The following table shows our investments in our equity investees as of the dates indicated.

	As of December 31, 2022	As of December 31, 2021
	$'000	
Shanghai Hutchison Pharmaceuticals	73,461	75,999
Others	316	480
Total	73,777	76,479

The following table shows the financial position of Shanghai Hutchison Pharmaceuticals as of the dates indicated.

	As of December 31, 2022	As of December 31, 2021
	$'000	
Current assets	214,267	190,260
Non-current assets	80,062	91,605
Current liabilities	(147,952)	(128,993)
Non-current liabilities	(4,944)	(7,131)
Net assets	141,433	145,741

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years indicated, both in absolute amounts and as percentages of our revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. Our operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,					
	2022		2021		2020	
	$'000	%	$'000	%	$'000	%
Revenues	426,409	100.0	356,128	100.0	227,976	100.0
Cost of revenues	(311,103)	(73.1)	(258,234)	(72.5)	(188,519)	(82.7)
Research and development expenses	(386,893)	(90.7)	(299,086)	(84.0)	(174,776)	(76.7)
Selling expenses	(43,933)	(10.3)	(37,827)	(10.6)	(11,334)	(5.0)
Administrative expenses	(92,173)	(21.6)	(89,298)	(25.1)	(50,015)	(21.9)
Gain on divestment of an equity investee	—	—	121,310	34.1	—	—
Other (expense)/income	(2,729)	(0.6)	(8,733)	(2.5)	6,934	3.0
Income tax benefit/ (expense)	283	0.1	(11,918)	(3.3)	(4,829)	(2.1)
Equity in earnings of equity investees, net of tax	49,753	11.7	60,617	17.0	79,046	34.7
Net loss	(360,386)	(84.5)	(167,041)	(46.9)	(115,517)	(50.7)
Net loss attributable to our company	(360,835)	(84.6)	(194,648)	(54.7)	(125,730)	(55.2)

Taxation

Cayman Islands

HUTCHMED (China) Limited is incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on profits, income, gains or appreciation earned by individuals or corporations. In addition, our payment of dividends, if any, is not subject to withholding tax in the Cayman Islands. For more information, see Item 10.E. “Taxation—Overview of Tax Implications of Various Other Jurisdictions—Cayman Islands Taxation.”

People’s Republic of China

Our subsidiaries and a joint venture incorporated in the PRC are governed by the EIT Law and regulations. Under the EIT Law, the standard EIT rate is 25% on taxable profits as reduced by available tax losses. Tax losses may be carried forward to offset any taxable profits for the following five years (extended to ten years for those with HNTE status, with effective from January 1, 2018). HUTCHMED Limited and our non-consolidated joint venture, Shanghai Hutchison Pharmaceuticals, have been successful in their respective applications to renew their HNTE status for three years from January 1, 2020 to December 31, 2022. Accordingly, these entities are eligible to a preferential EIT rate of 15% for the years ended/ending December 31, 2020, 2021 and 2022. HUTCHMED (Suzhou) Limited, a wholly owned subsidiary of HUTCHMED Limited, successful renewed its HNTE status for another three years from January 1, 2021 to December 31, 2023. Accordingly, it is eligible for a preferential EIT rate of 15% for the years ended December 31, 2021, 2022 and 2023.

For more information, see Item 10.E. “Taxation—Taxation in the PRC.” Please also see Item. 3 “Key Information—Risk Factors—Other Risks and Risks Relating to Doing Business in China—Our business benefits from certain PRC government tax incentives. The expiration of, changes to, or our PRC subsidiaries/joint venture failing to continuously meet the criteria for these incentives could have a material adverse effect on our operating results by significantly increasing our tax expenses.”

