfront payment of US\$300,000,000. The option exercise fee is contingent upon Novartis exercising its right and is considered fully constrained until the option is exercised. Additionally, the milestone and royalty payments are not applicable until after the option is exercised, at which point the likelihood of meeting milestones, regulatory approval and meeting certain sales thresholds will be assessed. The transaction price was allocated to the three identified performance obligations based on a relative fair value basis. The standalone selling price of the material right for the option to the exclusive product license was calculated as the incremental discount between (i) the value of the license determined using a discounted cash flow method adjusted for probability of the option being exercised and (ii) the expected option exercise fee using the most-likely-amount method at option exercise. The standalone selling price of the combined performance obligation for Novartis' right to access ociperlimab for its own clinical trials during the option period and the initial transfer of BeiGene know-how was determined using a discounted cash flow method. The standalone selling price of the R&D Services was determined using an expected cost plus margin approach. Based on the relative standalone selling prices of the three performance obligations, US\$71,980,000 of the total transaction price was allocated to the material right, US\$213,450,000 was allocated to Novartis' right to use ociperlimab in its own clinical trials during the option period and the transfer of BeiGene know-how, and US\$14,570,000 was allocated to the R&D Services.

The Company will satisfy the material right performance obligation at a point in time at the earlier of when Novartis exercises the option and the license is delivered or the expiration of the option period. As such, the entire amount of the transaction price allocated to the material right was deferred. The portion of the transaction price allocated to Novartis' right to access ociperlimab in its own clinical trials during the option period and the initial transfer of BeiGene know-how was deferred and is being recognized over the expected option period. The portion of the transaction price allocated to the R&D Services was deferred and is being recognized as collaboration revenue as the R&D Services are performed over the expected option period. The Company recognized collaboration revenue of US\$104,994,000 and US\$3,979,000 related to Novartis right to access ociperlimab in clinical trials and the transfer of know how performance obligation during the years ended December 31, 2022 and 2021, respectively, and R&D service revenue of US\$7,167,000 and US\$250,000 during the years ended December 31, 2022 and 2021, respectively.

### ***In-Licensing Arrangements – Commercial***

#### *Amgen*

In October 2019, the Company entered into a global strategic oncology collaboration with Amgen (“Amgen Collaboration Agreement”) for the commercialization and development in China, excluding Hong Kong, Taiwan and Macau, of Amgen's XGEVA®, KYPROLIS®, and BLINCYTO®, and the joint global development of a portfolio of oncology assets in Amgen's pipeline, with BeiGene responsible for development and commercialization in China. The agreement became effective on January 2, 2020, following approval by the Company's shareholders and satisfaction of other closing conditions.

Under the agreement, the Company is responsible for the commercialization of XGEVA, KYPROLIS and BLINCYTO in China for five or seven years. Amgen is responsible for manufacturing the products globally and will supply the products to the Company at an agreed upon price. The Company and Amgen will share equally in the China commercial profits and losses during the commercialization period. Following the commercialization period, the Company has the right to retain one product and is entitled to receive royalties on sales in China for an additional five years on the products not retained. XGEVA was approved in China in 2019 for patients with giant cell tumor of the bone and in November 2020 for the prevention of skeletal-related events in cancer patients with bone metastases. In July 2020, the Company began commercializing XGEVA in China. In December 2020, BLINCYTO was approved in China for injection for the treatment of adult patients with relapsed or refractory (R/R) B-cell precursor acute lymphoblastic leukemia (ALL). In July 2021, KYPROLIS was conditionally approved in China for injection in combination with dexamethasone for the treatment of adult patients with R/R multiple myeloma. In April 2022, BLINCYTO was conditionally approved for injection for the treatment of pediatric patients with R/R CD19-positive B-cell precursor ALL.

Amgen and the Company are also jointly developing a portfolio of Amgen oncology pipeline assets under the collaboration. The Company is responsible for conducting clinical development activities in China and co-funding global development costs by contributing cash and development services up to a total cap of US\$1,250,000,000. Amgen is responsible for all development, regulatory and commercial activities outside of China. For each pipeline asset that is approved in China, the Company will receive commercial rights for seven years from approval. The Company has the right to retain approximately one out of every three approved pipeline assets, other than LUMAKRAS (sotorasib) (“AMG 510”), Amgen’s KRAS G12C inhibitor, for commercialization in China. The Company and Amgen will share equally in the China commercial profits and losses during the commercialization period. The Company is entitled to receive royalties from sales in China for pipeline assets returned to Amgen for five years after the seven-year commercialization period. The Company is also entitled to receive royalties from global sales of each product outside of China (with the exception of AMG 510). Amgen advised the Company that its applications to the Human Genetic Resources Administration of China (“HGRAC”) to obtain approval to conduct clinical studies in China for the pipeline assets, including its application for AMG 510, were delayed between 2020 and 2022. In connection with our ongoing assessment of the Collaboration Agreement cost-share contributions, we determined that our further investment in the development of AMG 510 was no longer commercially viable for BeiGene. As a result, in February 2023, we entered into an amendment to the Collaboration Agreement to (i) stop sharing costs with Amgen for the further development of AMG 510 during the period starting January 1, 2023 and ending August 31, 2023; and (ii) cooperate in good faith to prepare a transition plan with the anticipated termination of AMG 510 from the Collaboration Agreement.

The Amgen Collaboration Agreement is within the scope of ASC 808, as both parties are active participants and are exposed to the risks and rewards dependent on the commercial success of the activities performed under the agreement. The Company is the principal for product sales to customers in China during the commercialization period and will recognize 100% of net product revenue on these sales. Amounts due to Amgen for its portion of net product sales will be recorded as cost of sales. Cost reimbursements due to or from Amgen under the profit share will be recognized as incurred and recorded to cost of sales; selling, general and administrative expense; or research and development expense, based on the underlying nature of the related activity subject to reimbursement. Costs incurred for the Company’s portion of the global co-development funding are recorded to research and development expense as incurred.

In connection with the Amgen Collaboration Agreement, a Share Purchase Agreement (“Amgen SPA”) was entered into by the parties on October 31, 2019. On January 2, 2020, the closing date of the transaction, Amgen purchased 15,895,001 of the Company’s ADSs for US\$174.85 per ADS, representing a 20.5% ownership stake in the Company. Per the Amgen SPA, the cash proceeds shall be used as necessary to fund the Company’s development obligations under the Amgen Collaboration Agreement. Pursuant to the Amgen SPA, Amgen also received the right to designate one member of the Company’s board of directors, and Anthony Hooper joined the Company’s board of directors as the Amgen designee in January 2020. Amgen relinquished its right to appoint a designated director to the Company’s board of directors in January 2023.

On April 20, 2022, the parties entered into the First Amendment to Amgen Collaboration Agreement, which amends certain terms and conditions relating to the financial responsibilities of the parties in connections with the development and commercialization of certain Amgen proprietary products for the treatment of oncology-related diseases and conditions.

In determining the fair value of the common stock at closing, the Company considered the closing price of the common stock on the closing date of the transaction and included a lack of marketability discount because the shares are subject to certain restrictions. The fair value of the shares on the closing date was determined to be US\$132.74 per ADS, or US\$2,109,902,000 in the aggregate. The Company determined that the premium paid by Amgen on the share purchase represents a cost share liability due to the Company’s co-development obligations. The fair value of the cost share liability on the closing date was determined to be US\$601,857,000 based on the Company’s discounted estimated future cash flows related to the pipeline assets. The estimation of future cash flows involved management assumptions of revenue growth rates and probability of technical and regulatory success of the pipeline assets. The total cash proceeds of US\$2,779,241,000 were allocated based on the relative fair value method, with US\$2,162,407,000 recorded to equity and US\$616,834,000 recorded as a research and development cost share liability. The cost share liability is being amortized proportionately as the Company contributes cash and development services to its total co-development funding cap.

Amounts recorded related to the Company's portion of the co-development funding on the pipeline assets for the years ended December 31, 2022 and 2021 were as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Research and development expense	98,955	115,464
Amortization of research and development cost share liability	96,402	112,486
	<u>          </u>	<u>          </u>
Total amount due to Amgen for BeiGene's portion of the development funding	<u>195,357</u>	<u>227,950</u>
		<b>As of</b>
		<b>December 31,</b>
		<b>2022</b>
		<b>US\$'000</b>
Remaining portion of development funding cap		<u>595,702</u>

As of December 31, 2022 and 2021, the research and development cost share liability recorded in the Company's balance sheet was as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Research and development cost share liability, current portion	114,335	120,801
Research and development cost share liability, non-current portion	179,625	269,561
	<u>          </u>	<u>          </u>
Total research and development cost share liability	<u>293,960</u>	<u>390,362</u>

The net reimbursement due under the commercial profit-sharing agreement for in-line product sales is classified in the consolidated statements of operations for the two years ended December 31, 2022 as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Cost of sales – product	5,898	1,893
Selling, general and administrative	(54,865)	(45,152)
Research and development	(1,216)	423
	<u>          </u>	<u>          </u>
Total	<u>(50,183)</u>	<u>(42,836)</u>

The Company purchases commercial inventory from Amgen to distribute in China. Total inventory purchases amounted to US\$71,720,000 and US\$110,303,000, respectively, during the year ended December 31, 2022 and 2021. Net amounts payable to Amgen as of December 31, 2022 and 2021 were US\$54,064,000 and US\$106,790,000, respectively.

### ***In-Licensing Arrangements – Development***

The Company has in-licensed the rights to develop, manufacture and, if approved, commercialize multiple development stage drug candidates globally or in specific territories. These arrangements typically include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing arrangements, royalty payments, and profit sharing.

Upfront and milestone payments made under these arrangements for the years ended December 31, 2022 and 2021 are set forth below. All upfront and development milestones were expensed to research and development expense. All regulatory and commercial milestones were capitalized as intangible assets and are being amortized over the remainder of the respective product patent or the term of the commercialization agreements.

<b>Payments due to collaboration partners</b>	<b>Classification</b>	<b>Year Ended December 31,</b>	
		<b>2022</b>	<b>2021</b>
		<b>US\$'000</b>	<b>US\$'000</b>
Upfront payments	Research and development expense	68,665	83,500
Development milestone payments	Research and development expense	5,500	15,000
Regulatory and commercial milestone payments	Intangible asset	—	43,394
		<u>          </u>	<u>          </u>
Total		<u>74,165</u>	<u>141,894</u>

Our significant license agreements are described below:

*Shandong Luye Pharmaceutical Co., Ltd.*

In December 2022, the Company entered into an exclusive license agreement with Shandong Luye Pharmaceutical Co., Ltd. (“Luye”) to develop (exclusive of indications for which Luye has submitted the drug marketing authorization application to the China National Medical Products Administration) and commercialize Luye’s proprietary goserelin acetate extended-release microspheres for intramuscular injection known as LY01005 in mainland China. Under the terms of the agreement, the Company paid Luye an upfront license payment of US\$48,665,000, exclusive of VAT, which was recognized as in-process research and development expense, and a prepayment of US\$30,000,000 to be applied toward future supply purchases in December 2022. Luye is also eligible to receive future milestone payments upon achievement of certain regulatory milestones. Luye is also eligible to receive tiered royalties on net sales. Luye is considered a related party due to a significant common shareholder. That shareholder has different representatives serving on each companies’ respective board of directors.

*Shoreline Biosciences, Inc.*

In June 2021, the Company entered into an exclusive worldwide strategic collaboration with Shoreline Biosciences, Inc. (Shoreline) to develop and commercialize a portfolio of natural killer (NK)-based cell therapeutics with Shoreline’s induced pluripotent stem cells (iPSC) NK cell technology and the Company’s research and clinical development capabilities for different malignancies. Under the collaboration, the Company and Shoreline are working jointly to develop cell therapies for four designated therapeutic targets, with an option to expand the collaboration at a future date. Clinical development is being led by the Company globally, with Shoreline responsible for clinical manufacturing. The Company has commercial rights globally, with Shoreline having an option to retain commercialization rights in the United States and Canada for two targets. Under the terms of the agreement, Shoreline received a US\$45,000,000 upfront payment in January 2022 and is eligible to receive additional R&D funding, milestone payments and royalties based upon the achievement of certain development, regulatory, and commercial milestones. The upfront payment was expensed to research and development expense during the year ended December 31, 2021 in accordance with the Company’s acquired in-process research and development expense policy.

*Nanjing Leads Biolabs, Inc.*

In December 2021, the Company entered into a license and collaboration agreement with Nanjing Leads Biolabs, Inc. (Leads Biolabs) for worldwide research, development and manufacturing rights and exclusive commercialization rights outside of China to LBL-007, a novel investigational antibody targeting the LAG-3 pathway. Under the terms of the agreement, Leads Biolabs received an upfront payment of US\$30,000,000 in January 2022 and is eligible to receive up to US\$742,000,000 in clinical development, regulatory approval and sales milestones. Leads Biolabs is also eligible to receive tiered royalties on future sales in the licensed territory. The upfront payment was expensed to research and development expense during the year ended December 31, 2021 in accordance with the Company’s acquired in-process research and development expense policy.

### *EUSA Pharma*

In January 2020, the Company entered into an exclusive development and commercialization agreement with EUSA Pharma (EUSA) for the orphan biologic products SYLVANT® (siltuximab) and QARZIBA® (dinutuximab beta) in China. Under the terms of the agreement, EUSA granted the Company exclusive rights to SYLVANT in greater China and to QARZIBA in mainland China. Under the agreement, the Company is funding and undertaking all clinical development and regulatory submissions in the territories, and commercializing both products once approved. EUSA received a US\$40,000,000 upfront payment upon contract execution and is eligible to receive additional payments upon the achievement of regulatory and commercial milestones up to a total of US\$120,000,000. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy. In 2021, QARZIBA and SYLVANT were approved and launched in mainland China and greater China, respectively. The approvals triggered regulatory milestone payments that were capitalized as intangible assets and are being amortized over the remaining term of the license agreement. EUSA is receiving tiered royalties on SYLVANT product sales, which the Company records as cost of sales in the period the respective sales are generated.

### *Assembly Biosciences, Inc.*

In July 2020, the Company entered into a collaboration agreement with Assembly Biosciences, Inc. (Assembly) for Assembly's portfolio of three clinical-stage core inhibitor candidates for the treatment of patients with chronic hepatitis B virus (HBV) infection in China. Under the terms of the agreement, Assembly granted BeiGene exclusive rights to develop and commercialize ABI-H0731, ABI-H2158 and ABI-H3733 in China, including Hong Kong, Macau, and Taiwan. BeiGene is responsible for development, regulatory submissions, and commercialization in China. Assembly retains full worldwide rights outside of the partnered territory for its HBV portfolio. Assembly received an upfront payment of US\$40,000,000 and is eligible to receive payments upon achievement of development, regulatory and commercial milestones up to a total of US\$503,750,000. Assembly is also eligible to receive tiered royalties on net sales. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy.

### *Bio-Thera Solutions, Ltd.*

In August 2020, the Company entered into a license, distribution and supply agreement with Bio-Thera Solutions, Ltd. (Bio-Thera) for Bio-Thera's POBEVCY® (BAT1706), a biosimilar to Avastin® (bevacizumab) in China. The agreement became effective on September 10, 2020 upon approval of Bio-Thera's shareholders, and was subsequently assigned by the Company to its affiliate BeiGene (Guangzhou) Co., Ltd. (BeiGene Guangzhou) on September 18, 2020, as permitted by the agreement. Under the terms of the agreement, Bio-Thera agreed to grant BeiGene the right to develop, manufacture, and commercialize POBEVCY in China, including Hong Kong, Macau, and Taiwan. Bio-Thera retained rights outside of the partnered territory. Bio-Thera received an upfront payment of US\$20,000,000 in October 2020 and is eligible to receive payments upon the achievement of regulatory and commercial milestones up to a total of US\$145,000,000. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy. In November 2021, POBEVCY obtained regulatory approval, and was subsequently launched, in China, triggering a milestone payment that was capitalized as an intangible asset that is being amortized over the remaining term of the license agreement. Bio-Thera is also receiving tiered royalties on product sales, which the Company records as cost of sales in the period the respective sales are generated.

## *Other*

In addition to the collaborations discussed above, the Company has entered into additional collaborative arrangements during the years ended December 31, 2022 and 2021. The Company may be required to pay additional amounts upon the achievement of various development and commercial milestones under these agreements. The Company may also incur significant research and development costs if the related product candidate were to advance to late-stage clinical trials. In addition, if any products related to these collaborations are approved for sale, the Company may be required to pay significant milestones upon approval and milestones and/or royalties on future sales. The payment of these amounts, however, is contingent upon the occurrence of various future events, which have a high degree of uncertainty of occurrence.

### **5. Restricted Cash**

The Company's restricted cash balance of US\$5,473,000 and US\$7,209,000 as of December 31, 2022 and 2021, respectively, primarily consist of RMB-denominated cash deposits held in designated bank accounts for collateral for letters of credit. The Company classifies restricted cash as current or non-current based on term of restriction.

In addition to the restricted cash balances above, the Company is required by the PRC securities law to use the proceeds from the STAR offering in strict compliance with the planned uses as disclosed in the PRC prospectus as well as those disclosed in the Company's proceeds management policy approved by the board of directors.

### **6. Investments**

#### ***Short-Term Investments***

Short-term investments as of December 31, 2022 consisted of the following available-for-sale debt securities:

	<b>Amortized Cost US\$'000</b>	<b>Gross Unrealized Gains US\$'000</b>	<b>Gross Unrealized Losses US\$'000</b>	<b>Fair Value (Net Carrying Amount) US\$'000</b>
U.S. treasury securities	674,262	–	9,011	665,251
Total	<u>674,262</u>	<u>–</u>	<u>9,011</u>	<u>665,251</u>

Short-term investments as of December 31, 2021 consisted of the following available-for-sale debt securities:

	<b>Amortized Cost US\$'000</b>	<b>Gross Unrealized Gains US\$'000</b>	<b>Gross Unrealized Losses US\$'000</b>	<b>Fair Value (Net Carrying Amount) US\$'000</b>
U.S. treasury securities	2,245,662	–	3,700	2,241,962
Total	<u>2,245,662</u>	<u>–</u>	<u>3,700</u>	<u>2,241,962</u>

The Company does not consider the investments in U.S. treasury securities to be other-than-temporarily impaired at December 31, 2022. As of December 31, 2022, the Company's available-for-sale debt securities consisted entirely of short-term U.S. treasury securities, which were determined to have zero risk of expected credit loss. Accordingly, no allowance for credit loss was recorded as of December 31, 2022.

