INNOCARE
诺诚健华

# InnoCare Pharma Limited
# 諾誠健華醫藥有限公司

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

**(Stock code: 9969)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of InnoCare Pharma Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2022 (the "**Reporting Period**"), together with comparative figures for the six months ended 30 June 2021. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

In this announcement, "we", "us" "our" and "InnoCare" refer to the Company and where the context otherwise requires, the Group. Certain amount and percentage figure included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere totals and sums of amounts listed therein are due to rounding.

### BUSINESS HIGHLIGHTS

For the six months ended 30 June 2022, total revenue was RMB246.0 million including a significant year-over-year 114.9% growth of sales of Orelabrutinib to RMB217.0 million, while the total loss for the period was RMB445.8 million which included a negative impact of foreign exchange of RMB160.0 million. Our cash and bank and wealth management product balance was RMB6,518.8 million for the six months ended 30 June 2022.

During the six months ended 30 June 2022, we continued advancing our drug pipeline and business operations, including the following milestones and achievements:

**Orelabrutinib**

Our core product 宜诺凯® (**Orelabrutinib, BTK inhibitor**) generated a revenue of RMB217.0 million for the six months ended 30 June 2022, an increase of 114.9% comparing to RMB101.0 million in the same period of 2021. The strong sales growth was mainly driven by the smooth implementation of the updated National Reimbursement Drug List ("**NRDL**"), active and effective market penetration carried out by our commercialization team, and broad use recommendation by the 2021 Chinese Society of Clinical Oncology ("**CSCO**") Diagnosis and Treatment Guidelines for Malignant Lymphoma (the "**Guidelines**").

The Phase II trial for systemic lupus erythematosus ("**SLE**") delivered positive results in March 2022. The study showed that Orelabrutinib was safe and well tolerated. Its efficacy was demonstrated by remarkable SLE Responder Index ("**SRI**")-4 response rates in a dose dependent manner. The detailed information was presented as a late-breaking oral presentation at the European Alliance of Associations for Rheumatology ("**EULAR**") in June 2022. We are in the final stage of discussion with the Center for Drug Evaluation ("**CDE**") regarding next stage development protocol for Orelabrutinib for SLE.

The NDA for relapsed and/or refractory waldenstrom's macroglobulinemia ("**r/r WM**") was accepted by the National Medical Products Administration ("**NMPA**") in March 2022.

The NDA for relapsed and/or refractory marginal zone lymphoma ("**r/r MZL**") was accepted by the NMPA in August 2022.

Phase II trial for MS in collaboration with Biogen Inc. (**Nasdaq: BIIB**) (**hereinafter referred to as "Biogen"**) is progressing to the final stage of patient enrollment.

Aside from the above mentioned, there are multiple registrational and exploratory trials ongoing for oncology and auto-immune diseases:

- We are in the progress of a Phase III registrational trial in China for the first-line treatment of MCD subtype diffuse large B-cell lymphoma ("**DLBCL**") comparing Orelabrutinib in combination with rituximab, cyclophosphamide, doxorubicin, vincristine, and prednisone ("**R-CHOP**") versus R-CHOP.

- We are conducting a Phase III registrational trial for first-line treatment of CLL/SLL, which is more than halfway through patient enrollment in China, comparing Orelabrutinib monotherapy versus rituximab plus chlorambucil.

- We are conducting a Phase III registrational trial for first-line treatment of MCL in China, comparing Orelabrutinib in combination with R-CHOP versus R-CHOP.

- In the U.S., Phase II registrational trial for r/r MCL is expected to complete patient enrollment in 2022.

- Phase II clinical trial of Orelabrutinib for the treatment of primary immune thrombocytopenia purpura ("**ITP**") will complete patient enrollment soon.

- Phase II clinical trial in Neuromyelitis Optica Spectrum Disorder ("**NMOSD**") in China was initiated.

- A clinical trial of the combination of Orelabrutinib with anti-programmed death protein-1 ("**anti-PD-1**") monoclonal antibody in refractory or relapsed primary central nervous system lymphoma is on-going and the preliminary results of the study was presented at European Hematology Association ("**EHA**").

- We are exploring the combinational therapy of Orelabrutinib with obinutuzumab ("**Gazyva**"), an anti-CD20 antibody, for the treatment of B cell lymphoma.

**OTHER SIGNIFICANT CLINICAL STAGE ASSETS**

***ICP-B04 (Tafasitamab)***

Tafasitamab, in combination with Lenalidomide, is the first approved second-line treatment for DLBCL in the U.S. and obtained the approval in Europe for the treatment of adults with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). In China, Tafasitamab in combination with Lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT in the 2022 CSCO Guidelines.

We obtained approval of the Health Commission and Medical Product Administration of Hainan Province under the early access program in Boao Lecheng International Medical Tourism Pilot Zone. On 22 July 2022, this first prescription of Tafasitamab in combination with lenalidomide was issued under Boao Hope City's early access program. This prescription marks the first application of Tafasitamab in patients in China.

In mainland China, the bridging trial was approved by the CDE in the first half of 2022 and the trial was initiated.

In addition, we have submitted the NDA to the Department of Health in Hong Kong in the first half of 2022 and plan to submit the NDA to the local regulatory body in Macau and Taiwan in the second half of 2022.

***ICP-192 (Gunagratinib)***

Gunagratinib was demonstrated safe and well-tolerated across all dosage cohorts ranging from 2 to 26 mg with no DLT observed in the dose-escalation part of Phase I/II trial. In the Phase II trial, as of 18 March 2022, 20 mg Gunagratinib showed efficacy in cholangiocarcinoma patients with 62.5% ORR and 100% disease control rate ("**DCR**").

In the U.S. and Australia, we are conducting a Phase I/II dose-escalation trial in advanced solid tumor patients including those with cholangiocarcinoma and head and neck cancer.

***ICP-723***

In the Phase I dose escalation study, no DLT was observed from 1 to 16 mg. 100% ORR was observed in patients with various types of solid tumor carrying NTRK fusion at dosages of 4 mg and above.

***ICP-332***

ICP-332 is a novel tyrosine kinase 2 ("**TYK2**") inhibitor. The Phase II trial for the treatments of atopic dermatitis ("**AD**") has been initiated and the trial for psoriasis will be initiated soon.

***ICP-488***

ICP-488 is a potent and selective TYK2 allosteric inhibitor as a small molecule binder of the pseudo kinase domain JH2 of TYK2 that, by binding the TYK2 JH2 domain, blocks IL-23, IL12, type 1 IFN and other inflammatory cytokine receptors. We plan to develop ICP-488 for the treatments of various inflammatory diseases.

The IND application was approved by the CDE on 22 March 2022 and the first subject was dosed in August 2022 in the Phase I trial.

***ICP-B02 (CM355)***

ICP-B02 is a CD20xCD3 bispecific antibody. The Phase I trial is ongoing and the dosing of the first patient for the treatment of lymphoma was completed on 17 January 2022.

***ICP-189***

ICP-189 is a potent oral allosteric inhibitor of SHP2. The first patient was dosed in June 2022 in China in the Phase I trial.

***ICP-490***

ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. The IND application for oncology indications was approved by the CDE in July 2022 and the Phase I trial was initiated.

***ICP-B05 (CM369)***

CM369 is an anti-CC chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug co-developed with KeyMed as a monotherapy or in combination with other therapies for the treatment of various cancers. The IND application has been accepted by the CDE in the second quarter of 2022.

***ICP-248***

ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. BCL-2 is an important part of apoptotic pathway and is overexpressed in a variety of hematologic malignancies. The IND application for ICP-248 was accepted by the CDE in July 2022.

## FINANCIAL HIGHLIGHTS

### Revenue

Our revenue increased to RMB246.0 million for the six months ended 30 June 2022 as compared with RMB101.7 million for the six months ended 30 June 2021, which was primarily attributable to (i) the year-over-year 114.9% growth of sales of Orelabrutinib from RMB101.0 million to RMB217.0 million, and (ii) the revenue generated from the R&D services related to Orelabrutinib collaboration with Biogen.

### Other Income and Gain

Our other income and gain increased to RMB99.3 million for the six months ended 30 June 2022 as compared with RMB85.3 million for the six months ended 30 June 2021, primarily consist of (i) an increase of RMB22.6 million of government grants from RMB5.9 million to RMB28.5 million, (ii) an increase of RMB10.9 million in fair value changes of financial assets at fair value through profit or loss from Nil to RMB10.9 million.

### Operating Expenses

Our total operating expenses increased to RMB538.1 million for the six months ended 30 June 2022 as compared with RMB368.5 million for the same period ended in 2021, which mainly consists of increased i) research and development ("**R&D**") expenses from RMB184.9 million to RMB273.5 million, ii) selling and distribution expenses from RMB125.0 million to RMB186.1 million, and (iii) administrative expenses from RMB58.6 million to RMB78.5 million.

### Other Expenses

Due to USD appreciation versus RMB as our overseas company's RMB cash balance exchanging to its functional currency USD, other expenses changed to a loss of RMB160.0 million for the six months ended 30 June 2022 from a gain of RMB19.5 million for the six months ended 30 June 2021.