According to the EIT Law and its implementation regulations, dividends declared after January 1, 2008 and paid by PRC foreign-invested enterprises to their non-PRC parent companies will be subject to PRC withholding tax at 10% unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is a tax resident and which specifically exempts or reduces such withholding tax, and such tax exemption or reduction is approved by the relevant PRC tax authorities. Pursuant to the tax arrangement between PRC and Hong Kong, if a shareholder of the PRC enterprise is a Hong Kong tax resident and directly holds a 25% or more equity interest in the PRC enterprise and is considered to be the beneficial owner of dividends paid by the PRC enterprise, such withholding tax rate may be lowered to 5%, subject to approval by the relevant PRC tax authorities. For more information, see Item 10.E. “Taxation—Taxation in the PRC” and “Taxation—Overview of Tax Implications of Various Other Jurisdictions— Hong Kong Taxation.”

Hong Kong

Our company and certain of its subsidiaries are subject to Hong Kong Profits Tax laws and regulations. Hong Kong has a two-tiered Profits Tax rates regime under which the first HK$2.0 million ($0.3 million) of assessable profits of qualifying corporations will be taxed at 8.25%, with the remaining assessable profits taxed at 16.5%. Hong Kong Profits Tax has been provided for at the relevant rates on the estimated assessable profits less estimated available tax losses, if any, of these entities as applicable.

Period-to-Period Comparison of Results of Operations

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

Revenues

Our revenue increased by 19.7% from $356.1 million for the year ended December 31, 2021 to $426.4 million for the year ended December 31, 2022, which resulted from increased revenue primarily in the Oncology/Immunology operations.

Revenue from Oncology/Immunology increased by 37.0% from $119.6 million for the year ended December 31, 2021 to $163.8 million for the year ended December 31, 2022, primarily due to an increase in revenue related to the sales of Sulanda from $11.6 million for the year ended December 31, 2021 to $32.3 million for the year ended December 31, 2022. The increase was also attributable to the sales of Elunate from $53.5 million for the year ended December 31, 2021 (of which $15.8 million was revenue from sales of goods primarily to Eli Lilly, $10.3 million was royalty revenue and $27.4 million was revenue from promotion and marketing services to Eli Lilly) to $69.9 million for the year ended December 31, 2022 (of which $14.7 million was revenue from sales of goods primarily to Eli Lilly, $13.9 million was royalty revenue and $41.3 million was revenue from promotion and marketing services to Eli Lilly). Sales of Orpathys have also contributed to the increase in revenue from $11.3 million for the year ended December 31, 2021 (of which $6.5 million was revenue from sales of goods and $4.8 million was royalty revenue) to $22.3 million for the year ended December 31, 2022 (of which $9.9 million was revenue from sales of goods and $12.4 million was royalty revenue). The increase has been netted off by reduction in revenue related to collaboration research and development services which have decreased from $42.7 million for the year ended December 31, 2021 to $38.7 million for the year ended December 31, 2022, primarily attributable to receipt of a $25.0 million milestone payment from AstraZeneca upon the commercial launch of Orpathys in August 2021 compared to the receipt of a $15.0 million milestone payment upon initiating start-up activities for a Global Phase III study of Orpathys in Lung Cancer in March 2022. Such decrease has been netted off by the increase in revenue from other collaboration research and development from $17.7 million for the year ended December 31, 2021 to $23.7 million for the year end December 31, 2022.

Revenue from our Other Ventures increased by 11.0% from $236.5 million for the year ended December 31, 2021 to $262.6 million for the year ended December 31, 2022, primarily due to an increase in sales of prescription drugs products. Revenue from sales of prescription drugs increased by 16.3% from $204.1 million for the year ended December 31, 2021 to $237.3 million for the year ended December 31, 2022, primarily due to increased sales by our consolidated joint venture Hutchison Sinopharm. Revenue from sales of our consumer health products on the other hand has decreased by 22.1% from $32.4 million for the year ended December 31, 2021 to $25.3 million for the year ended December 31, 2022, primarily due to decreased sales by our consolidated joint venture Hutchison Hain Organic.

Cost of Revenues

Our cost of revenues increased by 20.5% from $258.2 million for the year ended December 31, 2021 to $311.1 million for the year ended December 31, 2022. This increase was due to increased sales by the Oncology/Immunology and Other Ventures operations.