### ***Equity Securities with Readily Determinable Fair Values***

#### ***Leap Therapeutics, Inc. (Leap)***

In January 2020, the Company purchased US\$5,000,000 of Series B mandatorily convertible, non-voting preferred stock of Leap in connection with a strategic collaboration and license agreement the Company entered into with Leap. The Series B shares were subsequently converted into shares of Leap common stock and warrants to purchase additional shares of common stock upon approval of Leap's shareholders in March 2020. In September 2021, the Company purchased US\$7,250,000 of common stock in Leap's underwritten public offering. As of December 31, 2022, the Company's ownership interest in the outstanding common stock of Leap was 7.4% based on information from Leap. Inclusive of the shares of common stock issuable upon the exercise of the currently exercisable warrants, the Company's interest is approximately 11.7%. The Company measures the investment in the common stock and warrants at fair value, with changes in fair value recorded to other (expense) income, net. During the years ended December 31, 2022 and 2021, the Company recorded unrealized losses of US\$30,102,000 and unrealized gains US\$9,386,000, respectively, in the consolidated statement of operations, respectively.

As of December 31, 2022 and 2021, the fair value of the common stock and warrants was as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Fair value of Leap common stock	3,307	23,809
Fair value of Leap warrants	706	10,306

### ***Private Equity Securities without Readily Determinable Fair Values***

The Company invests in equity securities of certain companies whose securities are not publicly traded and fair value is not readily determinable and where the Company has concluded it does not have significant influence based on its ownership percentage and other factors. These investments are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company held investments of US\$57,054,000 and US\$43,722,000 in equity securities without readily determinable fair values as of December 31, 2022 and 2021, respectively. The Company recorded gains of US\$5,065,000 related to observable price changes in orderly transactions for similar investments of the same issuer for the year ended December 31, 2022 to other (expense) income, net in the consolidated statements of operations. There were no adjustments to the carrying values of these securities for the years ended December 31, 2021.

### ***Equity-Method Investments***

The Company records equity-method investments at cost and subsequently adjusts the basis based on the Company's ownership percentage in the investees' income and expenses, as well as dividends, if any. The Company holds equity-method investments totaling US\$27,710,000 and US\$22,955,000 as of December 31, 2022 and 2021, respectively, that it does not consider to be individually significant to its financial statements. The Company recorded unrealized losses of US\$3,682,000 and US\$1,796,000 for the years ended December 31, 2022 and 2021, respectively, to other (expense) income, net in the consolidated statements of operations.

#### **7. Accounts receivable, net**

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Accounts receivable	173,379	483,528
Impairment	(211)	(415)
	<hr/>	<hr/>
Total	<u>173,168</u>	<u>483,113</u>

The Company's trading terms with its customers are mainly on credit and the credit periods generally range from 30 to 120 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed. The Company does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing. An aging analysis of the accounts receivable, based on the invoice date, is as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Within 6 months	172,633	483,113
6 months to 12 months	535	—
	<hr/>	<hr/>
Total	<u>173,168</u>	<u>483,113</u>

Changes in the allowance for credit losses related to trade accounts receivable consist of the following:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning balance, as of January 1	415	112
Provision charged to selling, general and administrative expenses	(219)	309
Amounts written-off, net of recoveries of amounts previously reserved	1	—
Exchange rate changes	14	(6)
	<hr/>	<hr/>
Ending balance, as of December 31	<u>211</u>	<u>415</u>

## 8. Inventories

The Company's inventory balance consisted of the following:

	As of December 31,	
	2022	2021
	US\$'000	US\$'000
Raw materials	88,957	78,140
Work in process	20,886	9,397
Finished goods	172,503	155,089
	<hr/>	<hr/>
Total inventories	282,346	242,626
	<hr/> <hr/>	<hr/> <hr/>

## 9. Manufacturing Facility in Guangzhou, China

### *Manufacturing legal entity structure*

BeiGene Shanghai, originally established as a wholly-owned subsidiary of BeiGene (Hong Kong) Co., Ltd. (BeiGene HK), and currently a wholly-owned subsidiary of BeiGene Biologics, as described below, provides clinical development services for BeiGene affiliates and is the clinical trial authorization (CTA) holder and marketing authorization application (MAA) holder for tislelizumab in China.

In March 2017, BeiGene HK, a wholly owned subsidiary of the Company, and Guangzhou GET Technology Development Co., Ltd. (now Guangzhou High-tech Zone Technology Holding Group Co., Ltd.) (GET), entered into a definitive agreement to establish a commercial scale biologics manufacturing facility in Guangzhou, Guangdong Province, PRC. BeiGene HK and GET entered into an Equity Joint Venture Contract (the "JV Agreement").

Under the terms of the JV Agreement, BeiGene HK made an initial cash capital contribution of RMB200,000,000 and a subsequent contribution of one or more biologics assets in exchange for a 95% equity interest in BeiGene Biologics. GET made a cash capital contribution of RMB100,000,000 to BeiGene Biologics, representing a 5% equity interest in BeiGene Biologics. In addition, on March 7, 2017, BeiGene Biologics entered into a contract with GET, under which GET agreed to provide a RMB900,000,000 loan (the "Shareholder Loan") to BeiGene Biologics. In September 2019, BeiGene Biologics completed the first phase of construction of a biologics manufacturing facility in Guangzhou, through a wholly owned subsidiary, the BeiGene Guangzhou Biologics Manufacturing Co., Ltd. (BeiGene Guangzhou Factory), to manufacture biologics for the Company and its subsidiaries.

BeiGene HK and BeiGene Biologics subsequently entered into an Equity Transfer Agreement to transfer 100% of the equity interest of BeiGene Shanghai to BeiGene Biologics, as required by the JV agreement, such that the CTA holder and MAA holder for tislelizumab in China was controlled by BeiGene Biologics. Upon the transfer of equity in BeiGene Shanghai, BeiGene HK's equity interest in BeiGene Shanghai became 95%.

In September 2020, BeiGene HK entered into a share purchase agreement (the "JV Share Purchase Agreement") with GET to acquire GET's 5% equity interest in BeiGene Biologics for a total purchase price of US\$28,723,000 (RMB195,262,000). The transaction was finalized in November 2020 upon completion of the business registration filing. The share purchase was recorded as an equity transaction. The carrying amount of the noncontrolling interest balance of US\$9,116,000 was adjusted to nil to reflect the increase in BeiGene HK's ownership interest to 100%, and the difference in the fair value of the consideration paid and the carrying amount of the noncontrolling interest of US\$19,599,000 was recorded to additional paid in capital. In connection with the JV Share Purchase Agreement, BeiGene Biologics repaid the outstanding principal of the Shareholder Loan of US\$132,061,000 (RMB900,000,000) and accrued interest of US\$36,558,000 (RMB249,140,000).

In connection with the JV share purchase, the Company entered into a loan agreement with China Minsheng Bank for a total loan facility of up to US\$200,000,000 (the “Senior Loan”), of which US\$120,000,000 was used to fund the JV share repurchase and repayment of the shareholder loan and US\$80,000,000 could be used for general working capital purposes. The Company may extend the original maturity date for up to two additional twelve month periods. In October 2020, the Company drew down US\$80,000,000 of the working capital facility and US\$118,320,000 of the acquisition facility to be used for the JV share repurchase. On October 9, 2021, the Company repaid US\$198,320,000 and drew down US\$200,000,000 from the Senior Loan. In addition, the Company entered into a loan agreement with Zhuhai Hillhouse Zhaohui Equity Investment Partnership (Zhuhai Hillhouse) for a total loan facility of US\$73,640,000 (RMB500,000,000) (the “Related Party Loan”), of which US\$14,728,000 (RMB100,000,000) can be used for general corporate purposes and US\$58,912,000 (RMB400,000,000) can only be applied towards the repayment of the Senior Loan facility, including principal, interest and fees. The Company drew down US\$15,693,000 (RMB100,000,000) of the Related Party Loan as of December 31, 2021 and repaid the loan in full in November of 2022. See Note 16 for further discussion of the loans.

## 10. Leases

The Company has operating leases for office and manufacturing facilities in the United States, Switzerland, and China. The leases have remaining lease terms of up to five years, some of which include options to extend the leases that have not been included in the calculation of the Company’s lease liabilities and ROU assets. The Company has land use rights, which represent land acquired for the biologics manufacturing facility in Guangzhou, the land acquired for the Company’s research, development and office facility in Changping, Beijing, and the land acquired for the Company’s research, development and manufacturing facility in Suzhou. The land use rights represent lease prepayments and are expensed over the remaining term of the rights, which is 50 years for the Guangzhou land use rights, 36 years for the Changping land use right, and 30 years for the Suzhou land use rights. The Company also has certain leases with terms of 12 months or less for certain equipment, office and lab space, which are expensed and not recorded on the balance sheet.

The components of lease expense were as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$’000</b>	<b>US\$’000</b>
Operating lease cost	25,938	22,536
Variable lease cost	6,834	4,892
Short-term lease cost	1,299	1,823
	<hr/>	<hr/>
Total lease cost	<b>34,071</b>	<b>29,251</b>
	<hr/> <hr/>	<hr/> <hr/>

Supplemental balance sheet information related to leases was as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$’000</b>	<b>US\$’000</b>
Operating lease right-of-use assets	56,008	60,762
Land use rights, net	53,952	56,669
	<hr/>	<hr/>
Total operating lease right-of-use assets	<b>109,960</b>	<b>117,431</b>
	<hr/>	<hr/>
Current portion of operating lease liabilities	24,041	21,925
Operating lease liabilities, non-current portion	34,517	43,041
	<hr/>	<hr/>
Total lease liabilities	<b>58,558</b>	<b>64,966</b>
	<hr/> <hr/>	<hr/> <hr/>

Maturities of operating lease liabilities are as follows:

	<b>US\$'000</b>
Year ending December 31, 2023	26,278
Year ending December 31, 2024	21,647
Year ending December 31, 2025	11,312
Year ending December 31, 2026	2,821
Year ending December 31, 2027	966
	<hr/>
Total lease payments	63,024
Less imputed interest	(4,466)
	<hr/>
Present value of lease liabilities	58,558
	<hr/> <hr/>

Other supplemental information related to leases is summarized below:

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Operating cash flows used in operating leases	28,064	19,962
ROU assets obtained in exchange for new operating lease liabilities	22,278	37,454
	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
Weighted-average remaining lease term (years)	3	3
Weighted-average discount rate	5.76%	5.15%

## 11. Property, Plant and Equipment, Net

Property, plant and equipment, net are recorded at cost less accumulated depreciation and consisted of the following:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Land	65,485	65,485
Laboratory equipment	158,908	118,203
Leasehold improvements	53,786	50,288
Building	222,448	144,083
Manufacturing equipment	175,679	119,585
Software, electronics and office equipment	47,483	27,404
	<hr/>	<hr/>
Property and equipment, at cost	723,789	525,048
Less: Accumulated depreciation	(171,470)	(124,286)
Construction in progress	293,627	186,843
	<hr/>	<hr/>
Property, plant and equipment, net	845,946	587,605
	<hr/> <hr/>	<hr/> <hr/>

In November 2021, the Company purchased a 42-acre site located in Hopewell, NJ for US\$75,197,000. The total purchase price was allocated between the land and an existing building on the property based on their relative fair values. The Company is constructing a biologics manufacturing facility and research and development center on the land.

Construction in progress (CIP) as of December 31, 2022 and 2021 primarily related to the construction of the manufacturing and clinical R&D campus in Hopewell, a new building for Beijing Innerway Bio-tech Co., Ltd., and additional capacity at the Guangzhou and Suzhou manufacturing facilities. CIP by fixed asset class are summarized as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Building	224,392	90,229
Manufacturing equipment	33,332	63,361
Laboratory equipment	12,256	17,178
Other	23,647	16,075
	<u>293,627</u>	<u>186,843</u>
Total	<u>293,627</u>	<u>186,843</u>

Depreciation expense for the years ended December 31, 2022 and 2021 were US\$62,302,000 and US\$44,742,000 respectively.

## 12. Intangible Assets

Intangible assets as of December 31, 2022 and December 31, 2021 are summarized as follows:

	<b>December 31, 2022</b>			<b>December 31, 2021</b>		
	<b>Gross carrying amount US\$'000</b>	<b>Accumulated amortization US\$'000</b>	<b>Intangible assets, net US\$'000</b>	<b>Gross carrying amount US\$'000</b>	<b>Accumulated amortization US\$'000</b>	<b>Intangible assets, net US\$'000</b>
Finite-lived intangible assets:						
Product distribution rights	7,500	(4,000)	3,500	7,500	(3,250)	4,250
Developed products	41,235	(4,119)	37,116	43,394	(965)	42,429
Trading license	816	(816)	–	816	(816)	–
	<u>49,551</u>	<u>(8,935)</u>	<u>40,616</u>	<u>51,710</u>	<u>(5,031)</u>	<u>46,679</u>
Total finite-lived intangible assets	<u>49,551</u>	<u>(8,935)</u>	<u>40,616</u>	<u>51,710</u>	<u>(5,031)</u>	<u>46,679</u>

Product distribution rights consist of distribution rights for the approved cancer therapies licensed from BMS as part of the BMS collaboration. The Company is amortizing the product distribution rights, as a single identified asset, over the term of the license agreement of 10 years from the date of acquisition. Developed products represent the post-approval milestone payments under license and commercialization agreements. The Company is amortizing the developed products over the remainder of the respective product patent or the term of the commercialization agreements. Trading license represents the Guangzhou drug distribution license acquired in September 2018. The Company amortized the drug distribution trading license over the remainder of the initial license term through February 2020. The trading license has been renewed through February 2024.

Amortization expense for developed products is included in cost of sales – product in the accompanying consolidated statements of operations. Amortization expense for product distribution rights and trading licenses is included in operating expenses in the accompanying consolidated statements of operations. The weighted-average life for each finite-lived intangible assets is approximately 12 years. Amortization expense is as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Amortization expense – Cost of sales – product	3,225	965
Amortization expense – Operating expense	751	750
	<u>3,976</u>	<u>1,715</u>
Total	<u>3,976</u>	<u>1,715</u>

Estimated amortization expense for each of the five succeeding years and thereafter, as of December 31, 2022 is as follows:

<b>Year Ending December 31,</b>	<b>Cost of Sales – Product US\$'000</b>	<b>Operating Expenses US\$'000</b>	<b>Total US\$'000</b>
2023	3,170	750	3,920
2024	3,170	750	3,920
2025	3,170	750	3,920
2026	3,170	750	3,920
2027	3,170	500	3,670
2028 and thereafter	21,266	–	21,266
Total	<u>37,116</u>	<u>3,500</u>	<u>40,616</u>

### 13. Income Taxes

The components of income (loss) before income taxes are as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
PRC	(583,610)	(606,752)
U.S.	67,744	34,923
Other	(1,445,171)	(866,759)
Total	<u>(1,961,037)</u>	<u>(1,438,588)</u>

The current and deferred components of the income tax expense (benefit) from continuing operations are as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current Tax Expense (Benefit):</b>		
PRC	27,905	15,252
U.S.	4,844	(9)
Other	6,547	805
Total	<u>39,296</u>	<u>16,048</u>
<b>Deferred Tax Expense (Benefit):</b>		
PRC	3,480	4,919
U.S.	–	(35)
Other	2	(1,704)
Total	<u>3,482</u>	<u>3,180</u>
<b>Income Tax (Benefit) Expense</b>	<u>42,778</u>	<u>19,228</u>

The reconciliation of the statutory tax rate to our effective income tax rate is as follow:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss before tax	(1,961,037)	(1,438,588)
China statutory tax rate	25%	25%
Expected taxation at China statutory tax rate	<u>(490,259)</u>	<u>(359,647)</u>
Foreign and preferential tax rate differential	288,133	185,874
Non-deductible expenses	30,598	(2,826)
Stock compensation expenses	33,872	(27,411)
Change in valuation allowance	229,550	254,768
Research tax credits and incentives	<u>(49,116)</u>	<u>(31,530)</u>
Taxation for the year	<u>42,778</u>	<u>19,228</u>
Effective tax rate	<u>(2.2)%</u>	<u>(1.3)%</u>

Significant components of deferred tax assets (liabilities) are as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Deferred tax assets (liabilities):</b>		
Accruals and reserves	97,896	84,766
Net operating losses carryforward	862,214	625,114
Stock-based compensation	19,700	14,982
Research tax credits	86,000	82,060
Depreciable and amortizable assets	798,563	937,069
Lease liability obligation	10,348	11,571
R&D and other capitalized costs	63,156	-
Right of use asset	<u>(10,098)</u>	<u>(11,322)</u>
Gross deferred tax assets	1,927,779	1,744,240
Less valuation allowance	<u>(1,943,775)</u>	<u>(1,758,409)</u>
Net deferred tax liabilities	<u>(15,996)</u>	<u>(14,169)</u>

Valuation allowances have been provided on deferred tax assets where, based on all available evidence, it was considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. After consideration of all positive and negative evidence, the Company believes that as of December 31, 2022, it is more likely than not that certain deferred tax assets will not be realized for our subsidiaries in Australia, Switzerland, the United States, and for certain subsidiaries in China. For the years ended December 31, 2022 and 2021, there were increases in the valuation allowance of US\$229,550,000 and US\$254,768,000, respectively. Adjustments may be required in the future if the Company estimates that the amount of deferred tax assets to be realized is more or less than the net amount recorded.

As of December 31, 2022 and 2021, the Company had net operating losses of approximately US\$5,077,247,000 and US\$3,644,981,000, respectively. As of December 31, 2022, net operating losses were primarily comprised of: US\$1,633,101,000 from entities in the PRC which expire in years 2024 through 2032; US\$3,397,529,000 derived from Switzerland which expires in years 2025 through 2029; and, US\$26,079,000 derived from entities in the United States that have an indefinite carryforward. The Company has approximately US\$108,861,000 of U.S. research tax credits which will expire between 2036 and 2042, if not utilized.

The gross unrecognized tax benefits for the years ended December 31, 2022 and 2021 were as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning balance, as of January 1	9,925	7,123
Additions based on tax positions related to prior tax years	–	–
Reductions based on tax positions related to prior tax years	–	–
Additions based on tax positions related to the current tax year	1,630	2,802
Reductions based on lapse of statute of limitations	–	–
	<u>          </u>	<u>          </u>
Ending balance, as of December 31	<u>11,555</u>	<u>9,925</u>

Current and prior year additions include an assessment of U.S. federal and state tax credits and incentives. None of the unrecognized tax benefits as of December 31, 2022 would impact the consolidated income tax rate if ultimately recognized due to valuation allowances. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly change within the next 12 months.

The Company has elected to record interest and penalties related to income taxes as a component of income tax expense. For the years ended December 31, 2022 and 2021, the Company's accrued interest and penalties, where applicable, related to uncertain tax positions were not material.

The Company conducts business in a number of tax jurisdictions and, as such, is required to file income tax returns in multiple jurisdictions globally. As of December 31, 2022, Australia tax matters are open to examination for the years 2013 through 2022, China tax matters are open to examination for the years 2012 through 2022, Switzerland tax matters are open to examination for the years 2018 through 2022, and U.S. federal tax matters are open to examination for years 2015 through 2022. Various U.S. states and other non-US tax jurisdictions in which the Company files tax returns remain open to examination for 2012 through 2022.