### Loss for The Period

Our Loss for the period excluding foreign exchange increased from RMB232.6 million for six months ended 30 June 2021 to RMB285.8 million for the six months ended 30 June 2022. Based on the factors described above and specifically taking into account the unrealized foreign exchange loss, our total loss for the period increased from RMB213.1 million for the six months ended 30 June 2021 to RMB445.8 million for the six months ended 30 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

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

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

We are well underway towards building a leading hema-oncology franchise with (i) the core internal developed Orelabrutinib as a backbone therapy, (ii) the U.S. FDA and European Medicines Agency ("**EMA**") approved anti-CD19 antibody Tafasitamab for r/r DLBCL, (iii) multiple pipeline drugs that cover almost all important hema-oncology targets such as CD20xCD3, BCL-2 and E-3 ligase, and (iv) a well established and focused commercialization platform in China.

For the autoimmune diseases, Orelabrutinib's favorable safety profile, high selectivity, central nervous system (CNS) penetrance and established B-cell pathway regulation capability enabled us to actively pursue its application in treating various auto-immune disease. Based on the positive results from the Phase II SLE clinical trial, we believe Orelabrutinib could potentially become the first-in-class BTK inhibitor for the treatment of SLE and we are actively planning further development scheme. Collaborated with Biogen, we are advancing the global development of Orelabrutinib in MS. Further, we have initiated Phase II trials in other autoimmune indications including ITP and NMOSD.

Additionally, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488, two TYK2 inhibitors for the treatment of various T-cell mediated autoimmune diseases, such as AD, psoriasis, SLE, and IBD. With Orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well positioned to provide oral drug solutions for the substantially unmet medical needs in autoimmune diseases.

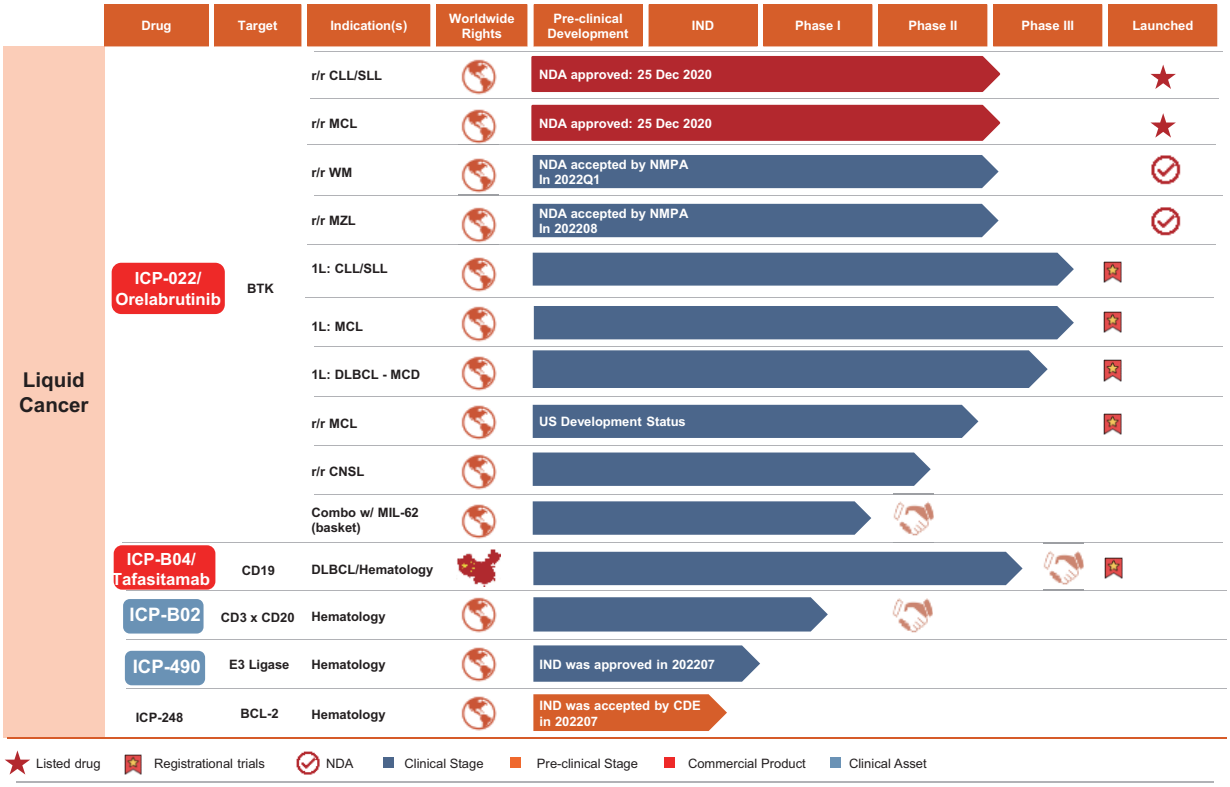
In the solid tumor field, we believe our potential best-in-class molecules ICP-192 targeting FGFR and ICP-723 targeting pan-TRK will enable us to establish a solid presence therein, while our rapidly growing and maturing early-stage pipeline including ICP-033, ICP-189, ICP-B05 ICP-915 and ICP-B03 targeting novel targets such as SHP2 and CCR8 should enable us to provide a competitive treatment solution for a large array of solid tumors for both China and global patients in the future.

With a proven record in small molecule R&D, we are establishing our internal biological drug R&D capability through internal and external efforts. We are also actively considering other new drug modalities such as PROTAC, ADC, molecule glue, and etc.

With two significant business development deals struck in 2021, our business development team is well positioned to continue maximizing the value of our internal pipeline and strengthening our platform through in-licensing and out-licensing deals.

## Product Pipeline

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




## BUSINESS OVERVIEW

In the first half of 2022, we continued to make significant progresses with respect to our drug pipeline development, commercialization, and business development, including the following milestones and achievements:

### Orelabrutinib

#### *Orelabrutinib Commercialization Achievements and Milestones*

Orelabrutinib (宜诺凯®), our first commercialized product, a highly selective, irreversible BTK inhibitor was successfully included in China's NRDL in 2021 for the treatment of patients with r/r CLL/SLL and the treatment of patients with r/r MCL. During the first half of 2022, Orelabrutinib generated a revenue of RMB217.0 million, representing a 114.9% growth comparing to the first half of 2021. With an in-house team of ~250 experienced sales and marketing members, Orelabrutinib's promotion coverage had rapidly penetrated to more than 260 cities, more than 1,000 nationally leading hospitals and more than 5,000 doctors were well educated. We expect that the NRDL inclusion and our strengthened commercialization capability should enable us to keep the strong growth momentum of Orelabrutinib sales in the rest of 2022 and beyond through broadened patient access, accelerated market penetration, and enhanced duration of treatment ("**DOT**").


(宜诺凯®, Orelabrutinib, BTK inhibitor)

Orelabrutinib (宜诺凯®) was included in the 2021 CSCO Guidelines and has been recommended as a Class I treatment for r/r CLL/SLL and r/r MCL, and as an optional treatment for r/r DLBCL and pCNSL.

***Orelabrutinib Business Development***

We entered into a license and collaboration agreement for Orelabrutinib for the potential treatment of MS with Biogen in the second half of 2021. Under the terms of the agreement, Biogen will have exclusive rights to Orelabrutinib in the field of MS worldwide and in certain autoimmune diseases outside of China (including Hong Kong, Macau and Taiwan), while our Company will retain exclusive worldwide rights to Orelabrutinib in the fields of oncology and certain autoimmune diseases in China (including Hong Kong, Macau and Taiwan).

On 22 September 2021, we received the upfront payment in the amount of USD125 million from Biogen. In addition, we are eligible to receive up to USD812.5 million in potential development milestones and potential commercial payments should the collaboration achieve certain development, commercial milestones and sales thresholds. We are also eligible to receive a tiered royalties in the low to high teens percentage rate on potential future net sales of any product resulting from the collaboration.

***For a detailed overview of the said strategic collaboration with Biogen and detailed mechanism of Orelabrutinib, please see our announcement dated 13 July 2021 published on the website of the Stock Exchange and the Company.***

***Summary and Updates of Orelabrutinib Clinical Trials and Data***

**Orelabrutinib for Hema-oncology Diseases**

As at the date of this announcement, we have dosed over 700 patients across all of our clinical trials of oncology and autoimmune diseases for Orelabrutinib. Besides the NDA approval of r/r CLL/SLL and r/r MCL, we obtained 2 more indications NDA acceptance and 4 more registrational trials ongoing in China and U.S.. The clinical data indicate that Orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles, especially that no severe adverse events ("**AEs**") (Grade ≥3) of atrial fibrillation case was reported to date.

***Orelabrutinib for r/r WM***

WM is a B-cell disorder characterized primarily by bone marrow infiltration with lymphoplasmacytic cells, along with immunoglobulin M ("**IgM**") monoclonal gammopathy. BTK plays a key role in signaling pathways for the survival of WM clone, particular in patients harboring MYD88L265P mutations. However, due to target selectivity issue, clinical uses of marketed BTK inhibitors are compromised with off-target activities to many other kinases besides BTK.

This study aims to evaluate the efficacy and safety of Orelabrutinib for the treatment of r/r WM patients. The primary endpoint was major response rate ("**MRR**") as assessed by IRC. Key secondary endpoints were MRR as assessed by investigator, ORR, DOMR, PFS, OS, etc. Favorable safety and efficacy results were achieved for this trial:

With a median duration of treatment of 13.67 months, MRR was 78.7% as assessed by investigator. ORR was 87.2%. The estimated 12-month DOMR was 91.3%. The estimated 12-month PFS and OS were 89.3% and 93.6%, respectively. The median PFS and median OS have not been reached. The most commonly reported adverse events ("**AEs**") were thrombocytopenia, neutropenia, leukopenia, upper respiratory infection. There was no reported Grade 3 or higher atrial fibrillation and/or atrial flutter, or Grade ≥3 diarrhea.