Cost of revenues from Oncology/Immunology increased by 54.4% from $44.8 million for the year ended December 31, 2021 to $69.2 million for the year ended December 31, 2022, primarily due to an increase in sales of Sulanda, Elunate (including the provision of promotion and marketing services to Eli Lilly), and Orpathys.

Cost of revenues from our Other Ventures increased by 13.3% from $213.4 million for the year ended December 31, 2021 to $241.9 million for the year ended December 31, 2022, which was primarily due to increased sales.

Cost of revenues as a percentage of our revenues increased from 72.5% to 73.0% across these periods.

Research and Development Expenses

Our research and development expenses incurred by Oncology/Immunology increased by 29.4% from $299.1 million for the year ended December 31, 2021 to $386.9 million for the year ended December 31, 2022, which was primarily due to a $65.9 million increase in CROs and other clinical trial related costs and a $21.9 million increase in employee compensation related and other costs. These increased costs were due to an expansion of clinical activities. In particular, this increase was attributable to the expansion of the clinical activities of fruquintinib, savolitinib, amdizalisib and sovleplenib. Such increase was also attributable to the decrease in government grants recognized. As a result, research and development expenses as a percentage of our revenue increased from 84.0% to 90.7% across these periods.

Selling Expenses

Our selling expenses increased by 16.1% from $37.8 million for the year ended December 31, 2021 to $43.9 million for the year ended December 31, 2022, primarily due to the increased marketing activities. Selling expenses as a percentage of our revenues decreased from 10.6% to 10.3% across these periods.

Administrative Expenses

Our administrative expenses increased by 3.2% from $89.3 million for the year ended December 31, 2021 to $92.2 million for the year ended December 31, 2022. This was primarily due to a $10.0 million increase in administrative expenses incurred by Oncology/Immunology, which was mainly related to increased staff costs and other office expenses to support our expanded clinical activities. Administrative expenses as a percentage of our revenues decreased from 25.1% to 21.6% across these periods.

Gain on Divestment of an Equity Investee

We had a gain on divestment of an equity investee of $121.3 million for the year ended December 31, 2021, before applicable capital gain taxes and amounts attributable to non-controlling interests, which is related to the disposal of our shareholding interest in Hutchison Baiyunshan.

Other (Expense)/ Income

Our net other expenses decreased by 68.8% from $8.7 million for the year ended December 31, 2021 to $2.7 million for the year ended December 31, 2022 primarily due to higher interest income of $7.5 million.

Income Tax Benefit/(Expense)

Our income tax expense decreased from $11.9 million for the year ended December 31, 2021 to $0.3 million income tax benefit for the year ended December 31, 2022, primarily due to the capital gains taxes related to the disposal of our shareholding interest in Hutchison Baiyunshan on September 28, 2021.

Equity in Earnings of Equity Investees

Our equity in earnings of equity investees, net of tax, decreased by 17.9% from $60.6 million for the year ended December 31, 2021 to $49.8 million for the year ended December 31, 2022, primarily due to the disposal of Hutchison Baiyunshan on September 28, 2021.

Shanghai Hutchison Pharmaceuticals

The following table shows a summary of the results of operations of Shanghai Hutchison Pharmaceuticals for the years indicated. The consolidated financial statements of Shanghai Hutchison Pharmaceuticals are prepared in accordance with IFRS as issued by the IASB and are presented separately elsewhere in this annual report.

	Year Ended December 31,			
	2022		2021	
	($'000)	%	($'000)	%
Revenue	370,600	100.0	332,648	100.0
Cost of sales	(89,487)	(24.1)	(77,559)	(23.3)
Selling expenses	(144,979)	(39.1)	(131,821)	(39.6)
Administrative expenses	(21,727)	(5.9)	(22,627)	(6.8)
Other net operating income	2,126	0.5	4,759	1.4
Taxation charge	(16,738)	(4.5)	(15,896)	(4.8)
Profit for the year	99,683	26.9	89,388	26.9
Equity in earnings of equity investee attributable to our company(1)	49,748	13.4	44,678	13.4

(1) The amount for the years ended December 31, 2021 and 2022 includes elimination of unrealized profits on transactions with the Group of $36,000 and $110,000 respectively.