The Company qualifies for the Technology Advanced Service Enterprises (TASE) and High and New Technology Enterprise (HNTE) status for certain subsidiaries in China, which expire at the end of 2025. The income tax benefits attributable to this status for the year ended December 31, 2022 is approximately US\$3,894,000, or less than US\$0.01 per share outstanding.

As of December 31, 2022, the Company asserts indefinite reinvestment on the excess of the financial reporting bases over tax bases in the Company's investments in foreign subsidiaries to the extent reversal would incur a significant tax liability. A deferred tax liability has not been established for the approximately US\$2,379,000 of cumulative undistributed foreign earnings. Determination of the unrecognized deferred tax liability is not practicable due to the uncertainty and overall complexity of the hypothetical calculation.

#### 14. Supplemental Balance Sheet Information

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2022	2021
	US\$'000	US\$'000
Prepaid research and development costs	71,488	87,239
Prepaid taxes	20,478	58,579
Other receivables	22,777	12,010
Interest receivable	3,039	5,052
Prepaid insurance	3,664	1,695
Prepaid manufacturing cost	58,950	78,538
Short-term deposit	1,510	2,982
Other current assets	34,647	24,078
	<hr/>	<hr/>
Total	216,553	270,173
	<hr/> <hr/>	<hr/> <hr/>

Other non-current assets consist of the following:

	As of December 31,	
	2022	2021
	US\$'000	US\$'000
Goodwill	109	109
Prepayment of property and equipment	22,025	14,140
Prepaid supply cost <sup>(1)</sup>	48,642	24,237
Prepaid VAT	804	17,162
Rental deposits and other	7,054	6,609
Long-term investments	91,779	100,792
	<hr/>	<hr/>
Total	170,413	163,049
	<hr/> <hr/>	<hr/> <hr/>

- (1) Represents payments for future supply purchases under the license agreement with Luye and facility expansion under commercial supply agreements. The payments are providing future benefit to the Company through credits on commercial supply purchases.

Accrued expenses and other payables consisted of the following:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Compensation related	184,775	139,966
External research and development activities related	139,168	213,922
Commercial activities	51,806	71,560
Individual income tax and other taxes	18,815	45,661
Sales rebates and returns related	41,817	59,639
Other	30,971	27,307
	<hr/>	<hr/>
Total accrued expenses and other payables	<u>467,352</u>	<u>558,055</u>

Other long-term liabilities consist of the following:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Deferred government grant income	38,176	46,352
Pension liability	7,760	7,814
Other	159	68
	<hr/>	<hr/>
Total other long-term liabilities	<u>46,095</u>	<u>54,234</u>

## 15. Accounts payable

An aging analysis of the accounts payables as of December 31, 2022 and December 31, 2021, based on the invoice date, is as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Within 3 months	290,284	257,977
3 to 6 months	2,570	3,210
6 months to 1 year	1,379	1,110
Over 1 year	548	103
	<hr/>	<hr/>
Total	<u>294,781</u>	<u>262,400</u>

The accounts payable are non-interest-bearing and repayable within the normal operating cycle or on demand.

## 16. Debt

The following table summarizes the Company's short-term and long-term debt obligations as of December 31, 2022 and 2021:

Lender	Agreement Date	Line of Credit US\$'000/RMB'000	Term	Maturity Date	Interest Rate	As of December 31,			
						2022		2021	
						US\$'000	RMB'000	US\$'000	RMB'000
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	7,250	50,000	1,255	8,000
China Merchants Bank	January 22, 2020	(2)	9-year	January 20, 2029	(2)	1,450	10,000	1,569	10,000
China Merchants Bank	November 9, 2020	RMB378,000	9-year	November 8, 2029	(3)	5,437	37,500	-	-
China Minsheng Bank (the "Senior Loan")	September 24, 2020	US\$200,000		(4)	4.3%	150,000	1,034,554	200,000	1,274,535
Zuhai Hillhouse (the "Related Party Loan")	September 24, 2020	RMB500,000		(5)	4.5%	-	-	15,693	100,000
Shanghai Pudong Development Bank	February 25, 2022	US\$50,000	1-year	February 25, 2023	2.2%	50,000	344,851	-	-
Other short-term debt (6)						114,832	792,000	209,048	1,332,197
Total short-term debt						<u>328,969</u>	<u>2,268,905</u>	<u>427,565</u>	<u>2,724,732</u>
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	75,395	520,000	89,444	570,000
China Merchants Bank	January 22, 2020	(2)	9-year	January 20, 2029	(2)	49,369	340,500	53,353	340,000
China Merchants Bank	November 9, 2020	RMB378,000	9-year	November 8, 2029	(3)	47,847	330,000	59,316	378,000
China CITIC Bank	July 29, 2022	RMB480,000	10-year	July 28, 2032	(7)	36,537	252,000	-	-
Total long-term debt						<u>209,148</u>	<u>1,442,500</u>	<u>202,113</u>	<u>1,288,000</u>

- The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.7% as of December 31, 2022. The Company repaid US\$1,171,000 (or RMB8,000,000) during the year ended December 31, 2022. The loan is secured by BeiGene Guangzhou Factory's land use right and certain Guangzhou Factory fixed assets in the first phase of the Guangzhou manufacturing facility's build out.
- On January 22, 2020, BeiGene Guangzhou Biologics Manufacturing Co., Ltd. ("BeiGene Guangzhou Factory") entered into a nine-year bank loan with China Merchants Bank to borrow up to RMB1,100,000,000 at a floating interest rate benchmarked against prevailing interest rates of certain PRC financial institutions. The loan is secured by BeiGene Guangzhou Factory's second land use right and fixed assets that will be placed into service upon completion of the second phase of the Guangzhou manufacturing facility's build out. In connection with the Company's short-term loan agreements with China Merchants Bank entered into during the year ended December 31, 2020, the borrowing capacity was reduced from RMB1,100,000,000 to RMB350,000,000. The loan interest rate was 4.4% as of December 31, 2022. The Company repaid US\$1,484,000 (RMB10,000,000) during the year ended December 31, 2022. BeiGene Guangzhou Biologics Manufacturing Co., Ltd. is a company incorporated under the laws of the PRC on March 3, 2017 and a wholly owned subsidiary of BeiGene Biologics.
- The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.0% as of December 31, 2022. The loan is secured by fixed assets that will be placed into service upon completion of the third phase of the Guangzhou manufacturing facility's build out.
- In September 2020, the Company entered into a loan agreement with China Minsheng Bank for a total loan facility of up to US\$200,000,000, of which US\$120,000,000 was designated to fund the JV share purchase and repayment of the Shareholder Loan and US\$80,000,000 was designated for general working capital purposes. The Senior Loan had an original maturity date of October 8, 2021, which was the first anniversary of the first date of utilization of the loan. The Company may extend the original maturity date for up to two additional twelve month periods. On October 8, 2021, the Company extended the maturity date for twelve months to October 8, 2022 and repurposed the Senior Loan for general working capital purposes. On September 30, 2022, the Company entered into an amendment and restatement agreement with China Minsheng Bank to extend the maturity date. On October 10, 2022, the Company repaid US\$200,000,000 and drew down US\$150,000,000 from the Senior Loan.

5. In September 2020, the Company entered into a loan agreement with Zhuhai Hillhouse Zhaohui Equity Investment Partnership (Zhuhai Hillhouse) for a total loan facility of US\$73,640,000 (RMB500,000,000), of which US\$14,728,000 (RMB100,000,000) can be used for general corporate purposes and \$58,912,000 (RMB400,000,000) can only be applied towards the repayment of the Senior Loan facility, including principal, interest and fees. The loan originally matured at the earlier of: (i) November 9, 2021, which is one month after the Senior Loan maturity date, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid. On October 8, 2021, the Company extended the maturity date of the Related Party Loan to the earlier of: (i) November 9, 2022, which is one month after the Senior Loan maturity date, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid. On October 10, 2022, the Company repaid in full the outstanding borrowing in the amount of US\$13,980,000 (RMB100,000,000). Zhuhai Hillhouse is a related party of the Company, as it is an affiliate of Hillhouse Capital. Hillhouse Capital is a shareholder of the Company, and a Hillhouse Capital employee is a member of the Company's board of directors.
6. During the two years ended December 31, 2022, the Company entered into additional short-term working capital loans with China Industrial Bank and China Merchants Bank to borrow up to RMB2,435,000,000 in aggregate, with maturity dates ranging from January 19, 2021 to September 18, 2023. The Company drew down US\$113,774,000 (RMB792,000,000) during the year ended December 31, 2022. The Company repaid US\$200,446,000 (RMB1,332,197,000) of the short-term loans during the year ended December 31, 2022. The weighted average interest rate for the short-term working capital loans was approximately 2.6% as of December 31, 2022.
7. In July 2022, the Company entered into a 10-year bank loan agreement with China CITIC Bank to borrow up to RMB480,000,000 at a floating interest rate benchmarked against prevailing interest rates of certain PRC financial institutions. The loan interest rate was 4.2% as of December 31, 2022. The loan is secured by BeiGene Suzhou Co., Ltd.'s land use right. The Company drew down US\$37,372,000 (RMB252,000,000) during the year ended December 31, 2022.

### ***Contractual Maturities of Debt Obligations***

The aggregate contractual maturities of all borrowings due subsequent to December 31, 2022 are as follows:

<b>Maturity dates</b>	<b>Amounts US\$'000</b>
Year ending December 31, 2023	328,969
Year ending December 31, 2024	29,412
Year ending December 31, 2025	35,136
Year ending December 31, 2026	44,697
Year ending December 31, 2027	44,697
Thereafter	55,206
	<hr/>
Total	538,117
	<hr/> <hr/>

### ***Interest Expense***

Interest on bank loans and the Related Party Loan is paid quarterly until the respective loans are fully settled. Interest expense recognized for the years ended December 31, 2022 and 2021 amounted to US\$21,699,000 and US\$29,263,000 respectively, among which, US\$2,594,000 and US\$1,054,000 was capitalized, respectively.

## **17. Product Revenue**

The Company's product revenue is primarily derived from the sale of its internally developed products BRUKINSA in the United States and China, and tislelizumab and pamiparib in China; REVLIMID® and VIDAZA® in China under a license from BMS; XGEVA, BLINCYTO and KYPROLIS in China under a license from Amgen; and POBEVCY in China under a license from Bio-Thera.

The table below presents the Company's net product sales for the years ended December 31, 2022 and 2021.

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Product revenue – gross	1,438,440	748,824
Less: Rebates and sales returns	(183,828)	(114,837)
	<u>1,254,612</u>	<u>633,987</u>

The following table disaggregates net product revenue by product for the years ended December 31, 2022 and 2021.

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
BRUKINSA®	564,651	217,987
Tislelizumab	422,885	255,119
REVLIMID®	79,049	70,065
XGEVA®	63,398	45,956
POBEVCY®	38,124	1,353
BLINCYTO®	36,107	12,515
KYPROLIS®	13,696	–
VIDAZA®	15,213	19,591
Pamiparib	5,460	3,661
Other	16,029	7,740
	<u>1,254,612</u>	<u>633,987</u>

The following table presents the roll-forward of accrued sales rebates and returns for the years ended December 31, 2022 and December 31, 2021.

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Beginning balance, as of January 1	59,639	11,874
Accrual	183,828	114,837
Payment	(201,650)	(67,072)
	<u>41,817</u>	<u>59,639</u>

## 18. Loss before Income Tax Expense

The Company's loss before income tax expense is arrived at after charging/(crediting):

	Note	Year Ended December 31,	
		2022	2021
		US\$'000	US\$'000
Cost of inventories sold		286,475	164,906
Depreciation and amortization expense	11	62,302	44,742
Research and development costs (note)		1,640,508	1,459,239
Operating lease cost	10	25,938	22,536
Amortization of license rights	12	3,976	1,715
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		1,000,890	720,551
Share-based compensation expenses		303,162	240,712
Pension scheme contributions (defined contribution scheme)		50,358	38,810
		<u>1,354,410</u>	<u>1,000,073</u>
Foreign exchange differences, net		233,812	5,991
Bank interest income		(74,234)	(13,528)
Loss on disposal of property and equipment		44	106

*Note:*

During the year ended December 31, 2022 and 2021, research and development costs of approximately US\$602,585,000 and US\$463,441,000 were also included in employee benefit expense.

## 19. Loss Per Share

Loss per share was calculated as follows:

	Year Ended December 31,	
	2022	2021
	US\$'000	US\$'000
Numerator:		
Net loss	<u>(2,003,815)</u>	<u>(1,457,816)</u>
Denominator:		
Weighted average shares outstanding for computing basic and diluted loss per share	<u>1,340,729,572</u>	<u>1,206,210,049</u>
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US\$)	<u>(1.49)</u>	<u>(1.21)</u>

For the years ended December 31, 2022 and 2021, the computation of basic loss per share using the two-class method was not applicable, as the Company was in a net loss position.

The effects of all share options and restricted share units were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive during the years ended December 31, 2022 and 2021.

## 20. Share-Based Compensation

### *2016 Share Option and Incentive Plan*

In January 2016, in connection with its U.S. IPO, the board of directors and shareholders of the Company approved the 2016 Share Option and Incentive Plan (the “2016 Plan”), which became effective in February 2016. The Company initially reserved 65,029,595 ordinary shares for the issuance of awards under the 2016 Plan, plus any shares available under the 2011 Option Plan (the “2011 Plan”), and not subject to any outstanding options as of the effective date of the 2016 Plan, along with underlying share awards under the 2011 Plan that are cancelled or forfeited without issuance of ordinary shares. As of December 31, 2022, ordinary shares cancelled or forfeited under the 2011 Plan that were carried over to the 2016 Plan totaled 5,166,653. The 2016 Plan provided for an annual increase in the shares available for issuance, to be added on the first day of each fiscal year, beginning on January 1, 2017, equal to the lesser of (i) five percent (5)% of the outstanding shares of the Company’s ordinary shares on the last day of the immediately preceding fiscal year or (ii) such number of shares determined by the Company’s board of directors or the compensation committee. On January 1, 2018, 29,603,616 ordinary shares were added to the 2016 Plan under this provision. However, in August 2018, in connection with the Hong Kong IPO, the board of directors of the Company approved an amended and restated 2016 Plan to remove this “evergreen” provision and implement other changes required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”). In December 2018, the shareholders of the Company approved a second amended and restated 2016 Plan to increase the number of shares authorized for issuance by 38,553,159 ordinary shares, as well as amend the cap on annual compensation to independent directors and make other changes. In June 2020, the shareholders approved an Amendment No. 1 to the 2016 Plan to increase the number of shares authorized for issuance by 57,200,000 ordinary shares and to extend the term of the plan through April 13, 2030. The number of shares available for issuance under the 2016 Plan is subject to adjustment in the event of a share split, share dividend or other change in the Company’s capitalization.

As of December 31, 2022, share-based awards to acquire 75,034,504 ordinary shares were available for future grant under the 2016 Plan.

In order to continue to provide incentive opportunities under the 2016 Plan, the Board of Directors and shareholders of the Company approved an amendment to the 2016 Plan (the “Amendment No. 2”), which became effective as of June 22, 2022, to increase the number of authorized shares available for issuance under the 2016 Plan by 66,300,000 ordinary shares, or 5%, of the Company’s outstanding shares as of March 31, 2022.

### *2018 Inducement Equity Plan*

In June 2018, the board of directors of the Company approved the 2018 Inducement Equity Plan (the “2018 Plan”) and reserved 12,000,000 ordinary shares to be used exclusively for grants of awards to individuals who were not previously employees of the Company or its subsidiaries, as a material inducement to the individual’s entry into employment with the Company or its subsidiaries, within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules. The 2018 Plan was approved by the board of directors upon recommendation of the compensation committee, without shareholder approval pursuant to Rule 5635(c)(4) of the NASDAQ Listing Rules. The terms and conditions of the 2018 Plan, and the forms of award agreements to be used thereunder, are substantially similar to the 2016 Plan and the forms of award agreements thereunder. In August 2018, in connection with the listing of the Company’s ordinary shares on The Stock Exchange of Hong Kong Limited (the “HKEX”), the board of directors of the Company approved an amended and restated 2018 Plan to implement changes required by the HK Listing Rules.

Upon the effectiveness of Amendment No. 2 to the 2016 Plan, on June 22, 2022, the 2018 Plan was terminated to the effect that no new equity awards shall be granted under the plan but the outstanding equity awards under the plan shall continue to vest and/or be exercisable in accordance with their terms.

## **2018 Employee Share Purchase Plan**

In June 2018, the shareholders of the Company approved the 2018 Employee Share Purchase Plan (the ESPP). Initially, 3,500,000 ordinary shares of the Company were reserved for issuance under the ESPP. In August 2018, in connection with the Hong Kong IPO, the board of directors of the Company approved an amended and restated ESPP to remove an “evergreen” share replenishment provision originally included in the plan and implement other changes required by the HK Listing Rules. In December 2018, the shareholders of the Company approved a second amended and restated ESPP to increase the number of shares authorized for issuance by 3,855,315 ordinary shares to 7,355,315 ordinary shares. The ESPP allows eligible employees to purchase the Company’s ordinary shares (including in the form of ADSs) at the end of each offering period, which will generally be six months, at a 15% discount to the market price of the Company’s ADSs at the beginning or the end of each offering period, whichever is lower, using funds deducted from their payroll during the offering period. Eligible employees are able to authorize payroll deductions of up to 10% of their eligible earnings, subject to applicable limitations.

The following tables summarizes the shares issued under the ESPP:

<b>Issuance Date</b>	<b>Number of Ordinary Shares Issued</b>	<b>Market Price<sup>1</sup></b>		<b>Purchase Price<sup>2</sup></b>		<b>Proceeds US\$’000</b>
		<b>ADS US\$</b>	<b>Ordinary US\$</b>	<b>ADS US\$</b>	<b>Ordinary US\$</b>	
August 31, 2022	861,315	171.66	13.20	145.91	11.22	9,667
February 28, 2022	667,160	210.52	16.19	178.94	13.76	9,183
August 31, 2021	425,386	308.30	23.72	262.06	20.16	8,575
February 26, 2021	436,124	236.30	18.18	200.86	15.45	6,738
August 31, 2020	485,069	164.06	12.62	139.45	10.73	5,203
February 28, 2020	425,425	145.54	11.20	123.71	9.52	4,048

- 1 The market price is the lower of the closing price on the NASDAQ Stock Market on the issuance date or the offering date, in accordance with the terms of the ESPP.
- 2 The purchase price is the price which was discounted from the applicable market price, in accordance with the terms of the ESPP.

As of December 31, 2022, 3,666,071 ordinary shares were available for future issuance under the ESPP.