On 14 March 2022, the NMPA accepted our supplemental NDA application for Orelabrutinib for the treatment of patients with r/r WM.

***Orelabrutinib for r/r MZL***

This is a multicenter, open-label study to evaluate the safety and efficacy of Orelabrutinib in patients with r/r MZL. The primary endpoint of this study is efficacy measured by ORR by the IRC according to the 2014 iwNHL. Secondary endpoints include PFS, OS, DOR and safety, and etc.

In August 2022, the NMPA accepted our supplemental NDA for Orelabrutinib for the treatment of patients with r/r MZL.

***Orelabrutinib for 1L DLBCL-MCD Subtype***

This is a Phase III, randomized, double-blind, placebo-controlled, multicenter study evaluating the efficacy and safety of Orelabrutinib plus R-CHOP versus placebo plus R-CHOP in treatment-naive patients with MCD subtype DLBCL. The primary endpoint is PFS accessed by IRC.

Approximately 40% DLBCL patients will eventually become refractory/relapsed. To that, the heterogeneous genetic aberration background is considered one of the underlying reasons. Recent research has been more supportive that R-CHOP+X with genetic rationale will probably provide synergy between multiple novel agents. Among the already classified genetic subtypes, MCD is predominantly enriched with B-cell receptor-dependent NF-κB activation which indicates this patient sub-group might respond well to BTK inhibitors. The pre-clinical model has also demonstrated that Orelabrutinib preserves NK-cell-mediated antibody-dependent cell-mediated cytotoxicity ("**ADCC**") induced by anti-CD20 antibody due to less inducible T cell kinase ("**ITK**") inhibition. Improved safety profile due to high kinase selectivity also made Orelabrutinib a better candidate in combination therapies. These findings provide a reasonable basis for us to explore the combination of Orelabrutinib and R-CHOP to improve treatment outcome of MCD subtype DLBCL.

The real world data regarding Orelabrutinib in combination with R-CHOP for MCD DLBCL were posted at American Society of Clinical Oncology ("**ASCO**") in June 2022. Fourteen patients with MCD DLBCL were included in the study. All patients received Orelabrutinib 150 mg once daily. Among them, 8 were treated with R-CHOP or R-EPOCH as first-line therapy, and 6 with RICE, R-CHOP or R2 as second line therapy. The complete response rate ("**CRR**") for the first line and second-line patients were 75% and 66.67%, respectively. Reported AEs were generally manageable and resolved soon after supportive treatment. The preliminary conclusion is that Orelabrutinib containing regimens demonstrated encouraging efficacy and well-tolerated safety profile among patients with MCD subtype DLBCL. A large-scale prospective registrational clinical study is in progress, which could offer a new potential therapeutic option for patients with MCD subtype DLBCL.

***Orelabrutinib for 1L CLL/SLL***

This is a randomized, multicenter, open-label, Phase III study to evaluate the efficacy and safety of Orelabrutinib versus chlorambucil plus rituximab in subjects with previously untreated CLL/SLL. The primary endpoint of this study is progress-free survival ("**PFS**") evaluated by the IRC. The study is currently recruiting in 47 sites in China.

***Orelabrutinib for 1L MCL***

This is a randomized, open-label, multicenter, Phase III study of Orelabrutinib in combination with rituximab, cyclophosphamide, doxorubicin, vincristine, and prednisone ("**R-CHOP**") vs. R-CHOP in patients with treatment-naive mantle cell lymphoma. The primary endpoint is PFS evaluated by the IRC according to the 2014 International Working Group Criteria for Non-Hodgkin Lymphoma ("**iwNHL**"). As of the date of this announcement, the study is recruiting patients in 6 active sites in China.

***Orelabrutinib for r/r CLL/SLL***

This is an open-label, multicenter, Phase II study to evaluate the safety and efficacy following 150 mg daily oral administration of Orelabrutinib in r/r CLL/SLL patients. A total of 80 patients with r/r CLL/SLL were enrolled. Our latest data were disclosed at the 63rd American Society of Hematology ("**ASH**") Annual Meeting. The median follow-up time was 33.1 months, with 67.5% remaining on treatment. The ORR was 93.8% with 26.3% complete response ("**CR**") as assessed by investigator. Median time for achieving first response was 1.84 months. The median duration of response ("**DOR**") and progression-free survival ("**PFS**") were not reached. The estimated 30-month DOR and PFS were 67.2% and 69.7%, respectively by investigator assessment.

Orelabrutinib showed a significant higher CR/CRi rate in r/r CLL/SLL in comparison with other BTK inhibitors at a similar median follow-up period.

Long term follow up did not suggest any safety concerns other than the ones observed previously. Similar to the previously reported safety results, most AEs were mild to moderate.

***Orelabrutinib for r/r MCL***

A Phase II open-label, multicenter, the study was conducted to evaluate the long-term safety and efficacy of Orelabrutinib as a monotherapy for r/r MCL. The primary endpoint was ORR assessed per Lugano criteria. Safety and other efficacy (DOR, PFS, OS) evaluations were chosen as secondary endpoints. A total of 106 patients were enrolled with a median follow up time of 23 months.

The efficacy results were evaluated by investigators. According to the protocol analysis, among the 106 patients, 82.1% ORR and 87.8% disease control rate were achieved. The CR-rate was 34.9% when measured with the conventional computerized tomography ("**CT**") method.

For Orelabrutinib's safety profile in r/r MCL patients, the frequently reported treatment related adverse events ("**TRAEs**") were primarily hematological toxicities including thrombocytopenia, neutropenia, leukopenia, and hypertension. The most frequently reported AEs (Grade ≥3) of any cause was thrombocytopenia. No treatment related Grade 3 or above GI toxicity, cardio toxicity or severe bleeding were observed. Compared to the safety data of a median follow up of 10.5 months, the safety profiles were essentially the same. These results suggested that safety events primarily occurred during early stage of treatment and appeared less frequently with continued Orelabrutinib treatment.

In conclusion, Orelabrutinib has shown high efficacy in treating patients with r/r MCL. Orelabrutinib was safe and well tolerated with no treatment related Grade 3 or higher diarrhea, atrial fibrillation/flutter or severe bleeding in this study. This is an ongoing study, and we will continue to evaluate Orelabrutinib as a treatment for r/r MCL. Results of prolonged treatment is expected to produce a higher rate in depth of response while maintaining the safety profile.

In the U.S., Phase II registrational trial for r/r MCL is expected to complete patient enrollment in 2022.

***Orelabrutinib for Relapsed/Refractory Primary Central Nervous System Lymphoma ("r/r pCNSL")***

The survival outcomes of patients with r/r pCNSL remain extremely poor and there are no approved therapies or widely accepted "standard-of-care" approaches. Previous studies showed that BTK inhibitor and PD-1 monoclonal antibody have some significant activities in r/r pCNSL, respectively. The combination of BTK inhibitor and anti-PD-1 monoclonal antibody demonstrated synergistic effects both in vivo and in vitro in diffuse large B cell lymphoma, but no clinical data is currently available for pCNSL. Orelabrutinib is a new generation BTK inhibitor with high CNS ("**Central Nervous System**") exposure and Sintilimab is a new-generation anti-PD-1 monoclonal antibody. The trial aimed to evaluate the safety and efficacy of Orelabrutinib combined with Sintilimab in patients with r/r pCNSL. At 2022 EHA, the preliminary results of the Phase II study of Orelabrutinib in combination with anti-programmed death protein-1 ("**anti-PD-1**") monoclonal antibody in refractory or relapsed primary CNS lymphoma were presented in an oral session.

The prospective, multicenter, single-arm phase II study enrolled immunocompetent adult patients with r/r pCNSL and eligible organ functions. The patients received once daily Orelabrutinib (150 mg) in combination with Sintilimab (200 mg on day 1 of each cycle) every 3 weeks per cycle up to two years or until disease progression, intolerable toxicity, or death. The primary objective was the overall response rate ("**ORR**") after 4 cycles.

As of 25 February 2022, 13 patients were enrolled with a median follow-up of 7.0 (1.5-10.5) months. All the patients were high-dose methotrexate treated, 7 of those (53.8%) were refractory to the last treatment. Ten patients completed 4 cycles of the experimental regimen while 3 patients ended treatment in the first 2 cycles due to disease progression. The toxicities were quite mild, and no Grade 3-4 hematological or non-hematological AE was reported.

The ORR was 61.5% with 4 patients achieved CR, 1 CRu, and 3 PR. Plasma and CSF sample from 4 of 13 patients were collected. The median CSF concentration of Orelabrutinib was 28.7ng/ml (ranging from 11.8 ng/ml to 52.7 ng/ml) and the median CSF/plasma free ratio was 59.8% (ranging from 46.09% to 86.67%).

The combination of Orelabrutinib and Sintilimab showed a high ORR and a rapid onset of response in patients with r/r pCNSL with good tolerability. Although preliminary, these results support the use of BTK inhibitor plus anti-PD-1 monoclonal antibody in treating pCNSL patients. As of the date of this announcement, the trial is still on-going.

***Orelabrutinib Combination Therapies***

The scientific rationales of the combination of BTK inhibitor with anti-CD20 antibody would need each agent not only to work through its distinct mechanisms of action and enhance tumor eradication, i.e., for BTK inhibitor to disrupt B-cell receptor ("**BCR**") proliferative and pro-survival signals, and for anti-CD20 antibody to tackle tumors cells through complement-dependent cytotoxicity ("**CDC**"), ADCC, and direct apoptosis induction; but also to avoid significant antagonisms of the combo partners. However, the off-target inhibition of BTK inhibitor on interleukin-2 ("**IL-2**")-ITK may lead to reduced ADCC function of rituximab and much-muted efficacy of combination therapies (Mol Ther Oncolytics 21:158-170; 2021).