Shanghai Hutchison Pharmaceuticals' revenue increased by 11.4% from $332.6 million for the year ended December 31, 2021 to $370.6 million for the year ended December 31, 2022, primarily due to an increase in sales of She Xiang Bao Xin pills, a vasodilator used in the treatment of heart conditions. Sales of She Xiang Bao Xin pills increased by 11.2% from $307.1 million for the year ended December 31, 2021 to $341.6 million for the year ended December 31, 2022.

Cost of sales increased by 15.4% from $77.6 million for the year December 31, 2021 to $89.5 million for the year ended December 31, 2022, primarily due to higher sales of She Xiang Bao Xin pills. Shanghai Hutchison Pharmaceuticals' revenue increased at a lower rate than the cost of sales due to shut down costs associated with the temporary shutdown of the factory during the COVID-19 outbreak.

Selling expenses increased by 10.0% from $131.8 million for the year ended December 31, 2021 to $145.0 million for the year ended December 31, 2022, as a result of increased spending on marketing and promotional activities to support the increase in sales.

Administrative expenses decreased by 4.0% from $22.6 million for the year ended December 31, 2021 to $21.7 million for the year ended December 31, 2022, primarily due to a decrease in research and development expenses for new products.

Other net operating income decreased by 55.3% from $4.8 million for the year ended December 31, 2021 to $2.1 million for the year ended December 31, 2022, primarily due to a decrease in government grants and interest income.

Taxation charge increased by 5.3% from $15.9 million for the year ended December 31, 2021 to $16.7 million for the year ended December 31, 2022, primarily due to an increase in taxable profit.

As a result of the foregoing, profit increased by 11.5% from $89.4 million for the year ended December 31, 2021 to $99.7 million for the year ended December 31, 2022. Our equity in earnings of equity investees contributed by this joint venture was $44.7 million and $49.7 million for the years ended December 31, 2021 and 2022, respectively.

For more information on the financial results of our non-consolidated joint ventures, see "—Key Components of Results of Operations— Equity in Earnings of Equity Investees."

Net Loss

As a result of the foregoing, our net loss increased from $167.0 million for the year ended December 31, 2021 to $360.4 million for the year ended December 31, 2022. Net loss attributable to our company increased from $194.6 million for the year ended December 31, 2021 to $360.8 million for the year ended December 31, 2022.

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

For a discussion of our results of operations for the year ended December 31, 2021 compared to the year ended December 31, 2020, see Item 5.A. "Operating Results" of our annual report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 3, 2022.

B. Liquidity and Capital Resources

To date, we have taken a multi-source approach to fund our operations, including through cash flows generated and dividend payments from our Oncology/Immunology and Other Ventures operations, service and milestone and upfront payments from our collaboration partners, bank borrowings, investments from other third parties, proceeds from our listings on various stock exchanges and follow-on offerings.

Our Oncology/Immunology operations have historically not generated significant profits or have operated at a net loss, as creating potential global first-in-class or best-in-class drug candidates requires a significant investment of resources over a prolonged period of time. As a result, we anticipate that we may need additional financing for our Oncology/Immunology operations in future periods. See Item 3.D. "Risk Factors—Risks Relating to Our Oncology/Immunology Operations and Development of Our Drug Candidates—Historically, our in house research and development division, which is included in our Oncology/Immunology operations, has not generated significant profits or has operated at a net loss. Our future profitability is dependent on the successful commercialization of our drug candidates."

As of December 31, 2022, we had cash and cash equivalents of $313.3 million and short-term investments of $317.7 million and unutilized bank facilities of $140.3 million. Substantially all of our bank deposits are at major financial institutions, which we believe are of high credit quality. As of December 31, 2022, we had $18.1 million in bank loans, all of which was related to a fixed asset loan from BOC. The total weighted average cost of bank borrowings for the year ended December 31, 2022 was 1.73% per annum. For additional information, see "—Loan Facilities."