## **Share options**

Generally, share options have a contractual term of 10 years and vest over a three – to five-year period, with the first tranche vesting one calendar year after the grant date or the service relationship start date and the remainder of the awards vesting on a monthly basis thereafter. Restricted shares and restricted share units generally vest over a four-year period, with the first tranche vesting one calendar year after the grant date or the service relationship start date and the remainder of the awards vesting on a yearly basis thereafter, or sometimes vest upon the achievement of pre-specified performance conditions.

The following table summarizes the Company's share option activities under the 2011, 2016 and 2018 Plans:

	Number of Options	Weighted Average Exercise Price US\$	Weighted Average Grant Date Fair Value US\$	Weighted Average Remaining Contractual Term Years	Aggregate Intrinsic Value US\$'000
Outstanding at December 31, 2020	84,991,715	5.27			
Granted	6,244,524	26.46	12.40		
Exercised	(17,233,853)	4.52			367,110
Forfeited	(1,797,498)	13.27			
Outstanding at December 31, 2021	72,204,888	7.08			
Granted	12,516,816	12.34	6.40		
Exercised	(5,898,217)	4.63			52,258
Forfeited	(2,296,634)	16.46			
Outstanding at December 31, 2022	<u>76,526,853</u>	7.85		5.33	745,340,712
Exercisable as of December 31, 2022	<u>58,017,219</u>	5.67		4.2	673,364,735
Vested and expected to vest at December 31, 2022	<u>73,842,956</u>	7.60		5.2	734,904,195

As of December 31, 2022, the unrecognized compensation cost related to 15,825,737 unvested share options expected to vest was US\$88,859,000. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 2.4 years.

The total fair value of employee share option awards vested during the years ended December 31, 2022 and 2021 was US\$62,548,000 and US\$53,571,000, respectively.

### ***Fair value of options***

The Company uses the binomial option-pricing model in determining the estimated fair value of the options granted. The model requires the input of highly subjective assumptions including the estimated expected stock price volatility and, the exercise multiple for which employees are likely to exercise share options. For expected volatilities, the trading history and observation period of the Company's own share price is used in conjunction with historical price volatilities of ordinary shares of several comparable companies in the same industry as the Company. For the exercise multiple, the Company was not able to develop an exercise pattern as reference, thus the exercise multiple is based on management's estimation, which the Company believes is representative of the future exercise pattern of the options. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury Bills yield curve in effect at the time of grant.

The following table presents the range of fair values and the assumptions used to estimate those fair values of the share options granted in the years presented:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Fair value of ordinary share	US\$5.51 ~ US\$9.04	US\$9.94 ~ US\$14.97
Risk-free interest rate	1.8% ~ 3.9%	1.1% ~ 1.7%
Expected exercise multiple	2.8	2.8
Expected volatility	51% ~ 60%	51% ~ 59%
Expected dividend yield	0%	0%
Contractual life	10 years	10 years

***Restricted shares***

The Company had no restricted share activities during the year ended December 31, 2022 and 2021.

As of December 31, 2022, all compensation cost related to restricted shares was fully recognized.

***Restricted share units***

The following table summarizes the Company's restricted share unit activities under the 2016 and 2018 Plans:

	<b>Numbers of Shares</b>	<b>Weighted- Average Grant Date Fair Value US\$</b>
Outstanding at December 31, 2020	34,876,972	12.50
Granted	17,173,767	25.58
Vested	(10,703,381)	12.23
Forfeited	(5,264,376)	15.82
	<hr/>	
Outstanding at December 31, 2021	36,082,982	18.33
Granted	38,707,669	12.46
Vested	(12,533,586)	16.37
Forfeited	(6,859,892)	16.72
	<hr/>	
Outstanding at December 31, 2022	<u>55,397,173</u>	14.87
	<hr/>	
Expected to vest at December 31, 2022	<u>47,392,282</u>	14.87

As of December 31, 2022, the unrecognized compensation cost related to unvested restricted share units expected to vest was US\$580,815,000. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 2.9 years.

### ***Share-based compensation expense***

The following table summarizes total share-based compensation cost recognized for the years ended December 31, 2022 and 2021:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Research and development	139,348	114,357
Selling, general and administrative	163,814	126,355
	<u>303,162</u>	<u>240,712</u>
<b>Total</b>	<b><u>303,162</u></b>	<b><u>240,712</u></b>

### **21. Accumulated Other Comprehensive (Loss) Income**

The movement of accumulated other comprehensive (loss) income was as follows:

	<b>Foreign Currency Translation Adjustments US\$'000</b>	<b>Unrealized Gains/Losses on Available- for-Sale Securities US\$'000</b>	<b>Pension Liability Adjustments US\$'000</b>	<b>Total US\$'000</b>
December 31, 2020	14,184	871	(8,113)	6,942
Other comprehensive income (loss) before reclassifications	13,714	(4,504)	309	9,519
Amounts reclassified from accumulated other comprehensive (loss) income <sup>(1)</sup>	<u>—</u>	<u>(67)</u>	<u>1,556</u>	<u>1,489</u>
Net-current period other comprehensive (loss) income	<u>13,714</u>	<u>(4,571)</u>	<u>1,865</u>	<u>11,008</u>
December 31, 2021	<u>27,898</u>	<u>(3,700)</u>	<u>(6,248)</u>	<u>17,950</u>
Other comprehensive income (loss) before reclassifications	(90,421)	(5,311)	(446)	(96,178)
Amounts reclassified from accumulated other comprehensive (loss) income <sup>(1)</sup>	<u>—</u>	<u>—</u>	<u>811</u>	<u>811</u>
Net-current period other comprehensive (loss) income	<u>(90,421)</u>	<u>(5,311)</u>	<u>365</u>	<u>(95,367)</u>
December 31, 2022	<u>(62,523)</u>	<u>(9,011)</u>	<u>(5,883)</u>	<u>(77,417)</u>

(1) The amounts reclassified from accumulated other comprehensive (loss) income were included in other (expense) income, net in the consolidated statements of operations.

## 22. Shareholders' Equity

During the years ended December 31, 2022 and 2021, the Company completed the following equity offerings:

In September 2021, upon Amgen's exercise of its Direct Purchase Option, the Company issued an aggregate of 165,529 ADSs, representing 2,151,877 ordinary shares, to Amgen Inc. for a total consideration of US\$50,000,000, in a private placement pursuant to a Share Purchase Agreement dated October 31, 2019, as amended on December 6, 2019 and September 24, 2020 by and between Amgen and Company.

In December 2021, the Company completed an initial public offering of (STAR Offering) on the Science and Technology Innovation Board (STAR Market) of the Shanghai Stock Exchange (SSE). The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in the People's Republic of China (PRC) in Renminbi (RMB Shares). The public offering price of the RMB Shares was RMB192.60 per ordinary share, or US\$391.68 per ADS. In this offering, the Company sold 115,055,260 ordinary shares. Net proceeds after deducting underwriting commission and offering expenses were US\$3,392,616,000. As required by the PRC securities laws, the net proceeds from the STAR Offering 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 STAR Offering approved by the board of directors.

## 23. Restricted Net Assets

The Company's ability to pay dividends may depend on the Company receiving distributions of funds from its PRC subsidiaries. Relevant PRC laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries.

In accordance with the company law of the PRC, a domestic enterprise is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. A domestic enterprise is also required to provide discretionary surplus reserve, at the discretion of the Board of Directors, from the profits determined in accordance with the enterprise's PRC statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Company's PRC subsidiaries were established as domestic invested enterprises and therefore were subject to the above-mentioned restrictions on distributable profits.

During the years ended December 31, 2022 and 2021, no appropriation to statutory reserves was made, because the PRC subsidiaries had an accumulated deficit as of the end of such periods.

As a result of these PRC laws and regulations, including the requirement to make annual appropriations of at least 10% of after-tax income and set aside as general reserve fund prior to payment of dividends, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company.

Foreign exchange and other regulations in the PRC may further restrict the Company's PRC subsidiaries from transferring funds to the Company in the form of dividends, loans, and advances. As of December 31, 2022 and 2021, amounts restricted were the net assets of the Company's PRC subsidiaries, which amounted to US\$3,548,881,000 and US\$760,476,000, respectively.

## 24. Employee Benefit Plans

### *Defined Contribution Plans*

Full-time employees of the Company in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Company's PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were US\$83,860,000 and US\$63,772,000 for the years ended December 31, 2022 and 2021, respectively.

The Company maintains a defined contribution 401(k) savings plan (the "401(k) Plan") for U.S. employees. The 401(k) Plan covers all U.S. employees and allows participants to defer a portion of their annual compensation on a pretax basis. In addition, the Company has a matching contribution to the 401(k) Plan, which, in the 2021 plan year, matched dollar for dollar of eligible contributions up to 4%. Company contributions to the 401(k) plan totaled US\$10,298,000 and US\$7,483,000 in the years ended December 31, 2022 and 2021, respectively.

The Company maintains a government mandated program to cover its employees in Switzerland for pension, death, or disability. The program is considered a defined contribution plan. Employer and employee contributions are made based on various percentages of salaries and wages that vary based on employee age and other factors. Company contributions into the program amounted to US\$3,887,000 and US\$2,986,000 in the years ended December 31, 2022 and 2021, respectively.

Employee benefit expenses for the remaining subsidiaries were immaterial.

### *Defined Benefit Plan*

The Company maintains a defined benefit pension plan covering its employees in Switzerland (the "Swiss Plan"). This plan is a government mandated fund that provides benefits to employees upon retirement, death, or disability. Contributions are made based on various percentages of participants' salaries and wages determined based on participants' age and other factors. As of December 31, 2022 and 2021, the projected benefit obligations under the Swiss Plan were approximately US\$45,835,000 and US\$34,517,000, respectively, and plan assets were approximately US\$38,075,000 and US\$26,703,000, respectively. The funded status of the Swiss Plan is included in other long-term liabilities in the accompanying consolidated balance sheets (see Note 14).

The Company's annual contribution to the Swiss Plan is estimated to be approximately US\$2,553,000 in 2023 and is expected to evolve thereafter proportionally with changes in staffing and compensation levels, actuarial assumptions and actual investment returns on plan assets.

The following table reflects the total expected benefit payments to Swiss Plan participants and have been estimated based on the same assumptions used to measure the Company's benefit obligations as of December 31, 2022:

Year(s)	Amounts US\$'000
2023	68
2024	545
2025	442
2026	260
2027	755
2028 – 2032	7,185
Total	9,255

## 25. Commitments and Contingencies

### *Purchase Commitments*

As of December 31, 2022, the Company had purchase commitments amounting to US\$117,293,000, of which US\$55,346,000 related to minimum purchase requirements for supply purchased from contract manufacturing organizations and US\$61,947,000 related to binding purchase order obligations of inventory from BMS and Amgen. The Company does not have any minimum purchase requirements for inventory from BMS or Amgen.

### *Capital commitments*

The Company had capital commitments amounting to US\$404,914,000 for the acquisition of property, plant and equipment as of December 31, 2022, which were mainly for the Company's manufacturing and clinical R&D campus in Hopewell, NJ, additional capacity at the Guangzhou and Suzhou manufacturing facilities, and a new building for Beijing Innerway Bio-tech Co., Ltd.

### *Co-development funding commitment*

Under the Amgen Collaboration Agreement, the Company is responsible for co-funding global clinical development costs for the Amgen oncology pipeline assets up to a total cap of US\$1,250,000,000. The Company is funding its portion of the co-development costs by contributing cash and/or development services. As of December 31, 2022, the Company's remaining co-development funding commitment was US\$595,702,000.

### *Research and Development Commitment*

The Company entered into long-term research and development agreements, which include obligations to make upfront payments and fixed quarterly payments over the next four years. As of December 31, 2022, the total research and development commitment amounted to US\$22,327,000.

### *Funding Commitment*

The Company had committed capital related to two equity method investments in the amount of US\$19,000,000. As of December 31, 2022, the remaining capital commitment was US\$16,000,000 and is expected to be paid from time to time over the investment period.

### *Other Business Agreements*

The Company enters into agreements in the ordinary course of business with contract research organizations (CROs) to provide research and development services. These contracts are generally cancellable at any time by the Company with prior written notice.

The Company also enters into collaboration agreements with institutions and companies to license intellectual property. The Company may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on the consolidated balance sheet because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in the consolidated financial statements.

## 26. Segment and Geographic Information

The Company operates in one segment: pharmaceutical products. Its chief operating decision maker is the Chief Executive Officer, who makes operating decisions, assesses performance, and allocates resources on a consolidated basis.

The Company's long-lived assets are primarily located in the PRC and the U.S.

Net product revenues by geographic area are based upon the location of the customer, and net collaboration revenue is recorded in the jurisdiction in which the related income is expected to be sourced from. Total net revenues by geographic area are presented as follows:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
PRC	840,032	517,173
U.S.	502,626	495,265
ROW	73,263	163,845
	<u>1,415,921</u>	<u>1,176,283</u>
Total	<u>1,415,921</u>	<u>1,176,283</u>

PRC revenues for each of the two years in the period ended December 31, 2022 consisted entirely of product sales. U.S. revenues for the year ended December 31, 2022 consisted of collaboration revenues of US\$112,916,000 and BRUKINSA product sales of US\$389,710,000, respectively. U.S. revenues for the year ended December 31, 2021 consisted of collaboration revenue of US\$379,607,000 and BRUKINSA product sales of US\$115,658,000, respectively. Rest of world revenues for each of the year ended December 31, 2022 consisted of collaboration revenues of US\$48,393,000 and product sales of US\$24,870,000, respectively. Rest of world revenues for each of the year ended December 31, 2021 consisted primarily of collaboration revenues.

### ***Supplementary Information***

The Company's unaudited quarterly information has been prepared on a basis consistent with the audited financial statements and includes all adjustments that the Company considers necessary for a fair presentation of the information shown. The operating results for any fiscal quarter are not necessarily indicative of the operating results for a full fiscal year or for any future period and there can be no assurances that any trend reflected in such results will continue in the future.

As discussed in Note 2, the Company revised certain prior period financial statements to correct an error related to the valuation of net deferred tax assets, the impact of which was immaterial to its previously filed financial statements in the annual periods of fiscal 2021. The following table summarizes the unaudited statements of operations for each quarter of 2022 and 2021 (in thousands except share and per share amounts).

<b>2022</b>	<b>Quarter Ended</b>			
	<b>March 31,</b>	<b>June 30,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Total revenues	306,626	341,572	387,628	380,095
Loss from operations	(443,287)	(439,399)	(438,357)	(468,622)
Net loss	(435,198)	(565,726)	(557,556)	(445,335)
Net loss attributable to BeiGene, Ltd.	(435,198)	(565,726)	(557,556)	(445,335)
Net loss per share attributable to				
BeiGene, Ltd., basic and diluted (in US\$)	(0.33)	(0.42)	(0.41)	(0.33)

2021	Quarter Ended			
	March 31, US\$'000	June 30, US\$'000	September 30, US\$'000	December 31, US\$'000
Total revenues	605,872	149,992	206,440	213,979
Income (loss) from operations	70,167	(474,838)	(462,325)	(571,739)
Net income (loss)	55,580	(484,604)	(438,114)	(590,678)
Net income (loss) attributable to BeiGene, Ltd.	55,580	(484,604)	(438,114)	(590,678)
Net income (loss) per share attributable to BeiGene, Ltd., basic (in US\$)	0.05	(0.41)	(0.36)	(0.48)
Net income (loss) per share attributable to BeiGene, Ltd., diluted (in US\$)	0.04	(0.41)	(0.36)	(0.48)

## 27. Reconciliation between U.S. GAAP and international financial reporting standards

The consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from International Financial Reporting Standards (“IFRS”). The effects of material differences between the financial information of the Company prepared under U.S. GAAP and IFRS are as follows:

Consolidated statement of operations data	Year ended December 31, 2022				Amounts under IFRS US\$'000
	Amounts as reported under U.S. GAAP US\$'000	IFRS adjustments US\$'000	IFRS adjustments US\$'000	IFRS adjustments US\$'000	
		Share-based compensation (note (i))	Tax benefit/ deficiency on share-based compensation (note (iii))	Lease (note (iv))	
Research and development	(1,640,508)	(14,697)	–	471	(1,654,734)
Selling, general and administrative	(1,277,852)	(19,296)	–	366	(1,296,782)
Interest income (expense), net	52,480	–	–	(3,142)	49,338
Loss before income tax expense	(1,961,037)	(33,993)	–	(2,305)	(1,997,335)
Income tax (expense) benefit	(42,778)	–	10,311	–	(32,467)
Net loss	(2,003,815)	(33,993)	10,311	(2,305)	(2,029,802)

Consolidated statement of operations data	Year ended December 31, 2021			Amounts under IFRS US\$'000
	Amounts as reported under U.S. GAAP US\$'000	IFRS adjustments		
		US\$'000	US\$'000	
		Share-based compensation (note (i))	Tax benefit/ deficiency on share-based compensation (note (iii))	
Research and development	(1,459,239)	(21,541)	–	(1,480,780)
Selling, general and administrative	(990,123)	(27,189)	–	(1,017,312)
Loss before income tax expense	(1,438,588)	(48,730)	–	(1,487,318)
Income tax (expense) benefit	(19,228)	5,253	(11,775)	(25,750)
Net loss	(1,457,816)	(43,477)	(11,775)	(1,513,068)

Consolidated balance sheet data	As at December 31, 2022				Amounts under IFRS US\$'000
	Amounts as reported under U.S. GAAP US\$'000	IFRS adjustments			
		US\$'000	US\$'000	US\$'000	
		Share based compensation (note (i)), (iii))	Preferred Shares (note (ii))	Lease (note (iv))	
Operating lease right-of-use assets	109,960	–	–	(2,305)	107,655
Total assets	6,379,290	–	–	(2,305)	6,376,985
Additional paid-in capital	11,540,979	33,993 174,049*	– 307,894*	– –	12,056,915
Accumulated deficit	(7,080,342)	(33,993) 10,311 (184,360)*	– – (307,894)*	(2,305) – –	(7,598,583)
Total equity	4,383,355	–	–	(2,305)	4,381,050

Consolidated balance sheet data	As at December 31, 2021				Amounts under IFRS US\$'000
	Amounts as reported under U.S. GAAP US\$'000	IFRS adjustments			
		US\$'000	US\$'000	US\$'000	
		Share based compensation (note (i))	Preferred Shares (note (ii))	Tax benefit/ deficiency on share based compensation (note (iii))	
Deferred tax assets	–	5,253	–	110,424	125,744
		10,067*	–	–	
Total assets	8,535,525	15,320	–	110,424	8,661,269
Additional paid-in capital	11,191,007	48,730	–	56,237	11,809,005
		125,319*	307,894*	79,818*	
Accumulated deficit	(5,076,527)	(48,730)	–	(11,775)	(5,568,781)
		5,253	(307,894)*	(13,856)*	
		(115,252)*	–	–	
Total equity	6,132,563	15,320	–	110,424	6,258,307

\* IFRS adjustments brought forward from prior years.