Orelabrutinib, a novel BTK inhibitor, was designed with high selectivity to BTK. A recent study has demonstrated in several B-cell tumor models that Orelabrutinib in combination with rituximab can well preserve or slightly enhance the ADCC function of rituximab and lead to robust in vitro and in vivo tumor-killing efficacy (Mol Ther Oncolytics 21:158-170;2021). Our in-house data have also shown that Gazyva, retain fully functional ADCC and antibody-dependent cellular phagocytosis ("**ADCP**"), activities when combined with Orelabrutinib. Interestingly, similar observations have been made not only in anti-CD20 antibody combinations but also in anti-CD19 antibody Tafasitamab combinations.

Collectively, highly selective BTK inhibitor Orelabrutinib represents a potentially best-in-class combo partner for antibody combination therapies. We believe that Orelabrutinib and anti-CD20/ anti-CD19 antibody combinations would benefit patients with B cell lymphoma, especially those with relapsed or refractory diseases.

We are exploring the combinational therapy of Orelabrutinib with Gazyva, an anti-CD20 antibody, for the treatment of B cell lymphoma. We are also planning studies for Orelabrutinib in combination with Tafasitamab.

**Orelabrutinib for Autoimmune Diseases**

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

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

***Orelabrutinib for MS***

On 13 July 2021, we entered into a license and collaboration agreement for Orelabrutinib for the potential treatment of MS with Biogen. Under the terms of the said agreement, Biogen will have exclusive rights to Orelabrutinib in the field of MS worldwide and certain autoimmune diseases outside of China (including Hong Kong, Macau and Taiwan), while we will retain exclusive worldwide rights to Orelabrutinib in the field of oncology and certain autoimmune diseases in China (including Hong Kong, Macau and Taiwan). We received a US$125 million upfront payment and is eligible to receive up to US$812.5 million in potential development milestones and potential commercial payments should the collaboration achieve certain development, commercial milestones, and sales thresholds. We are also eligible to receive tiered royalties in the low to high teens' percentage on potential future net sales of any product resulting from the collaboration. With the ability to cross the blood brain barrier, Orelabrutinib has the potential to inhibit B cell and myeloid cell effector functions in the central nervous system ("**CNS**"), and may provide a clinically meaningful benefit in all forms of MS.

***For a detailed overview of the said strategic collaboration with Biogen Inc., please see our announcement dated 13 July 2021 published on the website of the Stock Exchange and the Company.***

**Current Status**

We, along with our partner Biogen, are running a global Phase II trial for MS in the U.S., Europe and China. It is a randomized, double-blind, placebo-controlled Phase II clinical study to evaluate the use of Orelabrutinib in patients with relapsing remitting multiple sclerosis ("**RRMS**") regarding its efficacy, safety, tolerability, pharmacokinetics and biological activity. Currently, the Phase II patient enrollment is ongoing through multiple global clinical sites.

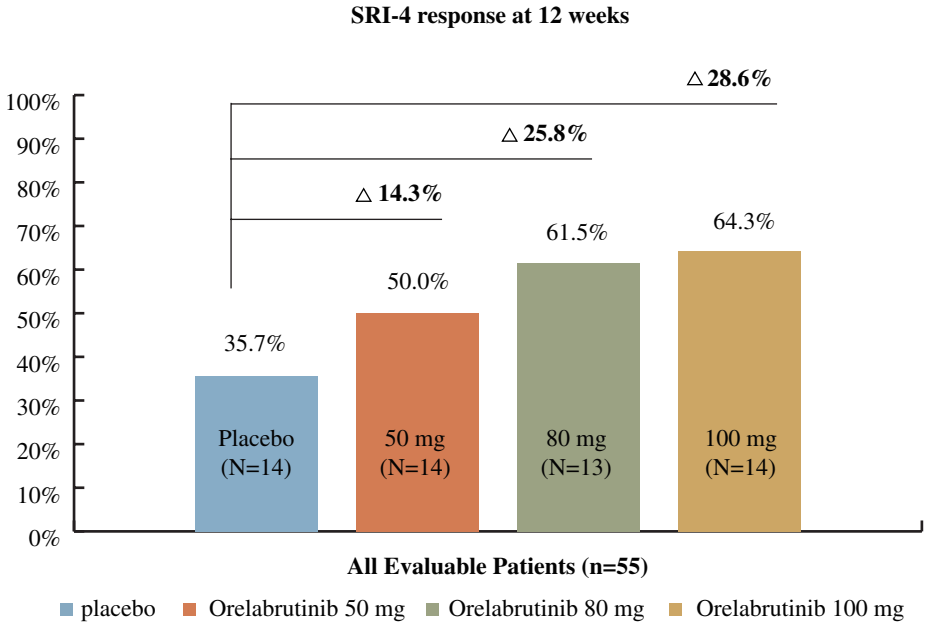
***Orelabrutinib for SLE***

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

**Current Status**

In China, Orelabrutinib Phase II trial for SLE was completed at the end of 2021 which showed positive results. The detailed information was presented through a late-breaking oral presentation at 2022 EULAR. This is a randomized, double-blind, placebo-controlled, dose-finding study aimed to evaluate the safety and tolerability of Orelabrutinib in patients with mild to moderate SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1:1 to receive oral Orelabrutinib at 50 mg, 80 mg, 100 mg dosages or placebo once daily, for 12 consecutive weeks.

The Phase II results showed that Orelabrutinib was safe and well tolerated at all doses. A dose-dependent efficacy was observed in evaluable patients treated with Orelabrutinib. The SRI-4 response rates at 12-week were 35.7%, 50.0%, 61.5% and 64.3% in patients treated with placebo, 50 mg/day, 80 mg/day and 100 mg/day of Orelabrutinib, respectively. Treatment with Orelabrutinib led to a reduction in levels of proteinuria, and improvement of immunologic markers, including reduced immunoglobulin G and increased complements C3 and C4.




SLE is a complex and challenging disease for drug development. With regard to the two BTK inhibitors reported clinical results (evobrutinib and fenebrutinib), no significant impact on the disease was observed (Ringheim, G. E., Wampole, M., & Oberoi, K. (2021) Frontiers in immunology, 12, 662223). Orelabrutinib has the potential to become the first BTK inhibitor that controls the disease activity in SLE patients, and its oral administration should have obvious advantages over commonly used injectable SLE drugs.

Based on the Phase II results, the next stage of clinical development of Orelabrutinib in SLE is under discussion with the regulatory agencies.

***Orelabrutinib for ITP***

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

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

**Current Status**

Phase II clinical trial of Orelabrutinib for the treatment of ITP will complete patient enrollment soon.

According to publicly disclosed data at ASH 2021 (Yu T, Wang L, Ni X, et al. Blood (2021) 138 (Supplement 1): 3172), Orelabrutinib significantly inhibited the expression of the activation markers CD69 and CD86 of the BCR signaling pathway on B cells, in a in-vitro study utilizing peripheral blood of ITP patients.

In the active ITP murine models, platelet count was significantly higher in Orelabrutinib treated mice than that of control mice at days 14, 21, 28 after splenocyte transfusion. The proportion of plasma cells and GL-7+ germinal center cells in splenocytes, and the frequency of total B cells in peripheral blood leukocytes were all lower in mice treated with Orelabrutinib than that of the control group (Yu T, Wang L, Ni X, et al. Blood (2021) 138 (Supplement 1): 3172).

In summary, Orelabrutinib could effectively suppress the activation and differentiation of B cells in vitro and in vivo, thus alleviate the thrombocytopenia in active ITP murine models.

***Orelabrutinib for NMOSD***

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

The etiology and pathogenesis of NMOSD are not completely clear. At present, it is considered to be related to a specific aquaporin 4 antibody ("**AQP4 IgG**") produced by mature B cells, and up to 80% of patients are serologically AQP4 IgG positive. BTK is a key kinase in B cell receptor signal transduction pathway, which is responsible for regulating B cell proliferation, differentiation, maturation and cytokine expression. Abnormal activation of BTK related signaling pathway can lead to autoantibody production and autoimmune diseases. Thus, BTK inhibitors, especially a brain penetrant BTK inhibitor such as Orelabrutinib hold high potential to become a novel therapy for NMOSD.

**Current Status**

In February 2022, we received the IND approval of Orelabrutinib by CDE and the Phase II clinical trial in China was initiated.

**ICP-B04 (Tafasitamab)**

The 2022 CSCO Guidelines were officially released in the first half of 2022. Tafasitamab in combination with Lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT. The Guidelines further explains that patients with r/r DLBCL are recommended to choose other drugs that do not have cross-resistance with CHOP, that is, second line regimens or individualized regimens.

We obtained approval of the Health Commission and Medical Product Administration of Hainan Province under the early access program in Boao Lecheng International Medical Tourism Pilot Zone. On 22 July 2022, this first prescription of Tafasitamab in combination with lenalidomide was issued under Boao Hope City's early access program. This prescription marks the first application of Tafasitamab in patients in China.

Tafasitamab offers the possibility and flexibility in combination with Orelabrutinib and our other assets for the treatment of B-cell malignancy.