Certain of our subsidiaries and joint ventures, including those registered as wholly foreign-owned enterprises in China, are required to set aside at least 10.0% of their after-tax profits to their general reserves until such reserves reach 50.0% of their registered capital. In addition, certain of our joint ventures are required to allocate certain of their after-tax profits as determined in accordance with related regulations and their respective articles of association to the reserve funds upon their board approval. Profit appropriated to the reserve funds for our subsidiaries and joint ventures incorporated in the PRC was approximately $44,000, $89,000 and $318,000 for the years ended December 31, 2020, 2021 and 2022, respectively.

In addition, as a result of PRC regulations restricting dividend distributions from such reserve funds and from a company's registered capital, our PRC subsidiaries are restricted in their ability to transfer a certain amount of their net assets to us as cash dividends, loans or advances. This restricted portion amounted to $0.1 million as of December 31, 2022. Although we do not currently require any such dividends, loans or advances from our PRC subsidiaries to fund our operations, should we require additional sources of liquidity in the future, such restrictions may have a material adverse effect on our liquidity and capital resources. For more information, see Item 4.B. "Business Overview—Regulation—PRC Regulation of Foreign Currency Exchange, Offshore Investment and State-Owned Assets—Regulation on Investment in Foreign invested Enterprises—Regulation on Dividend Distribution."

In addition, our non-consolidated joint venture Shanghai Hutchison Pharmaceuticals held $33.9 million in cash and cash equivalents and no bank borrowings as of December 31, 2022. Such cash and cash equivalents are only accessible by us through dividend payments from the joint venture. The level of dividends declared by the joint venture is subject to agreement each year between us and our joint venture partner based on the profitability and working capital needs of the joint venture. As a result, we cannot guarantee that the joint venture will continue to pay dividends to us in the future at the same rate we have enjoyed in the past, or at all, which may have a material adverse effect on our liquidity and capital resources. For more information, see Item 3.D. "Risk Factors—Risks Relating to Sales of our Internally Developed Drugs and Other Drugs—As a significant portion of the operations of our Other Ventures is conducted through joint venture, we are largely dependent on the success of our joint venture and our receipt of dividends or other payments from our joint venture for cash to fund our operations and our investment in joint venture subject to liquidity risk."

We believe that our current levels of cash and cash equivalents, short-term investments, along with cash flows from operations, dividend payments and unutilized bank borrowings, will be sufficient to meet our anticipated cash needs for at least the next 12 months. In the long term, we believe that we can meet our need for cash through revenues generated from marketed products, public and private sales of our securities and the potential disposals of our remaining non-core businesses. However, we may require additional financing in order to fund all of the clinical development efforts that we plan to undertake to accelerate the development of our clinical-stage drug candidates. For more information, see Item 3.D. "Risk Factors—Risks Relating to Our Financial Position and Need for Capital."

	Year Ended December 31,		
	2022	2021	2020
		($'000)	
Cash Flow Data:			
Net cash used in operating activities	(268,599)	(204,223)	(62,066)
Net cash generated from/(used in) investing activities	296,588	(306,320)	(125,441)
Net cash (used in)/generated from financing activities	(82,763)	650,028	296,434
Net (decrease)/increase in cash and cash equivalents	(54,774)	139,485	108,927
Effect of exchange rate changes	(9,490)	2,427	5,546
Cash and cash equivalents at beginning of the year	377,542	235,630	121,157
Cash and cash equivalents at end of the year	313,278	377,542	235,630

Net Cash used in Operating Activities

Net cash used in operating activities was $204.2 million for the year ended December 31, 2021, compared to net cash used in operating activities of $268.6 million for the year ended December 31, 2022. The net change of $64.4 million was primarily attributable to higher operating expenses of $149.7 million from $684.4 million for the year ended December 31, 2021 to $834.1 million for the year ended December 31, 2022. The foregoing was partially offset by an increase in revenue of $70.3 million from $356.1 million for the year ended December 31, 2021 to $426.4 million for the year ended December 31, 2022 and an increase in changes of working capital of $26.2 million from $32.5 million for the year ended December 31, 2021 to $58.7 million for the year ended December 31, 2022.