Notes:

**(i) Share based compensation**

Under U.S. GAAP, the Company has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting based on service conditions provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant date value of the options that are vested at that date.

Under IFRS, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting.

A difference of US\$33,993,000 arose between the amount of share-based compensation (included in research and development expenses, and selling, general and administrative expenses) recognized under U.S. GAAP and IFRS for the year ended December 31, 2022 (2021: US\$48,730,000). The related income tax impact of this item was nil for the year ended December 31, 2022 (2021: US\$5,253,000).

**(ii) Preferred Shares**

Prior to the Company's U.S. IPO, the Company had Preferred Shares, which were converted into ordinary shares at the time of the U.S. IPO. Under U.S. GAAP, the Preferred Shares issued by the Company are classified as mezzanine equity as these convertible preferred shares are redeemable upon the occurrence of a conditional event (i.e., Liquidation Transaction). The holders of the Preferred Shares have a liquidation preference upon the occurrence of the conditional event. The conversion options and contingent redemption options of the convertible preferred shares do not qualify for bifurcation accounting because the conversion options are clearly and closely related to the host instrument and the underlying ordinary shares of the conversion options and redemption options are not publicly traded nor readily convertible into cash. No beneficial conversion features are recognized for the convertible preferred shares as the fair values per ordinary share at the respective commitment dates were less than the most favorable conversion prices. The Company concluded that the Preferred Shares are not redeemable currently and is not probable that the Preferred Shares will become redeemable because the likelihood of the Liquidation Transaction is remote. Therefore, no adjustment will be made to the initial carrying amount of the Preferred Shares until it is probable that they will become redeemable.

Under IFRS, the Preferred Shares were regarded as a hybrid instrument consisting of a host debt instrument and a conversion option as a derivative. This was the result of certain redemption triggering events of the Preferred Shares being outside the control of the ordinary shareholders of the Company. In addition, the holders of the Preferred Shares were entitled to convert the Preferred Shares into a variable number of the Company's ordinary shares upon occurrence of certain anti-dilution events. Under IFRS, the Company initially recorded all of the Preferred Shares as financial liabilities at fair value, with subsequent changes in the amount of the fair value of the Preferred Shares recognized in the statement of operations in the year in which they arose. Hence, all the fair value changes in the Preferred Shares of US\$307,894,000 prior to the conversion into the Company's ordinary shares in February 2016 was recognized in the statement of operations under IFRS and the cumulative effect of such fair value changes was recognized in the additional paid in capital account upon the conversion of the Preferred Shares into the ordinary shares. The effect of such IFRS adjustments on accumulated deficit and additional paid-in capital was US\$307,894,000 which was all carried forward to opening balance sheets of subsequent financial years/periods.

**(iii) Tax benefit/deficiency on share-based compensation**

Under IFRS, the excess tax benefit resulting from the pre-tax deductible amount arising from U.S. employee share-based payments over the cumulative share-based payment-related expenses recognized for accounting purposes should be recorded in shareholders' equity rather than in current income tax expenses/benefits under U.S. GAAP.

During the current period, the Company reassessed and revised the deferred income tax assets recognized in prior periods. For U.S. GAAP purposes, it was deemed that the impact of the revision in the current period was quantitatively significant to the statements of operations for the twelve months ended December 31, 2022, but immaterial to any prior year period, as such, the Company revised the prior period information related to the Company's net deferred tax asset in the current period financial statements under U.S. GAAP. Based on the premise of reducing the differences in financial statements under IFRS and U.S. GAAP, the Company has simultaneously evaluated the financial statements prepared for IFRS purposes. Under IFRS, due to the different accounting treatment of the above excess tax benefits on share-based compensation in the U.S, the adjustments on deferred tax assets is immaterial to the financial statements of both prior periods and the current period. Therefore, the Company does not need to correct the prior period financial statements, but only revise the current financial statements, resulting in the reconciling item related to the tax benefit/deficiency on share-based compensation amounted to US\$110,424,000 at the end of the prior period.

As the Company revised certain prior period financial statements related to the net deferred tax assets under U.S. GAAP, a difference of US\$10,311,000 arose between the amount of income tax expense recognized under U.S. GAAP and IFRS for the year ended December 31, 2022.

**(iv) Lease**

The Company adopted the new lease standard effective January 1, 2019 using the modified retrospective method and did not restate historical comparative periods under U.S. GAAP. As a lessee, the Company recognized a lease liability based on the present value of the total remaining lease payments, and a corresponding right of use asset under U.S. GAAP. The Company subsequently recognize an operating lease expense on straight line basis over the lease term.

IFRS 16, Lease requires entities to present interest expense on the lease liability and depreciation on the right of use assets separately in the statement of operations. This will change the allocation of expenses and the total amount of expenses recognized for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease terms, and a decreasing expense during the latter years of the lease terms.

**(v) Investment**

Under U.S. GAAP, the Company elected to measure an equity security without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Under IFRS 9, investments in equity instruments are measured at fair value through profit or loss (FVTPL) (with an irrevocable option to measure those instruments at fair value through other comprehensive income (FVOCI) with no subsequent reclassification to profit or loss).

Based on the Company's assessment, the differences on investment recognized under U.S. GAAP and IFRS did not have material impact on the financial statements as of December 31, 2022 and for the year ended December 31, 2022.

**28. Dividends**

The board of directors of the Company did not recommend the distribution of any annual dividend for the year ended December 31, 2022 (year ended December 31, 2021: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

We are a global biotechnology company that is developing and commercializing innovative and affordable oncology medicines to improve treatment outcomes and access for patients worldwide.

We currently have three approved medicines that were discovered and developed in our own labs, including BRUKINSA<sup>®</sup>, a small molecule inhibitor of Bruton's Tyrosine Kinase ("BTK") for the treatment of various blood cancers; tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers; and pamiparib, a selective small molecule inhibitor of PARP1 and PARP2. We have obtained approvals to market BRUKINSA in the United States, the People's Republic of China ("China" or the "PRC"), the European Union ("EU"), the United Kingdom ("UK"), Canada, Australia and additional international markets, and tislelizumab and pamiparib in China. By leveraging our China commercial capabilities, we have in-licensed the rights to distribute 13 approved medicines for the China market. Supported by our global clinical development and commercial capabilities, we have entered into collaborations with world-leading biopharmaceutical companies such as Amgen Inc. ("Amgen") and Novartis Pharma AG ("Novartis") to develop and commercialize innovative medicines.

We are committed to advancing best and first-in-class clinical candidates internally or with like-minded partners to develop impactful and affordable medicines for patients across the globe. Our internal clinical development capabilities are deep, including a more than 2,700-person global clinical development and medical affairs team that is running more than 80 ongoing or planned clinical trials in over 50 medicines and drug candidates. This includes more than 30 pivotal or potentially registration-enabling trials across our portfolio, including our three internally discovered, approved medicines. We have enrolled in our clinical trials more than 18,000 subjects, of which approximately one-half have been outside of China.

We have built, and are expanding, our internal manufacturing capabilities through our state-of-the-art biologic and small molecule manufacturing facilities in China to support current and potential future demand of our medicines, and are building a commercial-stage biologics manufacturing and clinical R&D center in New Jersey. We also work with high quality contract manufacturing organizations ("CMOs") to manufacture our internally developed clinical and commercial products.

Since our inception in 2010, we have become a fully integrated global organization of over 9,000 employees in 29 countries and regions, including the United States, China, Europe, and Australia.

## Recent Business Developments

On February 24, 2023, we announced that the China National Medical Products Administration granted approval for our PD-1 inhibitor, tislelizumab, in combination with fluoropyrimidine and platinum chemotherapy, for the first-line treatment of patients with locally advanced unresectable or metastatic gastric or gastroesophageal junction adenocarcinoma with high PD-L1 expression.

On January 19, 2023, we announced that the U.S. Food and Drug Administration approved our Bruton's tyrosine kinase inhibitor BRUKINSA (zanubrutinib) for the treatment of adult patients with chronic lymphocytic leukemia ("CLL") or small lymphocytic lymphoma ("SLL").

On January 19, 2023, we announced that the Medicines and Healthcare products Regulatory Agency granted marketing authorizations for BRUKINSA in Great Britain for both the treatment of adult patients with CLL and the treatment of adult patients with marginal zone lymphoma ("MZL") who have received at least one prior anti-CD20-based therapy.

On January 18, 2023, we announced that the National Reimbursement Drug List ("NRDL") released by China's National Healthcare Security Administration ("NHSA") was updated to include four new indications for our PD-1 inhibitor tislelizumab. KYPROLIS® (carfilzomib), a proteasome inhibitor licensed-in from Amgen, is included for the first time and XGEVA® (denosumab), a RANKL inhibitor and another Amgen asset, successfully renewed this year. The updated NRDL will officially take effect on March 1, 2023.

On December 30, 2022, we announced that the Center for Drug Evaluation of the China National Medical Products Administration accepted a supplemental biologics license application for tislelizumab in patients with first-line unresectable or metastatic hepatocellular carcinoma.

On November 17, 2022, we announced that the European Commission approved BRUKINSA for the treatment of adult patients with treatment-naïve or relapsed/refractory ("R/R") CLL.

On November 10, 2022, we announced that BRUKINSA was approved in Brazil for the treatment of adult patients with Waldenström's macroglobulinemia ("WM") and adult patients with R/R MZL who have received at least one anti-CD20-based regimen.

## FUTURE AND OUTLOOK

We were founded with the vision to create an integrated biopharmaceutical company to transform the biotech industry, creating impactful medicines that will be affordable and accessible to far more patients around the world. We have made significant progress towards accomplishing this vision over our first 12 years and have five strategic competitive advantages positioning us for success both near – and long-term:

1. **We have built one of the world’s largest, most productive and cost-effective oncology research teams** with more than 950 scientists. Their efforts have been validated by commercial approvals, clinical data, and collaborations that have secured US\$1.4 billion in collaboration payments to the company. We have successfully developed three commercially approved medicines from our internal discovery engine, including BRUKINSA and tislelizumab. We design each research program with a differentiated biological hypothesis or a first-in-class mechanism of action. Our lead medicine, BRUKINSA, has demonstrated superiority for both progression-free survival and overall response rate versus ibrutinib in relapsed or refractory CLL. Our broad pipeline also includes internally developed products with the potential to be best-in-class or first-in-class, including our BCL-2 inhibitor, BGB-11417, our HPK1 inhibitor, BGB-15025, and BGB-16673, a BTK-targeted CDAC program that has demonstrated its potential with early data. Our pipeline also includes many early-stage assets for targets like OX40, LAG-3, and TIM-3. We have invested in technology platforms, including CDAC protein degraders, bispecific antibodies, tri-specific antibodies, ADC, CAR-NK, and mRNA. Our research and innovation capabilities will ensure we discover high-quality and impactful medicines for patients.
2. **We have built a substantial global clinical development team** of 2,300 people on five continents, allowing us to run clinical trials predominantly without reliance on third party contract research organizations (“CROs”). Clinical development accounts for over 75% of the cost and most of the time to develop a medicine. We believe that by fully integrating these capabilities, we can create a strategic competitive advantage. By retaining clinical development activities internally, we can decrease the costs of our trials, increase enrollment speed, and leverage technology to ensure quality and consistency across trials and clinical sites. It also allows us to become more inclusive in the location and number of clinical sites to help improve the diversity of patients in our trials. Our demonstrated ability to complete large-scale, multi-regional clinical trials is one of our most important strategic competitive advantages and addresses an immense challenge in the pharmaceutical industry.

3. **We have built a strong commercial portfolio, centered around two cornerstone medicines, BRUKINSA and tislelizumab**, that are becoming primary revenue sources and will support the development of our future pipeline and additional combination therapies. Our hematological franchise is led by BRUKINSA, which is supported by a broad clinical program with over 4,800 patients in 35 trials in 29 markets. We ran two extensive head-to-head studies versus ibrutinib with over 800 patients enrolled. We are the first and only BTK inhibitor to demonstrate superior efficacy versus ibrutinib, and the data from the head-to-head ALPINE trial were selected for the prestigious late-breaker session at the American Society of Hematology (“ASH”) meeting in late 2022, with simultaneous publication in *The New England Journal of Medicine*. Based on the pooled safety data generated from our trials, we have shown a very favorable safety profile, especially when compared to ibrutinib in cardiovascular safety, including atrial fibrillation, ventricle arrhythmia, and hypertension. We believe BRUKINSA allows us to build a strong position in heme-oncology with our pipeline medicines, including our BCL-2 inhibitor, in both monotherapy and combination settings. Our solid tumor franchise is led by our anti-PD-1 monoclonal antibody, tislelizumab, which is currently approved in China in ten indications. Tislelizumab has achieved the commercial market leader position in China in the PD-1/PDL-1 class. Outside of China, in conjunction with our partner Novartis, we have filed applications for approval in the U.S. and EU. With tislelizumab and the potentially best-in-class or first-in-class pipeline assets targeting OX40, TIGIT, LAG-3, and TIM-3, we are well-positioned to build our immuno-oncology business and deliver innovative therapies and combinations to patients.
4. **We have a differentiated international commercial organization** of over 3,500 people to deliver medicines to patients around the globe. In China, the commercial team is actively driving the uptake of our internally developed and partnered medicines across solid tumors and hematology. BRUKINSA and tislelizumab have achieved market leadership positions in China in the BTKi and PD-1/PDL-1 classes, respectively, and we have launched and sell more than 13 products from our business partners around the globe. In North America, our U.S. team has continued to grow BRUKINSA sales as we launch new indications and expand to Canada. In Europe, we have built a targeted commercial team focused on medical thought leaders in blood cancer treatments. Altogether, BRUKINSA has been approved in over 65 markets, with additional filings pending or planned. Our strategy is to commercialize our medicines broadly throughout the world. Our commercial capabilities have expanded into the Asia Pacific region through our affiliates, the Latin America region, and other emerging markets through distribution partners. We have built a global commercial organization that will drive the delivery of highly effective and differentiated medicines to patients around the globe, and will collaborate with business partners to bridge health inequities.
5. **We have financial strength**. In a time when the cost of capital has risen, we are well positioned financially. We already have substantial revenue from our cornerstone assets, which we expect to continue to grow significantly in 2023 and beyond. We expect product revenue growth to outpace our operating expense growth in the near-term, which will allow us to continue to improve our operating leverage. We will continue to be thoughtful and strategic in how we deploy our capital, and we are committed to generating long-term value.

## FINANCIAL REVIEW

### Components of Operating Results

#### *Revenue*

##### *Product Revenue*

We generate product revenue through the sale of our three internally developed products and our in-licensed medicines from our partners.

Revenues from product sales are recognized when there is a transfer of control from the Company to the customer. The Company determines transfer of control based on when the product is delivered, and title passes to the customer. Revenues from product sales are recognized net of variable consideration resulting from rebates, chargebacks, trade discounts and allowances, sales returns allowances and other incentives. Provisions for estimated reductions to revenue are provided for in the same period the related sales are recorded and are based on contractual terms, historical experience and trend analysis.

##### *Collaboration Revenue*

We recognize collaboration revenue for amounts earned under collaborative and out-licensing arrangements. In January 2021, we entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize tislelizumab in the United States, Canada, Mexico, member countries of the European Union, United Kingdom, Norway, Switzerland, Iceland, Liechtenstein, Russia, and Japan (the Novartis Territory). There were two performance obligations identified at the outset of the agreement: (1) the exclusive license to develop, manufacture, and commercialize tislelizumab in the Novartis Territory, transfer of know-how and use of the tislelizumab trademark and (2) conducting and completing tislelizumab R&D services. Under this agreement, we received an upfront cash payment, which was allocated between the two performance obligations identified in the agreement based on the relative standalone selling prices of the performance obligations. The portion allocated to the license was recognized upon the delivery of the license right and transfer of know-how. The portion of the upfront payment allocated to the tislelizumab R&D services was deferred and is being recognized as collaboration revenue as the tislelizumab R&D services are performed using a percentage of completion method. Estimated costs to complete are reassessed on a periodic basis and any updates to the revenue earned are recognized on a prospective basis.

In December 2021, we expanded our collaboration with Novartis by entering into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize our investigational TIGIT inhibitor ociperlimab in the Novartis Territory. In addition, we entered into an agreement with Novartis which granted us rights to market, promote and detail five approved Novartis oncology products, TAFINLAR® (dabrafenib), MEKINIST® (trametinib), VOTRIENT® (pazopanib), AFINITOR® (everolimus), and ZYKADIA® (ceritinib), across designated regions of China referred to as “broad markets.” There were three performance obligations identified at the outset of the arrangement: (1) a material right for the option to the exclusive product license, (2) the right to access ociperlimab in clinical trials during the option period provided to Novartis, combined with the initial transfer of BeiGene know-how, and (3) conducting ociperlimab R&D services. The market development activities are considered immaterial in the context of the agreements. Under this agreement, we received an upfront cash payment, which was allocated between the three performance obligations identified in the agreement based on the relative standalone selling prices of the performance obligations. The portion allocated to the material right was deferred and will be recognized at the earlier of when Novartis exercises the option and the license is delivered or the expiration of the option period. The portion of the transaction price allocated to Novartis’ right to access ociperlimab in its own clinical trials during the option period and the initial transfer of BeiGene know-how was deferred and is being recognized over the expected option period. The portion of the transaction price allocated to the ociperlimab R&D services was deferred and is being recognized as collaboration revenue as the ociperlimab R&D services are performed over the expected option period.

The option exercise fee under the ociperlimab agreement is contingent upon Novartis exercising its right, and is considered fully constrained until the option is exercised. The potential milestone payments that we are eligible to receive under both of the Novartis collaborations were excluded from the initial transaction prices, as all milestone amounts are variable consideration and were fully constrained due to uncertainty of achievement. Performance-based milestones will be recognized when the milestone event is achieved or when the risk of revenue reversal is remote. Sales-based milestones and royalties will be recognized when the underlying sales occur.

## ***Expenses***

### *Cost of Sales*

Cost of sales includes the costs to manufacture our internally developed commercial products, as well as costs to purchase tislelizumab from Boehringer Ingelheim. Additionally, cost of sales included the cost of in-licensed products purchased for sale in the PRC. Costs to manufacture inventory in preparation for commercial launch of a product incurred prior to regulatory approval are expensed to research and development expense as incurred. Cost of sales for newly launched products will not be recorded until the initial pre-launch inventory is depleted and additional inventory is manufactured. To date, the Company’s initial pre-launch inventory for its commercial products has been immaterial and has not had a significant impact on the Company’s gross margin.