We submitted the NDA to the Department of Health in Hong Kong in the first half of 2022 and plan to submit the NDA application to the local regulatory body in Macau and Taiwan in the second half of 2022.

In mainland China, the IND application for the bridging study was approved by CDE in the first half of 2022. The patient enrollment was initiated.

In the second half of 2021, we entered into a collaboration and license agreement with Incyte for the development and commercialization of Tafasitamab, a humanized Fc-modified cytolytic CD-19 targeting monoclonal antibody, in Greater China. Tafasitamab in combination with lenalidomide is approved by the U.S. FDA and European Medicine Agency for the treatment of adult patients with r/r DLBCL not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for ASCT. The accelerated approval in the U.S. is based on the Phase II L-MIND study which showed 57.5% ORR (40% CR) and 33.5 months mOS. The mDoR of 43.9 months indicates a greater and potentially durable benefit. Tafasitamab is currently the first and the only approved second-line treatment in the U.S. for this patient population. With a similar role and more stable expression cross B-NHL, this CD19 antibody has the potential to become another fundamental therapy for B-NHL. In RE-MIND2 trial, a retrospective cohort analysis, Tafasitamab plus lenalidomide demonstrated significant improvement in overall survival and objective response rate compared to R2 regimen.

We paid Incyte US$35 million upfront fee and Incyte is eligible to receive up to an additional US$82.5 million in potential development, regulatory and commercial milestones, as well as tiered royalties. Under the said collaboration and license agreement, we were granted the right to develop and exclusively commercialize Tafasitamab in the field of hematology and oncology in mainland China, Hong Kong, Macau and Taiwan.

The strategic collaboration with Incyte will not only enhance our strength in the field of hematology and oncology, but also offers us a good opportunity to explore the potential clinical benefit of our BTK inhibitor Orelabrutinib in combination with Tafasitamab. Tafasitamab is being investigated as a therapeutic option in B-cell malignancies in a number of on-going combination trials. In addition, we believe that Tafasitamab, which mediates B-cell lysis through apoptosis and immune effector mechanism including ADCC and ADCP, an innovative and differentiated CD-19 antibody, is critical to solidifying our long-term strategy of developing a leading hematology-oncology franchise.

***For a detailed overview of the said strategic collaboration with Incyte and detailed mechanism of Tafasitamab, please see our announcement dated 17 August 2021 published on the website of the Stock Exchange and the Company.***

**ICP-192 (Gunagratinib)**

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

***For a detailed overview of the Mechanism of Action of a pan-FGFR inhibitor, please see our Prospectus.***

**Current Status**

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

Gunagratinib is currently undergoing several Phase I/II clinical studies in China, the U.S, and Australia. We have finished dose escalation ranging from 2 mg to 26 mg and no DLT was observed. Gunagratinib demonstrated safe and well-tolerated in patients with advanced solid tumors. So far, 20 mg Gunagratinib in the Phase II trial showed efficacy in cholangiocarcinoma patients with 62.5% ORR and 100% DCR. In addition, we disclosed the detailed Phase I results of Guangratinib in patients with head and neck cancer harboring FGF/FGFR gene aberrations in June at 2022 ASCO. Among the 9 head and neck cancer patients with FGF/FGFR gene aberrations who have completed at least one tumor assessment, 3 patients had PR, the ORR was 33.3% (3 of 9 patients). The DCR was 66.7% (6 of 9 patients) and no serious TRAE were reported. Patients with esophagus cancer, gastric cancer, breast cancer or other solid tumor with FGF/FGFR gene aberrations are also being recruited.

We are well positioned to enter potential registrational trial in cholangiocarcinoma in China and the Phase II trial in urothelial cancer in China is progressing. Besides, we are also conducting a basket trial including gastric and head & neck cancer in China, Australia and the U.S..

***For a detailed overview of Phase I/II trial data, please refer to our annual report dated 21 April 2022 published on the website of the Stock Exchange and the Company.***

**ICP-723**

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

**Mechanism of Action**

The TRK family consists of three proteins referred to as TRKA, TRKB and TRKC, respectively, which are encoded by neurotrophic receptor tyrosine kinase genes NTRK1, NTRK2 and NTRK3, respectively. TRKs play an important role in maintaining normal nervous system function. Unwanted joining of separated NTRK genes, or NTRK gene fusions, have been found to contribute to tumorigenesis in a variety of different cancers, with high prevalence in infantile fibrosarcoma, salivary gland carcinomas and thyroid carcinoma. NTRK fusions have also been detected at lower frequencies, in soft-tissue sarcomas, thyroid cancer, mammary analogue secretory carcinoma of salivary glands, lung cancer, colorectal cancer, melanoma, breast cancer, etc.

**Current Status**

We are currently conducting a Phase I/II clinical trial in China to assess the safety, tolerability, and PK of ICP-723 in advanced solid tumor patients and to evaluate the preliminary anti-tumor activity of ICP-723 in patients with NTRK fusions. In June at 2022 ASCO, we reported detailed information about this trial. This is a multicenter, open-label Phase I/II clinical trial, which includes a Phase I dose escalation part and a Phase II dose expansion part. In the Phase I dose escalation, patients with advanced solid tumor, who failed from clinical standard of care or for whom there was currently no effective therapy, were enrolled.

In the Phase I dose escalation study, dosage has been escalated up to 16 mg with no DLT observed. As of 18 August 2022, 100% ORR (6 PR in 6 patients) was observed in patients with various cancers carrying NTRK fusion at dosages of 4 mg and above.

We will include adolescent and pediatric patient population in the Phase I/II trial in China and have initiated the Phase I trial in the U.S. in the second half of 2022.

**ICP-332**

ICP-332 is a small molecule inhibitor of TYK2 that is developed for the treatment of various autoimmune disorders. TYK2 is a member of the JAK family and plays a critical role in transducing signals downstream of IL-12/IL-23 family interleukin receptors as well as type I interferon ("**IFN**") receptor. These cytokine/receptor pathways drive the functions of T helper 17 ("**TH17**"), TH1, B and myeloid cells which are critical in the pathobiology of multiple autoimmune and chronic inflammatory diseases including psoriasis, psoriatic arthritis, inflammatory bowel disease, lupus, AD, and etc. ICP-332 was designed to be a potent and selective TYK2 inhibitor with 400 folds of selectivity against JAK2 to avoid the adverse events associated with non-selective JAK inhibitors. Thus, by selective inhibition of TYK2, ICP-332 may become a potential therapy for multiple autoimmune diseases with better safety profiles.

**Current Status**

On 18 May 2021, CDE approved Phase I clinical trial of our ICP-332. We completed the first subject dosing on 16 August 2021 and finished the Phase I clinical trial in March 2022.

The randomized dose-escalation Phase I study in healthy subjects was conducted to evaluate the safety, tolerability, PK and PD profiles of ICP-332 following a single dose (5~320 mg) and multiple doses (40~160 mg QD) escalation for 14 consecutive days under fasted condition. In each cohort, 8 subjects were randomized to receive ICP-332 (6 subjects) or placebo (2 subjects). Food effects on the pharmacokinetics of ICP-322 were tested in the 80 mg cohort.

ICP-332 demonstrated dose proportionality of the PK parameters (Cmax and AUClast) in the range of 5 mg ~ 320 mg. There was no drug accumulation in plasma after repeated dosing. No significant food effect was observed following co-administration with standard high-fat, high-calorie meals. ICP-332 was safe and well tolerated in healthy subjects who received a single dose up to 320 mg or multiple doses up to 160 mg QD for 14 days. The maximum tolerated dose was not reached.

Based on the data of safety, PK/PD, and biomarkers with no significant decrease of platelet and hemoglobin (JAK-2 related AE) in the Phase I study, we initiated Phase II study in AD in China, which is a randomized, double-blind, placebo-controlled, multicenter trial to evaluate the safety, efficacy, pharmacokinetics, and pharmacodynamics in patients with atopic dermatitis. Meanwhile, the global Phase II study in psoriasis is planned and designed as a randomized, double-blind, placebo-controlled, multicenter, to evaluate the safety, efficacy, pharmacokinetics, and pharmacodynamics in patients with moderate to severe plaque psoriasis.

**ICP-488**

ICP-488 is a small molecule binder of the pseudo kinase domain JH2 of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown to be the cause of or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding the TYK2 JH2 domain, blocks IL-23, IL12, type 1 IFN and other inflammatory cytokine receptors. We intend to develop ICP-488 for the treatment of inflammatory diseases such as psoriasis.

In China, the IND application was approval by CDE on 22 March 2022 and the Phase I first cohort was completed in August 2022.

**ICP-B02 (CM355)**

ICP-B02 is a CD20xCD3 bispecific antibody co-developed with KeyMed for the treatment of lymphoma. In preclinical studies, it demonstrated stronger TDCC activities with less cytokine release as compared to its leading competitors. The development of ICP-B02 is based on our collaboration with KeyMed via a 50:50 joint venture that was formed in August 2018 for the discovery, development, and commercialization of biologic drugs. In June 2020, we entered into a license and collaboration agreement, under which KeyMed granted us an exclusive license for 50% ownership of CM355 (ICP-B02).

Phase I dose escalation is progressing with the first cohort being completed in July 2022.

**ICP-189**

ICP-189 is a potent oral allosteric inhibitor of SHP2 with reliable selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a potential cornerstone therapy in combinations with other antitumor agents. SHP2 is a non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway for the regulation of cellular proliferation and survival.