For a discussion of our net cash used in operating activities for the years ended December 31, 2021 and 2020, see Item 5.B. "Liquidity and Capital Resources" of our annual report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 3, 2022.

Net Cash generated from/(used in) Investing Activities

Net cash used in investing activities was $306.3 million for the year ended December 31, 2021, compared to net cash generated from investing activities of $296.6 million for the year ended December 31, 2022. The net change of $602.9 million was primarily attributable to short-term investments which had net deposits of $434.6 million for the year ended December 31, 2021 as compared to net withdrawals of $316.4 million for the year ended December 31, 2022. The net change was partially offset by the proceeds received from divestment of Hutchison Baiyunshan of $159.1 million during the year ended December 31, 2021, compared to a dividend of $16.5 million received from divestment of the equity investee during the year ended December 31, 2022.

For a discussion of our net cash (used in)/generated from investing activities for the years ended December 31, 2021 and 2020, see Item 5.B. "Liquidity and Capital Resources" of our annual report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 3, 2022.

Net Cash (used in)/generated from Financing Activities

Net cash generated from financing activities was $650.0 million for the year ended December 31, 2021, compared to net cash used in financing activities of $82.8 million for the year ended December 31, 2022. The net change of $732.8 million was mainly attributable to net proceeds from issuances of shares of $685.4 million primarily from a private placement in April 2021 and our public offering on the SEHK. The net change was also attributable to an increase in purchases of ADSs of $20.8 million by a trustee for the settlement of equity awards of the Company which totaled $27.3 million for the year ended December 31, 2021 as compared to $48.1 million for the year ended December 31, 2022, as well as an increase in dividend paid to non-controlling shareholders of subsidiaries of $15.7 million from $9.9 million for the year ended December 31, 2021 to $25.6 million for the year ended December 31, 2022.

For a discussion of our net cash (used in)/generated from financing activities for the years ended December 31, 2021 and 2020, see Item 5.B. "Liquidity and Capital Resources" of our annual report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 3, 2022.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2022. For more information on bank borrowings and interest on bank borrowings, please see "—Loan Facilities." Our purchase obligations relate to property, plant and equipment that are contracted for but not yet paid. Our lease obligations primarily comprise future aggregate minimum lease payments in respect of various factories, warehouse, offices and other assets under non-cancellable lease agreements. For more information on purchase obligations and lease obligations, please see "—Capital Expenditures."

	Payment Due by Period				
	Total	**Less Than 1 Year**	**1-2 Years**	**2-5 Years**	**More Than 5 Years**
			($'000)		
Bank borrowings	18,104	—	—	2,278	15,826
Interest on bank borrowings	4,294	318	636	1,837	1,503
Purchase obligations	22,130	20,323	161	1,646	—
Lease obligations	10,122	4,498	3,431	2,078	115
Total	54,650	25,139	4,228	7,839	17,444

Shanghai Hutchison Pharmaceuticals

The following table sets forth the contractual obligations of our non-consolidated joint venture Shanghai Hutchison Pharmaceuticals as of December 31, 2022. Shanghai Hutchison Pharmaceuticals' purchase obligations comprise capital commitments for property, plant and equipment contracted for but not yet paid. Shanghai Hutchison Pharmaceuticals' lease obligations primarily comprise future aggregate minimum lease payments in respect of various offices under non-cancellable lease agreements.