## *Research and Development Expenses*

Research and development expenses consist of the costs associated with our research and development activities, conducting preclinical studies and clinical trials, and activities related to regulatory filings. Our research and development expenses consist of:

- expenses incurred under agreements with contract research organizations (CROs), CMOs, and consultants that conduct and support clinical trials and preclinical studies;
- costs of comparator drugs in certain of our clinical trials;
- manufacturing costs related to pre-commercial activities;
- costs associated with preclinical activities and development activities;
- costs associated with regulatory operations;
- employee-related expenses, including salaries, benefits, travel and share-based compensation expense for research and development personnel;
- in-process research and development costs expensed as part of collaboration agreements entered into; and
- other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other supplies used in research and development activities.

Our current research and development activities mainly relate to the clinical advancement of our internally developed medicines and drug candidates:

- BRUKINSA (zanubrutinib), a small molecule inhibitor of BTK;
- tislelizumab, a humanized monoclonal antibody against PD-1;
- ociperlimab, an investigational humanized monoclonal antibody against TIGIT;
- pamiparib, a selective small molecule inhibitor of PARP1 and PARP2;
- BGB-15025, an investigational hematopoietic progenitor kinase 1 (HPK1) inhibitor;
- BGB-11417, an investigational small molecular inhibitor of Bcl-2;
- BGB-A445, an investigational non-ligand competing OX40 monoclonal antibody;
- BGB-16673, an investigational Chimeric Degradation Activating Compound (“CDAC”), targeting BTK; and
- BGB-A425, an investigational humanized monoclonal antibody against TIM-3;
- BGB-10188, an investigational PI3K $\delta$  inhibitor;

- BGB-23339, a potent, allosteric investigational tyrosine kinase 2 (TYK2) inhibitor; and
- LBL-007, a novel investigational antibody targeting the LAG-3 pathway

Research and development activities also include costs associated with in-licensed drug candidates, including:

- R&D expense related to the co-development of pipeline assets under the Amgen collaboration agreement. Our total cost share obligation to Amgen is split between R&D expense and a reduction to the R&D cost share liability;
- sitravatinib, an investigational, spectrum-selective kinase inhibitor, licensed from Mirati Therapeutics, Inc. (“Mirati”);
- ZW25 (zanidatamab) and ZW49, two investigational bispecific antibody-based product candidates targeting HER2, licensed from Zymeworks Inc. (“Zymeworks”); and
- POBEVCY<sup>®</sup> (BAT1706), a biosimilar to Avastin<sup>®</sup> (bevacizumab), licensed from Bio-Thera Solutions, Ltd. (Bio-Thera).

We expense research and development costs when incurred. We record costs for certain development activities, such as clinical trials, based on an evaluation of the progress to completion of specific tasks using data such as subject enrollment, clinical site activations or information our vendors provide to us. We expense the manufacturing costs of our internally developed products that are used in clinical trials as they are incurred as research and development expense. We do not allocate employee-related costs, depreciation, rental and other indirect costs to specific research and development programs because these costs are deployed across multiple product programs under research and development and, as such, are separately classified as unallocated research and development expenses.

At this time, it is difficult to estimate or know for certain, the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our internally developed and in-licensed medicines and drug candidates. This is due to the numerous risks and uncertainties associated with developing such medicines and drug candidates, including the uncertainty of:

- successful enrollment in and completion of clinical trials;
- establishing an appropriate safety and efficacy profile;
- establishing and maintaining commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- receipt of marketing and other required approvals from applicable regulatory authorities;
- successfully launching and commercializing our medicines and drug candidates, if and when approved, whether as monotherapies or in combination with our medicines and drug candidates or third-party products;
- market acceptance, pricing and reimbursement;

- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our medicines and drug candidates;
- continued acceptable safety and efficacy profiles of the products following approval;
- sufficient supply of the products following approval;
- competition from competing products; and
- retention of key personnel.

A change in the outcome of any of these variables with respect to the development of any of our medicines and drug candidates would significantly change the costs, timing and viability associated with the commercialization or development of that medicine or drug candidate.

Research and development activities are central to our business model. We expect continued substantial investment in research and development for the foreseeable future as our discovery and development programs progress, as we continue to support the clinical trials of our medicines and drug candidates as treatments for various cancers and as we move these medicines and drug candidates into additional clinical trials, including potential pivotal trials. There are numerous factors associated with the successful commercialization of any of our medicines and drug candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. Additionally, future commercial and regulatory factors beyond our control may impact our clinical development and commercial programs and plans.

#### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses consist primarily of product promotion costs, distribution costs, salaries and related benefit costs, including share-based compensation for selling, general and administrative personnel. Other selling, general and administrative expenses include professional fees for legal, consulting, auditing and tax services as well as other direct and allocated expenses for rent and maintenance of facilities, travel costs, insurance and other supplies used in selling, general and administrative activities. We anticipate that our selling, general and administrative expenses will increase in future periods to support planned increases in commercialization activities for our approved medicines, and the preparation for potential launch and commercialization of additional in-licensed products from our collaborations and internally developed products, if approved. We also incur significant legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company with our ADSs, ordinary shares and RMB Shares listed for trading on The Nasdaq Global Select Market, The Hong Kong Stock Exchange and The STAR Market of the Shanghai Stock Exchange, respectively.

#### *Interest Income (Expense), Net*

##### Interest Income

Interest income consists primarily of interest generated from our RMB-denominated cash deposits and short-term investments in money market funds, time deposits, U.S. Treasury securities and U.S. agency securities.

## Interest Expense

Interest expense consists primarily of interest on our bank loans and related party loan.

## *Other (Expense) Income, Net*

Other (expense) income consists primarily of gains and losses recognized related to fluctuations in foreign currency exchange rates, gains and losses on equity investments, government grants and subsidies received that involve no conditions or continuing performance obligations by us, unrealized gains and losses on equity securities, and realized gains and losses on the sale of investments. We hold significant cash in the form of RMB-denominated deposits at U.S. functional currency entities, including a large portion of the cash generated from the STAR Market offering in December 2021. Other (expense) income includes the revaluation gains and losses of these cash deposits based on foreign currency exchange rates.

## **Results of Operations**

### ***Comparison of the Years Ended December 31, 2022 and 2021***

The following table summarizes our results of operations for the years ended December 31, 2022 and 2021:

	Year Ended December 31,		Change	%
	2022	2021		
	(US dollars in thousands)			
Revenues				
Product revenue, net	1,254,612	633,987	620,625	97.9%
Collaboration revenue	161,309	542,296	(380,987)	(70.3)%
Total revenues	1,415,921	1,176,283	239,638	20.4%
Expenses				
Cost of sales – product	286,475	164,906	121,569	73.7%
Research and development	1,640,508	1,459,239	181,269	12.4%
Selling, general and administrative	1,277,852	990,123	287,729	29.1%
Amortization of intangible assets	751	750	1	0.1%
Total expenses	3,205,586	2,615,018	590,568	22.6%
Loss from operations	(1,789,665)	(1,438,735)	(350,930)	24.4%
Interest income (expense), net	52,480	(15,757)	68,237	(433.1)%
Other (expense) income, net	(223,852)	15,904	(239,756)	(1,507.5)%
Loss before income tax expense	(1,961,037)	(1,438,588)	(522,449)	36.3%
Income tax expense	42,778	19,228	23,550	122.5%
Net loss	<u>(2,003,815)</u>	<u>(1,457,816)</u>	<u>(545,999)</u>	37.5%

## Revenue

Total revenue increased by US\$239.6 million to US\$1.4 billion for the year ended December 31, 2022, from US\$1.2 billion for the year ended December 31, 2021, primarily due to increases in sales of our internally developed products and in-licensed products, partially offset by a decrease in collaboration revenue, as the prior year period included the recognition of the majority of the US\$650 million upfront payment from Novartis as license revenue.

The following table summarizes the components of revenue for the year ended December 31, 2022 and 2021, respectively:

	Year Ended December 31,		Changes	%
	2022	2021		
	(US dollars in thousands)			
Product revenue	1,254,612	633,987	620,625	97.9%
Collaboration revenue:				
License revenue	–	484,646	(484,646)	(100.0)%
Research and development service revenue	46,822	53,671	(6,849)	(12.8)%
Right to access intellectual property revenue	104,994	3,979	101,015	2,538.7%
Other	9,493	–	9,493	N/A
	<u>161,309</u>	<u>542,296</u>	<u>(380,987)</u>	<u>(70.3)%</u>
<b>Total Revenue</b>	<b><u>1,415,921</u></b>	<b><u>1,176,283</u></b>	<b><u>239,638</u></b>	<b>20.4%</b>

Net product revenue consisted of the following:

	Year Ended December 31,		Changes	%
	2022	2021		
	(US dollars in thousands)			
BRUKINSA®	564,651	217,987	346,664	159.0%
Tislelizumab	422,885	255,119	167,766	65.8%
REVLIMID®	79,049	70,065	8,984	12.8%
XGEVA®	63,398	45,956	17,442	38.0%
POBEVCY®	38,124	1,353	36,771	2,717.7%
BLINCYTO®	36,107	12,515	23,592	188.5%
VIDAZA®	15,213	19,591	(4,378)	(22.3)%
KYPROLIS®	13,696	–	13,696	N/A
Pamiparib	5,460	3,661	1,799	49.1%
Other	16,029	7,740	8,289	107.1%
	<u>1,254,612</u>	<u>633,987</u>	<u>620,625</u>	<u>97.9%</u>
<b>Total product revenue</b>	<b><u>1,254,612</u></b>	<b><u>633,987</u></b>	<b><u>620,625</u></b>	<b>97.9%</b>

Net product revenue was US\$1.3 billion for the year ended December 31, 2022, compared to US\$634.0 million in the prior year, primarily due to increased sales of BRUKINSA in the United States and China and tislelizumab in China, in-licensed sales of Amgen's BLINCYTO®, which we began distributing in August 2021, and XGEVA, as well as Bio-Thera's POBEVCY. During 2022, we continued to see increased patient demand in China for tislelizumab and BRUKINSA due to the inclusion on the National Reimbursement Drug List ("NRDL"), and this demand more than offset the effect of the related price reductions.

Global sales of BRUKINSA totaled US\$564.7 million for the year ended December 31, 2022, representing a 159.0% increase compared to the prior year; U.S. sales of BRUKINSA totaled US\$389.7 million for the year ended December 31, 2022 compared to US\$115.7 million in the prior year, representing growth of 237.0%. U.S. sales accelerated in the period, driven by increased uptake in MCL, WM and MZL. BRUKINSA sales in China totaled US\$150.3 million for the year ended December 31, 2022, representing growth of 48.6% compared to the prior year, driven by a significant increase in all approved indications, including CLL/SLL.

Sales of tislelizumab in China totaled US\$422.9 million for the year ended December 31, 2022, representing a 65.8% increase compared to the prior year. During the year ended December 31, 2022, new patient demand from broader reimbursement and further expansion of our salesforce and hospital listings continued to drive increased market penetration and market share for tislelizumab. Full year 2021 sales of tislelizumab included two negative adjustments totaling US\$45.6 million for distributor channel inventory compensation as a result of inclusion in the March 2021 and January 2022 NRDL lists.

Product revenues for the year ended December 31, 2021 were negatively impacted by adjustments of US\$57.5 million as a result of compensating distributors for products previously sold at the pre-NRDL price, which remained in the distribution channel, due to the first inclusion of tislelizumab, BRUKINSA, and XGEVA in the updated NRDL effective March 1, 2021 and additional indications for tislelizumab, BRUKINSA and pamiparib effective January 1, 2022. During the year ended December 31, 2021, the inclusion of tislelizumab, BRUKINSA, XGEVA, and pamiparib in the NRDL significantly increased patient demand that more than offset the net effect of price reductions as a result of NRDL inclusion.

Collaboration revenue totaled US\$161.3 million for the year ended December 31, 2022, of which US\$46.8 million was recognized from deferred revenue for R&D services performed during the year ended December 31, 2022 under both the tislelizumab and ociperlimab collaborations, US\$105.0 million was recognized from deferred revenue for Novartis' right to access ociperlimab over the option period, and US\$9.5 million was recognized related to the sale of tislelizumab clinical supply to Novartis. Collaboration revenue totaled US\$542.3 million for the year ended December 31, 2021, of which US\$484.6 million was recognized upon delivery of the tislelizumab license right and transfer of know-how to Novartis, US\$53.7 million was recognized from deferred revenue for R&D services performed during the year ended December 31, 2021 under both the tislelizumab and ociperlimab collaborations, and US\$4.0 million was recognized from deferred revenue for Novartis' right to access ociperlimab over the option period (see Note 4 to our consolidated financial statements included in this announcement).

## Cost of Sales

Cost of sales increased to US\$286.5 million for the year ended December 31, 2022 from US\$164.9 million for the year ended December 31, 2021, primarily due to increased product sales of tislelizumab, BRUKINSA and XGEVA, as well as initial sales of BLINCYTO®, which we began selling in August 2021, and initial sales of KYPROLIS and POBEVCY.

## Gross Margin

Gross margin on global product sales increased to US\$968.1 million for the year ended December 31, 2022, compared to US\$469.1 million for the year ended December 31, 2021, primarily due to increased product revenue in the current year period. Gross margin as a percentage of product sales increased to 77.2% for the year ended December 31, 2022, from 74.0% in the prior year. The increase is primarily due to proportionally higher sales mix of global BRUKINSA sales and sales of tislelizumab in China compared to lower margin sales of in-licensed products and lower costs per unit for both BRUKINSA and tislelizumab, partially offset by a lower average selling price for both BRUKINSA and tislelizumab.

## Research and Development Expense

Research and development expense increased by US\$181.3 million, or 12.4%, to US\$1.6 billion for the year ended December 31, 2022, from US\$1.5 billion for the year ended December 31, 2021. The following table summarizes the external cost of development programs, upfront license fees, and internal research and development expense for the years ended December 31, 2022 and 2021:

	Year Ended December 31,		Changes	
	2022	2021		%
	(US dollars in thousands)			
External research and development expense:				
Cost of development programs	469,497	477,761	(8,264)	(1.7)%
Upfront license fees	68,665	83,500	(14,835)	(17.8)%
Amgen co-development expenses <sup>1</sup>	98,955	115,464	(16,509)	(14.3)%
Total external research and development expenses	637,117	676,725	(39,608)	(5.9)%
Internal research and development expenses	1,003,391	782,514	220,877	28.2%
<b>Total research and development expenses</b>	<b>1,640,508</b>	<b>1,459,239</b>	<b>181,269</b>	<b>12.4%</b>

1. Our co-funding obligation for the development of the pipeline assets under the Amgen collaboration for the year ended December 31, 2022 totaled US\$195.4 million, of which US\$99.0 million was recorded as R&D expense. The remaining US\$96.4 million was recorded as a reduction for the R&D cost share liability.

The decrease in external research and development expenses for the year ended December 31, 2022 was primarily attributable to lower upfront license fees under collaboration agreements, lower external spending related to fees paid to CROs as we internalize previously outsourced activities, and a decrease in the expense recognized on co-development fees to Amgen.

Internal research and development expense increased US\$220.9 million, or 28.2%, to US\$1.0 billion and was primarily attributable to the expansion of our global development organization and our clinical and preclinical drug candidates, as well as our continued efforts to internalize research and clinical trial activities, and included the following:

- US\$114.7 million increase of employee salary and benefits, primarily attributable to hiring more research and development personnel to support our expanding research and development activities;
- US\$57.6 million increase of materials and reagent expenses, primarily in connection with the in-house manufacturing of drug candidates used for clinical purposes;
- US\$47.6 million increase of facilities, depreciation, office expense, rental fees, and other expenses to support the growth of our organization;
- US\$25.0 million increase of share-based compensation expense, primarily attributable to our increased headcount of research and development employees, resulting in more awards being expensed; and
- US\$24.0 million decrease of consulting fees, including decreased meeting expense related to scientific, regulatory and development consulting activities, in connection with the advancement of our drug candidates.

#### *Selling, General and Administrative Expense*

Selling, general and administrative expense increased by US\$287.7 million, or 29.1%, to US\$1,277.9 million for the year ended December 31, 2022, from US\$990.1 million for the year ended December 31, 2021. The increase was primarily attributable to the following:

- US\$176.4 million increase of employee salary and benefits, which was primarily attributable to the hiring of personnel to support our growing business, including the expansion of our commercial organizations in China, the United States, Canada, Europe and emerging markets;
- US\$46.0 million increase in external commercial-related expenses, including market research, market access studies and promotional activities, related to the growth of our global commercial organization, as we continue to build our worldwide footprint and capabilities;
- US\$37.5 million increase of share-based compensation expense, primarily attributable to our increased headcount of sales and administrative employees, resulting in more awards being expensed; and
- US\$27.8 increase of professional fees, consulting, recruiting, information technology, tax, accounting and audit services, and facility expenses, rental fees, office expenses, and other administrative expenses, primarily attributable to the global expansion of our business, including the expansion of our commercial operations in China, the United States and Europe.

### *Interest Income (Expense), Net*

Interest income (expense), net increased by US\$68.2 million, or 433.1%, to US\$52.5 million of net interest income for the year ended December 31, 2022, from US\$15.8 million of net interest expense for the year ended December 31, 2021. The increase in interest income (expense), net, was primarily attributable to increased interest income resulting from the increase in cash balances resulting from the STAR Offering proceeds in the fourth quarter of 2021, as well as higher interest rates earned on our cash, cash equivalents and short-term investments.

### *Other (Expense) Income, Net*

Other (expense) income, net decreased by US\$239.8 million to US\$223.9 million of expense for the year ended December 31, 2022, from US\$15.9 million of income for the year ended December 31, 2021. The increase in expense for the year ended December 31, 2022 was primarily related to foreign exchange losses resulting from the strengthening of the U.S. dollar and the revaluation impact of foreign currencies held in U.S. functional currency subsidiaries. Also contributing to the increase in expense was an increase in the unrealized loss on our equity investments. These losses were partially offset by increased income from government subsidies.

### *Income Tax Expense*

Income tax expense was US\$42.8 million for the year ended December 31, 2022 compared with US\$19.2 million for the year ended December 31, 2021. The income tax expense for the year ended December 31, 2022 was primarily attributable to current China tax expense for certain subsidiaries determined after certain non-deductible expenses and current U.S. tax expense, as a result of amendments to Internal Revenue Code (IRC) Section 174 pursuant to the 2017 Tax Cuts and Jobs Act, which took effect January 1, 2022, and eliminates the ability to fully deduct research and development expenditures in the year incurred, and requires capitalization and amortization. Other current tax expense was primarily attributable to foreign non-creditable withholding taxes.

## **DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS**

### *Cash, cash equivalents, restricted cash and short-term investments*

As of December 31, 2022, the Company's cash, cash equivalents, restricted cash and short-term investments primarily comprised (i) US\$1.7 billion denominated in US dollars; (ii) approximately RMB19.0 billion (equivalent to approximately US\$2.8 billion) denominated in Renminbi; and (iii) approximately US\$44.8 million denominated in Euro, Australian dollar, and other currencies.