In in-vivo efficacy studies, ICP-189 demonstrated significant anti-tumor effects in various xenograft models. It is possible for ICP-189 to be synergistic with target therapies (KRAS, MEK) as well as IO agent ie. PD-1.

The first patient was dosed in June 2022 and the dose escalation is in progress in China. IND of ICP-189 was granted by the FDA for starting clinical trial in the U.S..

**ICP-033**

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

We initiated the patient enrollment for ICP-033 Phase I trial in March 2022.

**ICP-490**

ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. In in-vivo efficacy studies, ICP – 490 demonstrated significant anti-tumor effects in various multiple myeloma ("**MM**") xenograft models. By specifically binding to $CRL4^{CRBN\text{-}E3}$ ligase complex, it induces ubiquitination and degradation of transcription factors including Ikaros and Aiolos. It might overcome acquired resistance against earlier generations of CRNB modulators while improving the antiproliferative effects. As a small molecule glue platform, clinically, ICP-490 may be used for the treatment of patients with relapsed/refractory multiple myeloma, DLBCL and autoimmune diseases such as systemic lupus erythematosus.

The IND application for oncology indications was approved by the CDE in July 2022 and the Phase I was initiated.

**ICP-B05 (CM369)**

CM369 is an anti-C-C motif chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug codeveloped by our Company and KeyMed as a monotherapy or in combination with other therapies for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells ("**Tregs**") in the tumor microenvironment ("**TME**"). CM369 binds to CCR8 on Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. CM369 has the potential to deliver optimal tumor targeted Treg depletion and be more specific in anti-tumor activity than other immunotherapies and enhance our strength in the field of the solid tumor by synergizing with our existing pipelines.

ICP-B05 is another collaborated product candidate with KeyMed and the IND application to the CDE has been accepted in the second quarter of 2022.

**ICP-248**

ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. BCL-2 is an important part of apoptotic pathway and is overexpressed in a variety of hematologic malignancies. BCL-2 inhibitors have shown anti-tumor effects by activating the endogenous mitochondrial apoptosis pathway that causes rapid cancer cell apoptosis. However, as resistance to existing BCL-2 inhibitors is nearly inevitable, the optimal clinical treatment will be to use them in combination with other treatments. By increasing metabolic stability and reducing impact on liver drug enzymes, we have developed ICP-248 to be more suitable for combinational therapies. Given the outstanding safety and efficacy profile of Orelabrutinib, we are confident that the combination of ICP-248 and Orelabrutinib will overcome resistance seen in existing BCL-2 inhibitors. We intend to develop ICP-248 in combination with Orelabrutinib for the treatment of acute lymphoblastic leukemia ("**ALL**"), acute myeloid leukemia ("**AML**"), follicular lymphoma ("**FL**"), CLL, DLBCL and other hematological malignancies.

The IND application for ICP-248 was accepted by the CDE in July 2022.

***The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully, Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.***

## Manufacturing

### *Guangzhou Manufacturing Facility*

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

On 30 June 2022, we received the approval from the China NMPA to begin the production of commercial supply of our self-developed BTK inhibitor, Orelabrutinib at the Guangzhou Base. In August 2022, the first batch of Orelabrutinib was produced.

Improving the solubility of poorly soluble drugs has become a focus and challenge in the research and development of innovative drug formulation. Our Guangzhou Base has built a technical platform to solve such problems, including the establishment of international advanced production lines of spray dried solid dispersion and solid dosage forms, and equipped with three major technology platforms, namely the solubilization preparation technology for poorly soluble drugs, the release preparation technology for oral solid dosage forms and the targeted drug delivery technology, thereby solving the common problems faced by the industry. Our solid dispersion technology is the core technology in the solubilization process, which can accelerate the solubility and dissolution rate of poorly soluble drugs, thus improving the bioavailability of drugs and better catering for the needs of the development and production of new drugs.

Additionally, the progression of second and third phases of constructions are well planned. Currently, we are expanding the construction of the second phase of the facility in Guangzhou site that is designed to house an additional 30,000 $m^2$ production area to provide sufficient capacity for our growing and maturing drug pipeline and to support our continued business expansions.

### *Beijing Manufacturing Facility*

We established a large molecules CMC pilot facility which intends entering operation phase for early clinical supplies in Changping, Beijing. Meanwhile, a 70,381 $m^2$ land in Beijing next to our Company headquarter inside the Life Science Park was designed to build a landmark R&D center and large molecule production facility. In August 2022, we kicked off the ground-breaking for the construction and expect it to be completed in 2025.

## Other Corporate Developments

The Company was informed on 2 August 2022 that, the China Securities Regulatory Commission has approved the Company's application for the registration of the Proposed RMB Share Issue. Further announcement(s) will be made to disclose any material updates and progress in respect of the RMB Share Issue in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate.

On 12 April 2022, the Company had received the approval of the Proposed RMB Share Issue and listing on the Science and Technology Innovation Board ("**STAR Market**") of the Shanghai Stock Exchange by the listing committee of the STAR Market.

## IMPACT OF THE COVID-19 OUTBREAK

Since the outbreak of the novel coronavirus ("**COVID-19**") in early 2020, the Company has adopted immediate measures to maintain effective and high-quality level of operation. Although we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 pandemic, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. In addition, our supply chain, product sales and business operation has not experienced any material disruption since the outbreak of COVID-19. We have not experienced and currently do not expect any material regulatory delays in respect of our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. We have not experienced any material impact from COVID-19 on the progress, status or filing update of our ongoing research and clinical activities. Since 2022, the government implemented different levels of COVID-zero policy in different regions in domestic China. We have taken various adaptive measures, including but not limited to reducing face-to-face meetings by means of telephone or virtual conferences, avoiding unnecessary travels, which resulted in no significant impact on commercialization or sales.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed, no other important events affecting the Company occurred after 30 June 2022 and up to the date of this announcement.

## FUTURE DEVELOPMENT

To accomplish our vision of becoming a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide, we will focus on pursuing the following aspects:

### *Building A Leading Franchise in Hema-Oncology*

With Orelabrutinib as a backbone therapy and the support of our abundant pipeline in hematology, such as ICP-248, ICP-490, ICP-B02, Tafasitamab and potential future internal and external pipeline development, we aim to become a leading player in hematology in China and worldwide. Leveraging the strong uptake of its launch in 2021, we will continue to accelerate the sales of Orelabrutinib (宜诺凯®) in China. We have a broad clinical program for Orelabrutinib in various B-cell malignancies in China to broaden its indication including MZL, WM, first-line treatment of CLL/SLL, MCL and MCD subtype DLBCL, and etc. We are actively propelling the timely approval of Orelabrutinib in the U.S. in r/r MCL and actively pursuing potential combination therapy partners to maximize the value of its superior clinical profile in NHL market ex-China.

### *Develop Orelabrutinib in MS Through Partnership with Biogen*

According to the Multiple Sclerosis International Federation ("**MSIF**"), more than 2.8 million people around the world are affected by MS currently. According to Frost & Sullivan Analysis, global market of MS drugs reached US$23.0 billion in 2018, and it is expected to be up to US$31.7 billion by 2030. BTK plays important roles in the development and function of B cells, macrophages, and microglia, which are involved in the immunopathological characteristics of MS. We believe BTK inhibitors have the potential to transform the treatment paradigm of MS. Orelabrutinib, which has demonstrated sustained anti-inflammatory activity, excellent safety profile and a superior Brain Blood Barrier ("**BBB**") penetration capability, has the potential to become best-in-class BTK inhibitor for MS.

We are working closely with Biogen, the absolute leading player in the global MS market, to quickly move forward our Phase II MS global clinical trial and hopefully to establish Orelabrutinib as the best-in-class BTK inhibitor for MS treatment in the future.

***Develop Orelabrutinib and Other Potential Candidates for Autoimmune Diseases***

Orelabrutinib's favorable safety profile and established B-cell pathway regulation capability enabled us to aggressively pursue its application in treating various auto-immune disease. Based on the positive results from the Phase II SLE clinical trial, we believe Orelabrutinib could potentially become the first-in-class BTK inhibitor in the treatment of SLE and we are actively planning further development scheme. In addition, we have initiated Phase II trials in other autoimmune indications including ITP and NMOSD.

In addition to Orelabrutinib, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488, for the treatment of various T-cell mediated autoimmune diseases, such as AD, psoriasis, and IBD. With both Orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well-positioned to provide oral drug solutions for the substantial unmet medical needs in autoimmune diseases.

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

We believe the potential best-in-class molecules ICP-192 and ICP-723 will enable us to establish a solid initial presence in the field of solid tumor treatment. Our rapidly maturing early-stage pipeline including ICP-033, ICP189, ICP-915, ICP-B03, and ICP-B05 should enable us to provide a competitive treatment solution for a large array of solid tumors for both China and global patients.

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

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

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

***Establish In-House Biological Drug R&D Capability Through Internal and External Efforts***

With the long-term goal of becoming a world leading biopharma company, we believe it is necessary to build our internal biological drug R&D capability. Collaborative activities surrounding ICP-B02, ICP-B03, ICP-B05 and Tafasitamab have clearly demonstrated our commitment and provided us a great starting point. Building an internal talent team and necessary infrastructure for biological drugs is well underway.

## FINANCIAL REVIEW

### Revenue

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| | *(in thousands, except percentages)* | | | |
| **Revenue from continuing operations** | | | | |
| Net sales of drugs | **217,071** | **88.3** | 100,978 | 99.3 |
| Research and development services | **28,887** | **11.7** | 679 | 0.7 |
| **Total Revenue** | **245,958** | **100** | 101,657 | 100 |

Our revenue increased to RMB246.0 million for the six months ended 30 June 2022 as compared with RMB101.7 million for the six months ended 30 June 2021, which was primarily attributable to (i) the increased sales of Orelabrutinib; (ii) the revenue generated form the R&D services related to Orelabrutinib collaboration with Biogen.