	Payment Due by Period				
	Total	Less Than 1 Year	1-2 Years	2-5 Years	More Than 5 Years
			($'000)		
Purchase obligations	1,307	1,307	—	—	—
Lease obligations	2,243	826	757	660	—
Total	3,550	2,133	757	660	—

Loan Facilities

In May 2019, HUTCHMED Group (HK) Limited entered into a credit facility arrangement with HSBC for the provision of unsecured credit facilities in the aggregate amount of HK$400.0 million ($51.3 million). The 3-year credit facilities include (i) a HK$210.0 million ($26.9 million) term loan facility and (ii) a HK$190.0 million ($24.4 million) revolving loan facility, both with an interest rate at HIBOR plus 0.85% per annum. These credit facilities are guaranteed by us and include certain financial covenant requirements. In October 2019, we drew down HK$210.0 million ($26.9 million) from the term loan facility which was repaid in May 2022. The revolving loan facility also expired in May 2022.

In August 2020, HUTCHMED Group (HK) Limited entered into a 24-month revolving credit facility with Deutsche Bank AG in the amount of HK$117.0 million ($15.0 million) with an interest rate at HIBOR plus 4.5% per annum. This revolving facility is guaranteed by us and includes certain financial covenant requirements. The revolving loan facility expired in August 2022.

In October 2021, HUTCHMED Limited entered into a 10-year fixed asset loan facility agreement with Bank of China Limited for the provision of a secured credit facility of RMB754.9 million ($108.4 million) with an annual interest rate at the 5-year China Loan Prime Rate less 0.80% (which was supplemented in June 2022). This credit facility is guaranteed by HUTCHMED Limited's immediate holding company, HUTCHMED Investment (HK) Limited, and secured by the underlying leasehold land and buildings of HUTCHMED Limited, and includes certain financial covenant requirements. As of December 31, 2022, RMB126.1 million ($18.1 million) was utilized from the fixed asset loan facility.

In May 2022, HUTCHMED Group (HK) Limited entered into a 12-month revolving credit facility with HSBC in the amount of HK$390.0 million ($50.0 million) with an interest rate at HIBOR plus 0.5% per annum. This revolving facility is guaranteed by us. As of December 31, 2022, no amount was drawn from the revolving loan facility.

Our non-consolidated joint venture Shanghai Hutchison Pharmaceuticals had no bank borrowings outstanding as of December 31, 2022.

Gearing Ratio

The gearing ratio of our group, which was calculated by dividing total interest-bearing loans by total equity, was 2.8% as of December 31, 2022, an increase from 2.6% as of December 31, 2021. The increase was primarily attributable to the decrease in equity due to the increase in net loss during the year.

Capital Expenditures

We had capital expenditures of $19.6 million, $16.8 million and $36.7 million for the years ended December 31, 2020, 2021 and 2022, respectively. Our capital expenditures during these periods were primarily used for the purchases of leasehold land and property, plant and equipment for a new large-scale manufacturing facility for innovative drugs in Shanghai, China and to expand research facilities and our manufacturing facility in Suzhou, China. Our capital expenditures have been primarily funded by cash flows from operations, bank borrowings and proceeds from our initial public and follow-on offerings in Hong Kong and the United States and other equity offerings.

As of December 31, 2022, we had commitments for capital expenditures of approximately $22.1 million, primarily for the construction of the new manufacturing facility in Shanghai. We expect to fund these capital expenditures through cash flows from operations, bank borrowings and existing cash resources.

Our non-consolidated joint venture Shanghai Hutchison Pharmaceuticals had capital expenditures of $2.4 million, $3.4 million and $1.9 million for the years ended December 31, 2020, 2021 and 2022, respectively. These capital expenditures were primarily related to the renovation of new office and improvements to its production facilities in Shanghai. These capital expenditures were primarily funded through cash flows from operations of Shanghai Hutchison Pharmaceuticals.

C. Research and Development, Patents and Licenses, etc.

Full details of our research and development activities and expenditures are given in the “Business” and “Operating and Financial Review and Prospects” sections of this annual report above.

D. Trend Information.

Other than as described elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenue, income, profitability, liquidity or capital resources, or that would cause our reported financial information not necessarily to be indicative of future operation results or financial condition.

E. Critical Accounting Estimates.

For information on our critical accounting estimates, please see “—Operating Results—Critical Accounting Policies and Significant Judgments and Estimates” section of this annual report above.