### *Accounts receivable*

Accounts receivable decreased by 64.2% from US\$483.1 million as of December 31, 2021 to US\$173.2 million as of December 31, 2022, primarily due to the receipt of the US\$300.0 million upfront cash payment related to Novartis agreement for ociperlimab.

### *Inventories*

The inventories increased by 16.4% from US\$242.6 million as of December 31, 2021 to US\$282.3 million as of December 31, 2022, primarily due to stock preparation for the increased sales of our internally-developed products and in-licensed products.

### *Prepaid expenses and other current assets*

Prepaid expenses and other current assets decreased by 19.8% from US\$270.2 million as of December 31, 2021 to US\$216.6 million as of December 31, 2022. The decrease was primarily due to (i) the decrease of prepaid taxes; (ii) the decrease of manufacturing cost of our internally developed products; (iii) the decrease of prepaid research and development costs.

### *Property and equipment, net*

The property and equipment increased by 44.0% from US\$587.6 million as of December 31, 2021 to US\$845.9 million as of December 31, 2022, primarily attributable to our ongoing buildout of the Company's manufacturing and clinical R&D campus in Hopewell, NJ, and the Guangzhou and Suzhou manufacturing facilities expansion.

### *Accounts payable*

Accounts payable includes amounts due to third parties and totaled US\$294.8 million and US\$262.4 million as of December 31, 2022 and 2021, respectively.

The following table sets forth an aging analysis of accounts payables as of the dates indicated, which is based on invoice date:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(US dollars in thousands)</b>	
Within 3 months	290,284	257,977
3 to 6 months	2,570	3,210
6 months to 1 year	1,379	1,110
Over 1 year	548	103
	<hr/>	<hr/>
Total	<u>294,781</u>	<u>262,400</u>

### *Accrued expenses and other payables*

Accrued expenses and other payables consist of the following as of December 31, 2022 and 2021:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(US dollars in thousands)</b>	
Compensation related	184,775	139,966
External research and development activities related	139,168	213,922
Commercial activities	51,806	71,560
Individual income tax and other taxes	18,815	45,661
Sales rebates and returns related	41,817	59,639
Other	30,971	27,307
	<hr/>	<hr/>
Total accrued expenses and other payables	<u>467,352</u>	<u>558,055</u>

Accrued expenses and other payables decreased by 16.3% from US\$558.1 million as of December 31, 2021 to US\$467.4 million as of December 31, 2022. The decrease was primarily due to (i) lower external spending related to fees paid to CROs as we internalize previously outsourced activities; (ii) less individual income tax from exercise of employee share options, partially offset by increased hiring of more personnel to support our expanding commercial, research and clinical activities and our growing organization.

## Liquidity and Capital Resources

The following table represents our cash, short-term investments, and debt balances as of December 31, 2022:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(US dollars in thousands)</b>	
Cash, cash equivalents and restricted cash	3,875,037	4,382,887
Short-term investments	665,251	2,241,962
 Total debt	 538,117	 629,678

We have incurred annual net losses and negative cash flows from operations since inception, resulting from the funding of our research and development programs and selling, general and administrative expenses associated with our operations, as well as to support the commercialization of our products globally. We incurred net losses of US\$2.0 billion and US\$1.5 billion for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, we had an accumulated deficit of US\$7.1 billion.

To date, we have financed our operations principally through proceeds from public and private offerings of our securities and proceeds from our collaborations, together with product sales since September 2017. Based on our current operating plan, we expect that our existing cash, cash equivalents and short-term investments as of December 31, 2022 will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months after the date that the financial statements included in this announcement are issued.

On December 15, 2021, we completed the initial public offering on the SSE. The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in the People’s Republic of China (“PRC”) in Renminbi (“RMB Shares”). The public offering price of the RMB Shares was RMB192.60 per ordinary share, or US\$391.68 per ADS. In this offering, we sold 115,055,260 ordinary shares. Net proceeds after deducting underwriting commissions and offering expenses were US\$3.4 billion. As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in compliance with the planned uses as disclosed in the PRC prospectus as well as our proceeds management policy for the STAR Offering approved by our board of directors.

In January 2021, we entered into a collaboration and license agreement with Novartis, granting Novartis rights to develop, manufacture and commercialize tislelizumab in North America, Europe, and Japan. Under the agreement, we received an upfront cash payment of US\$650 million from Novartis. In December 2021, we expanded our collaboration with Novartis by entering into an option, collaboration and license agreement with Novartis to develop, manufacture and commercialize our investigational TIGIT inhibitor ociperlimab in the Novartis Territory. In addition, we and Novartis entered into an agreement granting us rights to market, promote and detail five approved Novartis oncology products. Under the terms of the agreement, we received an upfront cash payment of US\$300 million in January 2022.

The following table provides information regarding our cash flows for the years ended December 31, 2022 and 2021:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(US dollars in thousands)</b>	
Cash, cash equivalents and restricted cash at beginning of period	4,382,887	1,390,005
Net cash used in operating activities	(1,496,619)	(1,298,723)
Net cash provided by investing activities	1,077,123	640,659
Net cash (used in) provided by financing activities	(18,971)	3,636,911
Net effect of foreign exchange rate changes	(69,383)	14,035
	<u>                    </u>	<u>                    </u>
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>(507,850)</u>	<u>2,992,882</u>
	<u>                    </u>	<u>                    </u>
Cash, cash equivalents and restricted cash at end of period	<u><u>3,875,037</u></u>	<u><u>4,382,887</u></u>

### ***Operating Activities***

Cash flows from operating activities is net loss adjusted for certain non-cash items and changes in assets and liabilities.

Operating activities used US\$1.5 billion of cash for the year ended December 31, 2022, which resulted principally from our net loss of US\$2.0 billion, inclusive of US\$223.9 million of other losses due primarily to the strengthening of the U.S. dollar and the related revaluation of foreign currencies held by U.S. functional currency subsidiaries, partially offset by non-cash charges and adjustments of US\$374.8 million, and by a decrease in our net operating assets and liabilities of US\$132.4 million. The non-cash charges and adjustments were primarily driven by share-based compensation expense, charges for acquired in-process research and development costs, and depreciation and amortization expense, offset by amortization of the research and development cost share liability. The decrease in working capital was driven largely by decreases in accounts receivable and prepaid expenses and an increase in taxes payable, partially offset by a decrease in deferred revenue and an increase in inventories.

Operating activities used US\$1.3 billion of cash for the year ended December 31, 2021, which resulted principally from our net loss of US\$1.5 billion and an increase in our net operating assets and liabilities of US\$118.3 million, partially offset by non-cash charges and adjustments of US\$277.4 million. The non-cash charges and adjustments were primarily driven by share-based compensation expense, charges for acquired in-process research and development costs, and depreciation and amortization expense, offset by amortization of the research and development cost share liability. The increase in working capital was driven largely by increases in accounts receivable, inventory and prepaid expenses, offset by increases in accounts payable, accrued expenses and other liabilities and deferred revenue resulting from the upfront option payment from Novartis.

### ***Investing Activities***

Cash flows from investing activities consist primarily of capital expenditures, investment purchases, sales, maturities, and disposals, and upfront payments related to our collaboration agreements.

Investing activities provided US\$1.1 billion of cash for the year ended December 31, 2022, consisting of US\$1.6 billion in sales and maturities of investment securities, partially offset by US\$325.4 million of capital expenditures, US\$143.7 million upfront collaboration payments, US\$15.9 million in purchases of long-term investments and US\$1.5 million in purchases of short-term investment securities.

Investing activities provided US\$640.7 million of cash for the year ended December 31, 2021, consisting of US\$2.1 billion in purchases of short-term investment securities, US\$262.9 million of capital expenditures, US\$43.4 million in purchases of intangible assets, US\$43.5 million in purchases of long-term investments and US\$8.5 million upfront collaboration payments, all of which were offset by sales and maturities of investment securities of US\$3.1 billion.

### ***Financing Activities***

Cash flows from financing activities consist primarily of sale of ordinary shares, RMB Shares, and ADSs through equity offerings, issuance and repayment of short-term and long-term debt, and proceeds from the sale of ADSs through employee equity compensation plans.

Financing activities used US\$19.0 million of cash for the year ended December 31, 2022, consisting primarily of US\$417.1 million of repayment of short-term loans, partially offset by US\$313.8 million from proceeds of short-term loans, US\$47.0 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan and US\$37.4 million from proceeds of long-term bank loans.

Financing activities provided US\$3.6 billion of cash for the year ended December 31, 2021, consisting primarily of US\$3.4 billion of net proceeds from our STAR Offering in December 2021, US\$406.4 million from proceeds of short-term loans, US\$92.8 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan, US\$50.0 million from the sale of our shares to Amgen, and US\$16.8 million from proceeds of long-term bank loans. These inflows were partially offset by US\$321.8 million of repayment of short-term loans.

## ***Effects of Exchange Rates on Cash***

We have substantial operations in the PRC, which generate a significant amount of RMB-denominated cash from product sales and require a significant amount of RMB-denominated cash to pay our obligations. Additionally, on December 15, 2021, we received RMB21.7 billion in net proceeds from the STAR Offering. Since the reporting currency of the Company is the U.S. dollar, periods of volatility in exchange rates may have a significant impact on our consolidated cash balances.

## ***Future Liquidity and Material Cash Requirements***

Until such time, if ever, as we can generate substantial product revenue sufficient to cover our costs and capital investments, we may be required to finance our cash needs through a combination of equity offerings, debt financings, collaboration agreements, strategic alliances, licensing arrangements, government grants, and other available sources. Under the rules of the SEC, we currently qualify as a “well-known seasoned issuer,” which allows us to file shelf registration statements to register an unspecified amount of securities that are effective upon filing. In May 2020, we filed such a shelf registration statement with the SEC for the issuance of an unspecified amount of ordinary shares (including in the form of ADSs), preferred shares, various series of debt securities and/or warrants to purchase any of such securities, either individually or in units, from time to time at prices and on terms to be determined at the time of any such offering. This registration statement was effective upon filing and will remain in effect for up to three years from filing, prior to which time we may file another shelf registration statement that will be effective for up to three years from filing.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of ADSs, ordinary shares, or RMB Shares. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends, and may require the issuance of warrants, which could potentially dilute your ownership interest. If we raise additional funds through collaboration agreements, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our medicines or drug candidates, future revenue streams or research programs, or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings, collaborations or other sources when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market products or drug candidates that we would otherwise prefer to develop and market ourselves.

Our material cash requirements in the short – and long-term consist of the following operational, capital, and manufacturing expenditures, a portion of which contain contractual or other obligations. We plan to fund our material cash requirements with our current financial resources together with our anticipated receipts of accounts receivable, product sales and royalty revenues, and reimbursements we expect to receive under our existing collaboration and license agreements.

## ***Contractual and Other Obligations***

The following table summarizes our significant contractual obligations as of December 31, 2022:

	<b>Payments Due by Period</b>		
	<b>Total</b>	<b>Short-term</b>	<b>Long-term</b>
	<b>(US dollars in thousands)</b>		
<b>Contractual obligations:</b>			
Operating lease commitments	63,024	26,278	36,746
Purchase commitments	117,293	74,449	42,844
Debt obligations	538,117	328,969	209,148
Interest on debt	45,947	16,632	29,315
Co-development funding commitment	595,702	231,697	364,005
Funding commitment	16,000	7,000	9,000
Research and development commitment	22,327	5,829	16,498
Pension plan	7,760	2,553	5,207
Capital commitments	404,914	404,914	—
	<u>1,811,084</u>	<u>1,098,321</u>	<u>712,763</u>
Total			

### ***Operating Lease Commitments***

We lease office or manufacturing facilities in Beijing, Shanghai, Suzhou and Guangzhou in China; office facilities in California, Massachusetts, Maryland, and New Jersey in the United States; and in Basel, Switzerland under non-cancelable operating leases expiring on various dates. Payments under operating leases are expensed on a straight-line basis over the respective lease terms. The aggregate future minimum payments under these non-cancelable operating leases are summarized in the table above.

### ***Purchase Commitments***

As of December 31, 2022, purchase commitments amounted to US\$117.3 million, of which US\$55.3 million related to minimum purchase requirements for supply purchased from CMOs and US\$61.9 million related to binding purchase order obligations of inventory from BMS and Amgen. We do not have any minimum purchase requirements for inventory from BMS or Amgen.

### ***Debt Obligations and Interest***

Total debt obligations coming due in the next twelve months is US\$329.0 million. Total long-term debt obligations are US\$209.1 million. See Note 16 in the Notes to the Financial Statements for further detail of our debt obligations.

Interest on bank loans is paid quarterly until the respective loans are fully settled. For the purpose of contractual obligations calculation, current interest rates on floating rate obligations were used for the remainder contractual life of the outstanding borrowings.

### ***Co-Development Funding Commitments***

Under our collaboration with Amgen, we are responsible for co-funding global clinical development costs for the licensed oncology pipeline assets, up to a total cap of US\$1.25 billion. We are funding our portion of the co-development costs by contributing cash and/or development services. As of December 31, 2022, our remaining co-development funding commitment was US\$0.6 billion.

### ***Funding Commitment***

Funding commitment represents our committed capital related to two of our equity method investments in the amount of US\$19.0 million. As of December 31, 2022, our remaining capital commitment was US\$16.0 million and is expected to be paid from time to time over the investment period.

### ***Research and Development Commitment***

We entered into long-term research and development agreements, which includes obligations to make upfront payments and fixed quarterly payments over the next four years. As of December 31, 2022, the total research and development commitment amounted to US\$22.3 million.

### ***Pension Plan***

We maintain a defined benefit pension plan in Switzerland. Funding obligations under the defined benefit pension plan are equivalent to US\$2.6 million per year based on annual funding contributions in effect as of December 31, 2022 to achieve fully funded status where the market value of plan assets equals the projected benefit obligations. Future funding requirements will be subject to change as a result of future changes in staffing and compensation levels, various actuarial assumptions and actual investment returns on plan assets.

### ***Capital Commitments***

We had capital commitments amounting to US\$404.9 million for the acquisition of property, plant and equipment as of December 31, 2022, which were mainly for our manufacturing and clinical R&D campus in Hopewell, NJ, additional capacity at the Guangzhou and Suzhou manufacturing facilities, and new building for Beijing Innerway Bio-tech Co., Ltd.

### ***Other Obligations***

We expect to make a significant investment in our future manufacturing facility in the United States, a 42-acre site that will be constructed in Hopewell, NJ, and for which we purchased for US\$75.2 million. We expect significant capital expenditures as we build out the Hopewell facility over the next several years.

We also enter into agreements in the ordinary course of business with CROs to provide research and development services. These contracts are generally cancellable at any time by us with prior written notice.

We also enter into collaboration agreements with institutions and companies to license intellectual property. We may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with these agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on our balance sheet because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in our financial statements.

### ***Interest and Credit Risk***

Financial instruments that are potentially subject to credit risk consist of cash and cash equivalents, restricted cash, short term investments and accounts receivable.

We had cash and cash equivalents of US\$3.9 billion and US\$4.4 billion, restricted cash of US\$5.5 million and US\$7.2 million, and short-term investments of US\$0.7 billion and US\$2.2 billion, at December 31, 2022 and 2021, respectively. Our cash and cash equivalents are deposited with various major reputable financial institutions located within or without the PRC. The deposits placed with these financial institutions are not protected by statutory or commercial insurance. In the event of bankruptcy of one of these financial institutions, we may be unlikely to claim our deposits back in full. We believe that these financial institutions are of high credit quality, and we continually monitor the credit worthiness of these financial institutions. At December 31, 2022, our short-term investments consisted primarily of U.S. treasury securities. We believe that U.S. treasury securities are of high credit quality and continually monitor the credit worthiness of these institutions.

The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significant increasing risk. Our primary exposure to market risk relates to fluctuations in the interest rates, which are affected by changes in the general level of PRC and U.S. interest rates. Given the short-term nature of our cash equivalents, we believe that a sudden change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operation. We estimate that a hypothetical 100-basis point increase or decrease in market interest rates would result in a decrease of US\$2.1 million or increase of US\$2.1 million, respectively, in the fair value of our investment portfolio as of December 31, 2022.

We do not believe that our cash, cash equivalents, and short-term investments have significant risk of default or illiquidity. While we believe our cash, cash equivalents, and short-term investments do not contain excessive risk, we cannot provide absolute assurance that in the future investments will not be subject to adverse changes in market value.

We had accounts receivable, net of US\$173.2 million, and US\$483.1 million at December 31, 2022 and 2021, respectively. Accounts receivable at December 31, 2021 included the upfront fee from Novartis of US\$300.0 million under the ociperlimab agreement. Accounts receivable, net represent amounts arising from product sales and amounts due from the our collaboration partners. We monitor economic conditions to identify facts or circumstances that may indicate receivables are at risk of collection. To date, we have not experienced any significant losses with respect to the collection of our accounts receivable.

### ***Currency Convertibility Risk***

A significant portion of our expenses, assets, and liabilities are denominated in RMB. In 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the PBOC). However, the unification of exchange rates does not imply that the RMB may be readily convertible into U.S. dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approvals of foreign currency payments by the PBOC or other institutions require submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

### ***Foreign Currency Exchange Rate Risk***

We are exposed to foreign exchange risk arising from various currency exposures. Our reporting currency is the U.S. dollar, but a portion of our operating transactions and assets and liabilities are in other currencies, such as RMB, Euro, and Australian dollar.

RMB is not freely convertible into foreign currencies for capital account transactions. The value of RMB against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange prices. Since 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The RMB compared to the U.S. dollar depreciated approximately 8.2%, and appreciated approximately 2.3%, for the years ended December 31, 2022 and 2021, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for capital expenditures, working capital and other business purposes, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us.

In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our foreign cash balances and trade receivables. Further, volatility in exchange rate fluctuations may have a significant impact on the foreign currency translation adjustments recorded in other comprehensive income (loss). We have not used derivative financial instruments to hedge exposure to foreign exchange risk.

### ***Effects of Inflation***

Inflation generally affects us by increasing our cost of labor and clinical development costs. We do not believe that inflation has had a material effect on our results of operations during the year ended December 31, 2022.

## **Gearing Ratio**

The gearing ratio of the Company, which was calculated by dividing total interest-bearing loans by total equity as of the end of the year, was 12.3% as of December 31, 2022, representing an increase from 10.3% as of December 31, 2021. The increase was primarily due to the accumulated deficit increase.

## **Significant Investments Held**

Except as disclosed in notes to the consolidated financial statements, we did not hold any other significant investments as of December 31, 2022.

## **Future Plans for Material Investments and Capital Assets**

As of December 31, 2022, we expect to make a significant investment in our future manufacturing facility in the United States, a 42-acre site that will be constructed in Hopewell, NJ, and for which we purchased for US\$75.2 million. We expect significant capital expenditures as we build out the Hopewell facility over the next several years.