### Gross Profit and Gross Profit Margin

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| | *(in thousands, except percentages)* | | | |
| Sales of drugs | **179,755** | **98.1** | 91,154 | 99.3 |
| Research and development services | **3,465** | **1.9** | 679 | 0.7 |
| | **183,220** | **100** | 91,833 | 100 |

As a result of the foregoing, our gross profit increased from RMB91.8 million for the six months ended 30 June 2021 to RMB183.2 million for the six months ended 30 June 2022.

### Segmental Information

Since the Group's revenue and operating losses were mainly from the activities related to research and development in China, and most of the Group's identifiable operating assets and liabilities are located in China, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

### Other Income and Gain

Our other income and gain increased to RMB99.3 million for the six months ended 30 June 2022 as compared with RMB85.3 million for the six months ended 30 June 2021, primarily consist of (i) an increase of RMB22.6 million of government grants from RMB5.9 million to RMB28.5 million, (ii) an increase of RMB10.9 million in fair value changes of financial assets at fair value through profit or loss from Nil to RMB10.9 million.

**Research and development expenses**

Our research and development expenses increased from RMB184.9 million for the six months ended 30 June 2021 to RMB273.5 million for the six months ended 30 June 2022. Such change in R&D expenses resulted from the following:

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| Employee expense | **98,899** | **36.2** | 57,512 | 31.1 |
| Direct clinical trial and third-party contracting expenses | **92,935** | **34.0** | 53,837 | 29.1 |
| Share-based compensation | **29,746** | **10.9** | 9,972 | 5.4 |
| Depreciation and amortisation | **18,177** | **6.6** | 7,941 | 4.3 |
| License-in and collaborative R&D expenses | **–** | **–** | 14,192 | 7.7 |
| Others | **33,762** | **12.3** | 41,411 | 22.4 |
| **Research and development expenses** | **273,519** | **100.0** | 184,865 | 100.0 |

(i) RMB41.4 million increase of R&D employees expense from RMB57.5 million to RMB98.9 million;

(ii) RMB39.1 million increase of direct clinical trial and third-party contracting expenses from RMB53.8 million to RMB92.9 million;

(iii) RMB19.7 million increase of share-based compensation from RMB10.0 million to RMB29.7 million;

(iv) RMB10.3 million increase of depreciation and amortisation from RMB7.9 million to RMB18.2 million;

(v) RMB14.2 million decrease of license-in and collaborative R&D expenses from RMB14.2 million to Nil; and

(vi) RMB7.6 million decrease of other R&D expenses such as trial materials, consumables and energy, etc., from RMB41.4 million to RMB33.8 million.

**Administrative Expenses**

Our administrative expenses increased from RMB58.6 million for the six months ended 30 June 2021 to RMB78.5 million for the six months ended 30 June 2022, primarily attributable to (i) an increase in employee expense of our administrative personnel from RMB18.8 million to RMB34.8 million; (ii) an increase in depreciation and amortization from RMB1.0 million to RMB4.3 million mainly caused by addition of the property, plant and equipment.

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| Employee expense | **34,796** | **44.3** | 18,780 | 32.0 |
| Share-based compensation | **17,340** | **22.1** | 19,373 | 33.1 |
| Professional fees | **12,668** | **16.1** | 12,341 | 21.1 |
| Depreciation and amortisation | **4,272** | **5.4** | 989 | 1.7 |
| Others | **9,443** | **12.1** | 7,120 | 12.1 |
| **Administrative Expenses** | **78,519** | **100.0** | 58,603 | 100.0 |

**Selling and Distribution Expenses**

Our selling and distribution expenses increased from RMB125.0 million for the six months ended 30 June 2021 to RMB186.1 million for the six months ended 30 June 2022, primarily attributable to ongoing commercialization expense of Orelabrutinib, including (i) an increase in market research and market promotion from RMB53.8 million to RMB82.1 million; (ii) an increase in employee expense of our sales and marketing personnel from RMB41.3 million to RMB68.4 million.

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| Market research and market promotion | **82,120** | **44.1** | 53,770 | 43.0 |
| Employee expense | **68,437** | **36.8** | 41,336 | 33.1 |
| Share-based compensation | **18,664** | **10.0** | 21,466 | 17.2 |
| Others | **16,833** | **9.1** | 8,461 | 6.7 |
| **Selling and Distribution Expenses** | **186,054** | **100.0** | 125,033 | 100.0 |

**Other Expenses**

Due to USD appreciation versus RMB as our overseas company's RMB cash balance exchanging to its functional currency USD, other expenses changed to a loss of RMB160.0 million for the six months ended 30 June 2022 from a gain of RMB19.5 million for the six months ended 30 June 2021.

**Fair value changes of convertible loan**

Our fair value changes of convertible loan with Guangzhou Kaide Technology Development Co., Ltd decreased from RMB20.6 million for the six months ended 30 June 2021 to RMB19.4 million for the six months ended 30 June 2022.

**Share of losses of joint ventures**

Our share of losses of joint ventures was RMB8.8 million for the six months ended 30 June 2022 comparing to RMB0.01 million for the six months ended 30 June 2021, primarily due to increased share of the losses of joint ventures during the period.

**Finance costs**

Our finance costs increased from RMB1.0 million for the six months ended 30 June 2021 to RMB1.4 million for the six months ended 30 June 2022, primarily attributable to increase of discounting interest cost with new additional right-of-use assets.

**Income Tax**

Our income tax was nil for the six months ended 30 June 2022, compared to income tax credit of RMB0.3 million for the six months ended 30 June 2021.

***Analysis of Key Items of Financial Position***

*Net Current Assets*

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

| | As of | |
|---|---|---|
| | **30 June 2022** | 31 December 2021 |
| | *(RMB in thousands)* | |
| **CURRENT ASSETS** | | |
| Trade receivables | **72,099** | 45,273 |
| Prepayments, other receivables and other assets | **114,587** | 116,145 |
| Inventories | **20,277** | 9,918 |
| Financial assets at fair value through profit or loss | **246,240** | 317,059 |
| Cash and bank balances | **5,961,245** | 5,928,716 |
| Total current assets | **6,414,448** | 6,417,111 |
| **CURRENT LIABILITIES** | | |
| Trade payables | **92,024** | 84,602 |
| Contract liabilities | **8,702** | 6,831 |
| Other payables and accruals | **175,029** | 204,886 |
| Deferred income | **11,102** | 12,647 |
| Lease liabilities | **17,482** | 20,336 |
| Total current liabilities | **304,339** | 329,302 |
| **NET CURRENT ASSETS** | **6,110,109** | 6,087,809 |

We had net current assets of RMB6,110.1 million as of 30 June 2022, which was primarily attributable to our cash and bank balances of RMB5,961.2 million, financial assets at fair value through profit or loss of RMB246.2 million and prepayments, other receivables and other assets of RMB114.6 million, and trade receivables of RMB72.1 million, partially offset by trade payables of RMB92.0 million and other payables and accruals of RMB175.0 million.

*Trade Receivables*

Our trade receivables mainly consist of the receivables by selling drugs and other receivables from providing R&D services.

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

| | **30 June 2022 (Unaudited) *RMB'000*** | 31 December 2021 (Audited) *RMB'000* |
|---|---|---|
| Within 3 months | **70,785** | 45,273 |
| 3 months to 6 months | **1,314** | – |
| Trade receivables | **72,099** | 45,273 |

The Group's trade receivables are mainly caused by sales of Orelabrutinib and provision of R&D services mainly related to the Biogen collaboration, and our trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables are immaterial and relate to several customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

*Prepayments, other receivables and other assets*

Our prepayments, other receivables and other assets decreased from RMB116.1 million as of 31 December 2021 to RMB114.6 million as of 30 June 2022, primarily due to (i) RMB14.7 million increase in prepayments from RMB37.5 million as of 31 December 2021 to RMB52.2 million as of 30 June 2022; (ii) RMB9.8 million decrease in interest receivable from RMB41.4 million as of 31 December 2021 to RMB31.6 million as of 30 June 2022; (iii) RMB5.8 million increase in other assets from RMB16.3 million as of 31 December 2021 to RMB22.1 million as of 30 June 2022; and (iv) RMB13.8 million decrease in deductible input VAT from RMB17.4 million as of 31 December 2021 to RMB3.6 million as of 30 June 2022.

| | **30 June 2022 (Unaudited) *RMB'000*** | 31 December 2021 (Audited) *RMB'000* |
|---|---|---|
| Prepayments | **52,210** | 37,532 |
| Interest receivable | **31,599** | 41,363 |
| Other assets | **22,084** | 16,340 |
| Value-added tax recoverable | **3,648** | 17,362 |
| Other receivables | **5,046** | 3,548 |
| | **114,587** | 116,145 |

*Financial assets at fair value through profit or loss*

Our financial assets at fair value through profit or loss are wealth management products denominated in RMB, measured at fair value and whose changes are included in the current profit or loss, with RMB246.2 million in current assets and RMB311.4 million in non-current assets.

*Inventories*

Our inventories, which mainly include raw materials, consigned processing material and finished goods, increased from RMB9.9 million as of 31 December, 2021 to RMB20.3 million as of 30 June 2022.