Except as disclosed above, we did not have other plans for material investments and capital assets as of December 31, 2022.

## **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

During the year ended December 31, 2022, we did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **Employee and Remuneration Policy**

As of December 31, 2022, we had a global team of over 9,000 employees, which increased from 8,000 employees as of December 31, 2021. Most of our employees are full-time.

The remuneration policy and package of the Company's employees are periodically reviewed. In addition to cash compensation and benefits, we may issue share options, share appreciation rights, restricted shares, restricted share units, unrestricted shares, performance share awards, cash-based awards and dividend equivalent rights to our employees in accordance with our equity plans. We also provide external and internal training programs to our employees. The packages were set by benchmarking with companies in similar industries and companies of similar size. The total remuneration cost incurred by the Company for the year ended December 31, 2022 was US\$1.4 billion (2021: US\$1.0 billion).

## **Pledge of Assets**

As of December 31, 2022, we pledged a restricted deposit of US\$5.5 million primarily consist of RMB-denominated cash deposits held in designated bank accounts for collateral for letters of credit and letter of guarantee (December 31, 2021: US\$7.2 million) and land use right and certain property, plant and equipments with a total carrying amount of US\$123.9 million (December 31, 2021: US\$145.8 million) were secured for long-term bank loans.

## **Contingent Liabilities**

As of December 31, 2022, we did not have any material contingent liabilities (as of December 31, 2021: nil).

## **Final Dividend**

The Board does not recommend any final dividend for the year ended December 31, 2022.

## **Recent Accounting Pronouncements**

See Note 2 to our consolidated financial statements included in this announcement for information regarding recent accounting pronouncements.

## **OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations, and to enhance the transparency and accountability of the Board to the Company's shareholders.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value and formulate its business strategies and policies.

During the Reporting Period, the Company has applied the principles in the Corporate Governance Code as set out in Appendix 14 to the HK Listing Rules (the "Corporate Governance Code") which are applicable to the Company.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the HKEX are expected to comply with, but may choose to deviate from, the requirement that the responsibilities of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman and Chief Executive Officer and Mr. John V. Oyler currently performs these two roles. Our Board believes that Mr. John V. Oyler is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as a Co-Founder and our Chief Executive Officer. Our Board also believes that the combined role of Chairman and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman and the Chief Executive Officer at a time when it is appropriate by taking into account the circumstances of our Company as a whole. Our Corporate Governance Guidelines provide the Board with the flexibility to choose the appropriate Board leadership structure of the Company based upon its view of what is in the best interest of the Company. Our Corporate Governance Guidelines also provide that if the same person holds the Chairman and Chief Executive Officer roles or if the Chairman does not otherwise qualify as independent, the independent Directors may elect a lead director. Mr. Ranjeev Krishana, an independent non-executive Director of the Company, currently serves as the lead director. The Board believes our current Board leadership structure will help ensure continuity of strong and effective leadership. The lead director has responsibilities that are set forth in our Corporate Governance Guidelines, including presiding at meetings of the Board at which the Chairman is not present, and executive sessions of the independent directors; consulting with management regarding Board meeting schedules, locations, agendas, and materials; and calling meetings of the independent and non-management Directors, when appropriate.

Our Audit Committee is in compliance with Rule 3.21 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraphs D.3.3 and D.3.7 of the Corporate Governance Code. However, the charter of our Audit Committee complies with the NASDAQ Listing Rules and the rules of the SEC. The primary duties of the Audit Committee are, among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions for potential conflict of interest situations and approving all such transactions. As of the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely Mr. Thomas Malley and Dr. Corazon (Corsee) D. Sanders and one non-executive Director, namely Mr. Anthony C. Hooper. Mr. Thomas Malley, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules.

Our compensation committee (the “Compensation Committee”) is in compliance with Rule 3.25 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraph E.1.2 of the Corporate Governance Code. However, the charter of the Compensation Committee complies with the NASDAQ Listing Rules. The primary duties of the Compensation Committee are to review and make recommendations to the Board with respect to director compensation, evaluate the performance of our Chief Executive Officer, President, Chief Operating Officer and General Manager of China, and Chief Financial Officer and review and make recommendations to the Board regarding the terms of their compensation, and review and approve the compensation of our other executive officers and senior management, and review and approve matters relating to incentive-based compensation plans and equity-based plans. As of the date of this announcement, the Compensation Committee comprises three independent non-executive Directors, namely Dr. Margaret Han Dugan, Mr. Ranjeev Krishana and Mr. Qingqing Yi. Dr. Margaret Han Dugan is the chair of the Compensation Committee. On June 22, 2022, Mr. Timothy Chen resigned from the Board. In connection with his resignation from the Board, Mr. Chen also resigned from the Compensation Committee. Dr. Margaret Han Dugan was appointed as a member and Chair of the Compensation Committee effective September 13, 2022.

Our nominating and corporate governance committee (the “Nominating and Corporate Governance Committee”) complies with the Corporate Governance Code, except for the terms of reference required by paragraph B.3.1 of the Corporate Governance Code. However, the charter of the Nominating and Corporate Governance Committee complies with the NASDAQ Listing Rules. The primary duties of the Nominating and Corporate Governance Committee are to develop and recommend to the Board criteria for board and committee membership, recommend to the Board the persons to be nominated for election as directors and to each of the Board’s committees, and develop and recommend to the Board a set of corporate governance guidelines. As of the date of this announcement, the Nominating and Corporate Governance Committee comprises three independent non-executive Directors, namely Mr. Donald W. Glazer, Mr. Michael Goller and Dr. Alessandro Riva and one non-executive Director, namely Mr. Anthony C. Hooper. Mr. Donald W. Glazer is the chairman of the Nominating and Corporate Governance Committee. On January 31, 2022, Mr. Su resigned from the Board. In connection with his resignation from the Board, Mr. Su also resigned from the Nominating and Corporate Governance Committee. Effective February 1, 2022, Dr. Alessandro Riva has been appointed as a member of the Nominating and Corporate Governance Committee.

Except as disclosed above, the Company has complied with all of the provisions set out in the Corporate Governance Code during the Reporting Period.

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

## **Compliance with Policies Equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers**

Except as disclosed below, the Company has adopted its own insider dealing policies on terms no less exacting than those in the Model Code for Securities Transactions as set out in Appendix 10 to the HK Listing Rules (the “Model Code”) regarding the directors’ dealings in the securities of the Company.

Pursuant to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. Under the Company’s insider dealing policies, the General Counsel of the Company has been designated as the insider trading compliance officer whom a director who intends to deal in the Company’s securities must notify. Our Board believes that our insider trading compliance officer, despite not being a member of the Board, is able to carry out his duties properly and competently in accordance with the Company’s insider dealing policies, the terms of which are otherwise no less exacting than those in the Model Code.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Company’s own insider dealing policies throughout the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the HKEX.

## Disclosure of Changes in Directors' Information Pursuant to Rule 13.51(B)(1) of the HK Listing Rules

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed hereunder, there is no change in the information of the directors required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules during the Reporting Period. The change of the Directors' information is set out below:

<b>Directors</b>	<b>Changes in Positions held with the Company</b>
Mr. Jing-Shyh (Sam) Su	Resigned as an independent non-executive Director and a member of the Nominating and Corporate Governance Committee and the commercial and medical affairs advisory committee of the Board (the "Commercial and Medical Affairs Advisory Committee") on January 31, 2022.
Dr. Margaret Han Dugan	Appointed as an independent non-executive Director and a member of the scientific advisory committee of the Board (the "Scientific Advisory Committee") effective February 1, 2022; appointed as a member of the Commercial and Medical Affairs Advisory Committee effective February 25, 2022; appointed as a member and Chair of the Compensation Committee effective September 13, 2022.
Dr. Alessandro Riva	Appointed as an independent non-executive Director and a member of the Nominating and Corporate Governance Committee and the Scientific Advisory Committee effective February 1, 2022; appointed as the Co-Chair of the Scientific Advisory Committee effective November 20, 2022.
Mr. Timothy Chen	Resigned as an independent non-executive Director and a member of the Compensation Committee and the Commercial and Medical Affairs Advisory Committee on June 22, 2022.
Dr. Corazon (Corsee) D. Sanders	Ceased to serve as Co-Chair of the Scientific Advisory Committee effective November 20, 2022 but remains a member of the Scientific Advisory Committee.

## Use of Net Proceeds from Amgen

On January 2, 2020, the Company sold 15,895,001 ADSs, representing 206,635,013 ordinary shares of the Company and approximately 20.5% ownership stake in the Company's outstanding shares as at the same date, to Amgen for aggregate cash proceeds of US\$2,779,241,000, or US\$174.85 per ADS, pursuant to the Amgen SPA (as amended) executed in connection with the Amgen Collaboration Agreement. The subscription price represents: (a) a 36% premium to the 30-day volume weighted average price of the Company's ADSs as of October 30, 2019, the day prior to the date of the Amgen SPA; (b) assuming a conversion rate of US\$1.00: HK\$7.84, a 26% premium to the closing price of the Company's ordinary shares as quoted on the HKEX on October 31, 2019, the date of the Amgen SPA; and (c) a 26% premium to the closing price of the Company's ADSs on the NASDAQ on October 31, 2019.

The net proceeds from the sale of the shares have been and will be utilized in accordance with the purposes set out in the proxy statement/circular of the Company dated November 29, 2019. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2022:

	Planned applications (US dollars in thousands)	Percentage of total net proceeds (%)	Actual usage up to December 31, 2021 (US dollars in thousands)	Actual usage up to December 31, 2022 (US dollars in thousands)	Unutilized net proceeds as of December 31, 2022 (US dollars in thousands)
Use of proceeds					
To fund business operations <sup>(a)</sup>	<u>2,779,241</u>	<u>100.00%</u>	<u>1,869,643</u>	<u>2,080,068</u>	<u>699,173</u>

*Note (a):* To fund the Company's development obligations under the Amgen Collaboration Agreement by contributing cash and development services up to a total cap of approximately US\$1.25 billion, the development, manufacturing and commercialization of the Company's internally developed drug candidates, expansion of the Company's commercialization activities, and for future capacity expansion and general corporate use, as appropriate, as previously disclosed in the Company's proxy statement/circular dated November 29, 2019.

The Company plans to gradually utilize the remaining net proceeds in accordance with such intended purposes depending on actual business, which is expected to be fully utilized by 2026. For further details, please refer to the announcements of the Company dated November 1, 2019, December 9, 2019, and January 3, 2020.

On September 24, 2020, the Company entered into the Restated Second Amendment to amend the Amgen SPA. Pursuant to the Restated Second Amendment, the Company granted Amgen the Direct Purchase Option to subscribe for Additional Shares in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of the Company's outstanding share capital. The Direct Purchase Option is exercisable on a monthly basis but only if Amgen's interest in the outstanding share capital of the Company at the monthly reference date drops below 20.4% solely as a result of dilution arising from issuance of new shares by the Company under its equity incentive plans from time to time. The aggregate number of Additional Shares shall not exceed 75,000,000 shares during the term of the Direct Purchase Option.

The purchase price for the Additional Shares will be the volume-weighted average price of the Company's ADSs for the 90 days preceding the last trading day of the prior month. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen owns less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) the third anniversary of the date on which the exercise period of the Direct Purchase Option commences. The Direct Purchase Option has no vesting period.

For further details, please refer to the announcements of the Company dated March 18, 2020, September 25, 2020 and the Company's proxy statement/circular dated October 9, 2020.

In September 2021, upon Amgen's exercise of its Direct Purchase Option, the Company issued an aggregate of 165,529 ADSs, representing 2,151,877 ordinary shares, to Amgen for a total consideration of US\$50,000,000 in a private placement pursuant to the Restated Second Amendment. As of December 31, 2022, net proceeds amounting to US\$50,000,000 had been fully utilized.

### **Use of Net Proceeds from Share Subscription in July 2020**

On July 15, 2020, the Company allotted and issued 145,838,979 ordinary shares of the Company to eight existing investors for an aggregate cash consideration of approximately US\$2.08 billion at a purchase price of US\$14.2308 per ordinary share of the Company (equivalent to US\$185 per ADS), in accordance with a share purchase agreement dated July 12, 2020 pursuant to the general mandate granted to the Board pursuant to an ordinary resolution of the shareholders passed at the 2020 annual general meeting of shareholders to allot, issue and deal with up to 202,995,338 ordinary shares.

The net proceeds from the sale of the shares are being used to: (a) fund the Company's research and clinical development activities, including expanding indications of its approved products, advancing its pipeline assets, including both internally developed molecules and in-licensed compounds, and progressing and expanding its preclinical programs; (b) advance business development activities to expand the Company's commercial and development-stage portfolio through in-licensing or acquisitions, as applicable, of additional technologies, drugs or drug candidates, other assets or businesses, both within oncology and outside of oncology, or for other strategic investments or opportunities; (c) invest in the commercialization of the Company's approved products in China, the United States and potentially other geographical markets; and (d) expand and further build out the Company's global organization and capabilities in areas including commercialization, manufacturing, and research and development. For further details, please refer to the announcements of the Company dated July 13, 2020 and July 16, 2020.

As of December 31, 2022, the net proceeds had been fully utilized.

## Use of Net Proceeds from STAR Offering

On December 15, 2021, the Company completed STAR Offering on the STAR Market of the SSE. The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in China in Renminbi (RMB Shares) pursuant to the general mandate to issue shares, which was approved by the shareholders at the Company's 2021 annual general meeting of shareholders held on June 16, 2021. The public offering price of the RMB Shares was RMB192.60 per RMB Share, which equates to HK\$234.89 per ordinary share and US\$391.68 per ADS. In this offering, the Company sold 115,055,260 RMB Shares. The RMB Shares are not fungible with the ordinary shares of the Company listed on the HKEX or with the ADSs representing the Company's ordinary shares listed on the NASDAQ Global Select Market. Net proceeds after deducting underwriting commission and offering expenses were US\$3,392,616,000. The net proceeds from the STAR Offering have been and will be utilized in accordance with the purposes set out in the STAR Prospectus, including (i) clinical development and research project, (ii) research and development center construction, (iii) bio-manufacturing plant construction, (iv) sales and marketing force expansion, and (v) working capital and general corporate purposes. As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in strict compliance with the planned uses as disclosed in the STAR prospectus as well as the Company's proceeds management policy for the STAR Offering approved by the Board.

For details, please refer to the Company's announcements dated November 16, 2020, January 29, 2021, April 20, 2021, May 14, 2021, June 1, 2021, June 21, 2021, June 28, 2021, June 30, 2021, July 9, 2021, July 28, 2021, October 15, 2021, November 16, 2021, November 23, 2021, November 24, 2021, November 29, 2021, November 30, 2021, December 2, 2021, December 6, 2021, December 7, 2021, December 13, 2021, December 21, 2021, December 28, 2021, April 29, 2022, June 27, 2022, August 30, 2022, September 28, 2022 and the circular dated April 30, 2021 of the Company.

As of December 31, 2022, net proceeds amounting to RMB8.3 billion had been utilized, and the remaining RMB13.4 billion will be gradually utilized in accordance with such intended purposes depending on actual business needs, and are expected to be fully utilized within five years after the completion of STAR Offering. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2022:

Use of proceeds	Planned applications RMB'000	Actual usage up to December 31, 2021 RMB'000	Actual usage up to December 31, 2022 RMB'000	Unutilized net proceeds as of December 31, 2022 RMB'000
Clinical Development and Research Projects	13,245,940	–	4,499,849	8,746,091
R&D Center Construction	467,700	–	376,601	91,099
Bio-Manufacture Plant Construction	150,000	–	153,451	-3,451*
Sales & Marketing Force Expansion	136,360	–	71,580	64,780
Replenishment of Working Capital	6,000,000	–	2,662,674	3,337,326
Excess of Proceeds	1,630,155	–	489,000	1,141,155
<b>Total</b>	<b>21,630,155</b>	<b>–</b>	<b>8,253,155</b>	<b>13,377,000</b>

\* The excess over the planned applications for Bio-Manufacture Plant Construction was provided by interest income from the STAR Offering proceeds.

## **Audit Committee Review of Financial Statements**

Our Audit Committee reviews the adequacy of our internal controls to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee currently consists of three members, namely Mr. Thomas Malley, Mr. Anthony C. Hooper and Dr. Corazon (Corsee) D. Sanders. Mr. Thomas Malley and Dr. Corazon (Corsee) D. Sanders are independent non-executive Directors and Mr. Anthony C. Hooper is a non-executive Director. Mr. Thomas Malley is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements and annual results of the Company for the year ended December 31, 2022. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of senior management and the external auditor of the Company, Ernst & Young.

## **Scope of Work of the Company's auditor**

The figures contained in this announcement of our Company's consolidated annual results for the year ended December 31, 2022, have been agreed by the Company's auditor, Ernst & Young, to the figures set out in the consolidated financial statements of our Company for the year ended December 31, 2022. The Company's auditor performed this work in accordance with Hong Kong Standard on Related Services 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information and with reference to Practice Note 730 (Revised) Guidance for Auditors Regarding Preliminary Announcements of Annual Results ("PN 730") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the Company's auditor in this respect does 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 HKICPA and, consequently, no assurance has been expressed by the Company's auditor in this announcement.

## **Other Board Committees**

In addition to the Audit Committee, the Company has a Nominating and Corporate Governance Committee, a Compensation Committee, a Scientific Advisory Committee and a Commercial and Medical Affairs Advisory Committee.

## **Important Events after the Reporting Period**

Save as disclosed above, no important events affecting the Company occurred since December 31, 2022 and up to the date of this announcement.

## **Annual General Meeting and Record Date**

The annual general meeting of the Company (the “AGM”) is scheduled to be held on or around June 15, 2023.

The Company hereby announces that for the purpose of determining the entitlement to attend and vote at the AGM, the record date will be 5:00 a.m. Cayman Islands time on Monday, April 17, 2023. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. Hong Kong time on Monday, April 17, 2023.

A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the HK Listing Rules in due course.

## **Publication of Annual Results and Annual Report**

This annual results announcement is published on the website of the HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.beigene.com](http://www.beigene.com)). The annual report of the Company for the year ended December 31, 2022 will be published on the aforesaid websites and dispatched to the Company’s shareholders in due course.

By order of the Board  
**BeiGene, Ltd.**  
**Mr. John V. Oyler**  
*Chairman*

Hong Kong, March 29, 2023

*As of the date of this announcement, the Board of Directors of the Company consists of Mr. John V. Oyler as Chairman and Executive Director, Dr. Xiaodong Wang and Mr. Anthony C. Hooper as Non-executive Directors, and Dr. Margaret Han Dugan, Mr. Donald W. Glazer, Mr. Michael Goller, Mr. Ranjeev Krishana, Mr. Thomas Malley, Dr. Alessandro Riva, Dr. Corazon (Corsee) D. Sanders and Mr. Qingqing Yi as Independent Non-executive Directors.*