*Trade Payables*

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

| | **As Of** | |
|---|---|---|
| | **30 June 2022 (Unaudited) *RMB'000*** | 31 December 2021 (Audited) *RMB'000* |
| Within 1 year | **91,781** | 84,459 |
| 1 year to 2 years | **194** | 121 |
| 2 years to 3 years | **34** | 17 |
| Over 3 years | **15** | 5 |
| | **92,024** | 84,602 |

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

*Other Payables and Accruals*

Our other payables and accruals decreased from RMB204.9 million as of 31 December 2021 to RMB175.0 million as of 30 June 2022, primarily due to (i) a decrease in payable payroll payables from RMB41.4 million as of 31 December 2021 to RMB35.8 million as of 30 June 2022; (ii) a decrease in payable in individual income tax and other taxes from RMB37.4 million as of 31 December 2021 to RMB20.6 million as of 30 June 2022; (iii) a decrease in sales rebate from RMB33.1 million as of 31 December 2021 to RMB8.6 million as of 30 June 2022; and offset by (iv) an increase in payable for property, plant and equipment from RMB47.0 million as of 31 December 2021 to RMB57.6 million as of 30 June 2022.

| | As Of | |
|---|---|---|
| | **30 June 2022 (Unaudited) *RMB'000*** | 31 December 2021 (Audited) *RMB'000* |
| Payables for property, plant and equipment | **57,589** | 46,956 |
| Payroll payables | **35,814** | 41,406 |
| Accruals | **23,657** | 23,024 |
| Individual income tax and other taxes | **20,606** | 37,360 |
| Payable for investments in joint ventures | **20,000** | 20,000 |
| Sales rebate | **8,574** | 33,070 |
| Others | **8,789** | 3,070 |
| Other Payables and Accruals | **175,029** | 204,886 |

*Indebtedness and finance lease*

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

| | As Of | |
|---|---|---|
| | **30 June 2022** | 31 December 2021 |
| | *(RMB in thousands)* | |
| **Included in current liabilities** | | |
| Lease liabilities | **17,482** | 20,336 |
| **Included in non-current liabilities** | | |
| Lease liabilities | **40,096** | 47,442 |
| Long term payables | **279,182** | 37,693 |
| Convertible loan | **1,219,970** | 1,200,564 |
| Total indebtedness | **1,556,730** | 1,306,035 |

Our total indebtedness increased from RMB1,306.0 million as of 31 December 2021 to RMB1,556.7 million as of 30 June 2022, mainly due to the increase of long term payables.

*Deferred income*

Our total deferred income, classified in current-liabilities and non-current liabilities, increased from RMB136.3 million as of 31 December 2021 to RMB288.2 million as of 30 June 2022, mainly due to newly granted government subsidy obtained.

*The Property, Plant and Equipment*

The property, plant and equipment increased from RMB430.1 million as of 31 December 2021 to RMB500.8 million as of 30 June 2022, which is mainly caused by increase of buildings, plant and machinery for both Beijing InnoCare and Guangzhou InnoCare.

*Right-of-use assets*

The right of use assets increased from RMB136.0 million as of 31 December 2021 to RMB291.3 million as of 30 June 2022, which is mainly caused by newly increased leasehold land.

*Investments in joint ventures*

Our investments in joint ventures decreased from RMB21.4 million as of 31 December 2021 to RMB12.6 million as of 30 June 2022 because the share of losses of the joint ventures for the six months increased.

*Other Non-Current Assets*

Other Non-current assets increased from RMB51.0 million as of 31 December 2021 to RMB75.2 million as of 30 June 2022, mainly due to increase in prepayment for property, plant and equipment, and database system.

*Key Financial Ratios*

The following table sets forth our selected key financial ratio:

| | As of | |
|---|---|---|
| | **30 June 2022** | 31 December 2021 |
| Current ratio | **21.1** | 19.5 |

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

The increase in current ratio was primarily due to the decrease of other payables and accruals from RMB204.9 million as of 31 December 2021 to RMB175.0 million as of 30 June 2022, partially offset by the increase of trade payables from RMB84.6 million as of 31 December 2021 to RMB92.0 million as of 30 June 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

In December 2021 and June 2022, respectively, the Group received five-year loans from a government related entity amounting to RMB50.0 million and RMB325.0 million at 0.35% interest per annual with early redemption option. Other than that, we may use our abundant credit resources to satisfy additional cash need.

As of 30 June 2022, our cash and bank and wealth management products balances were RMB6,518.8 million, as compared to RMB6,550.5 million as of 31 December 2021. There was no significant change. Our primary uses of cash are to fund research and development efforts of new drug candidates, working capital, commercialization, construction and other general corporate purposes. Our cash and cash equivalents are held in RMB, USD, AUD and HKD.

**Significant Investments, Material Acquisitions and Disposals**

*Subscription of Wealth Management Products*

Between 8 October 2021 and 29 December 2021, the Company, through its subsidiaries, subscribed for certain wealth management products issued by China Merchants Bank Co., Ltd. and administered by CMB Wealth Management Company Limited, for an aggregate principal amount of RMB715 million. The relevant wealth management products are non-principal guaranteed with floating return, and with moderately low risk. As of 30 June 2022, the subscriptions generated (i) an investment income of RMB0.8 million; and (ii) a fair value gain of RMB10.9 million measured at fair value through the Company's profit/loss account. As at the date of this announcement, the aggregated outstanding principal amount of the Group's Wealth Management Products was RMB540 million. For details, please refer to the announcements of the Company dated 30 March 2022 and 19 April 2022.

Saved as disclosed above, as of 30 June 2022, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

## GEARING RATIO

The gearing ratio (calculated as total debt (includes loans and borrowings and convertible loan) divided by total assets and multiplied by 100%) as of 30 June 2022 was 19.6% (31 December 2021: 17%).

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

## BANK LOANS AND OTHER BORROWINGS

As of 30 June 2022, except for RMB1,220.0 million of the convertible loan with Guangzhou Kaid Technology Development Co., Ltd. and long-term payable RMB279.2 million with Beijing Changxin Construction Investment Co., Ltd, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

## CONTINGENT LIABILITIES

As of 30 June 2022, we did not have any material contingent liabilities and litigations.

## FOREIGN EXCHANGE RISK

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

## LIQUIDITY RISK

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

## PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as of 30 June 2022.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's annual general meeting held on 21 June 2022 (the "**2021 AGM**"), the Shareholders passed two special resolutions in relation to the amendments to (i) the Current M&A and (ii) the RMB Share Issue M&A. The amendments are in relation to core shareholder protection standards under Appendix 3 to the Listing Rules. The second amended and restated memorandum and articles of association became effective on 21 June 2022. For details, please refer to the Company's circular dated 18 May 2022.

## CHANGES IN INFORMATION OF DIRECTORS, COMPANY SECRETARY AND CHIEF EXECUTIVES

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

| | | |
|---|---|---|
| Mr. Keith Shing Cheung Wong | – | tendered his resignation as (i)the Company Secretary of the Company (the "**Company Secretary**") and has ceased to act as (ii) an authorised representative of the Company (the "**Authorised Representative**") under Rule 3.05 of the Listing Rules; and (iii) an authorized representative of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the acceptance of service of process and notices in Hong Kong (the "**Process Agent**") with effect from 23 March 2022. |
| Ms. Angel Pui Shan Lee | – | appointed as the Company Secretary, Authorised Representative and Process Agent in replacement of Mr. Keith Shing Cheung Wong with effect from 23 March 2022. |
| Mr. Quanhong Yuan | – | resigned as a non-executive Director with effect from 31 March 2022. |
| Mr. Ming Jin | – | appointed as a non-executive Director with effect from 31 March 2022.<br><br>For details of the personal particulars of Mr. Ming Jin required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, please refer to the announcement of the Company dated 31 March 2022. |

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

## RE-ELECTION OF DIRECTORS

On 23 March 2022, the Nomination Committee of the Company nominated four members of the Board of Directors of the Company (namely, Dr. Jisong Cui, who is the executive Director, Mr. Shan Fu, Mr. Ming Jin, who are the non-executive Directors, and Ms. Lan Hu, who is the independent non-executive Director) to the Board for it to recommend to the Shareholders for re-election at the 2021 AGM. The nominations were made in accordance with the Company's terms of reference of the Nomination Committee and the board diversity policy. The re-election resolutions set out in the 2021 AGM Notice were duly passed by the Shareholders of the Company as ordinary resolutions by way of poll at the 2021 AGM.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

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

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiries have been made of all the Directors (including Mr. Quanhong Yuan, who resigned as a Director with effect from 31 March 2022) and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2022. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended 30 June 2022.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Dr. Zeming Zhang, Dr. Kaixian Chen, and Ms. Lan Hu (the Chairperson of the Audit Committee).

The Audit Committee has reviewed the consolidated financial statements of the Group for the six months ended 30 June 2022 and has met with the independent auditor, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control, risk management and financial reporting matters with senior management members of the Company.

## OTHER BOARD COMMITTEES

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

## MATERIAL LITIGATION

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

## USE OF NET PROCEEDS

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO and the exercise of over-allotment option of approximately HK$2,415.67 million. Up to 30 June 2022, HKD888.1 million, or 36.8% out of the net proceeds have been utilized. The Company intends to use the remaining net proceeds in the manner consistent with that mentioned in the section head "Future Plans and Use of Proceeds" in the Prospectus. The remaining proceeds will be used in the following two to three years. The completion time of using such proceeds will be determined based on the Company's actual business needs and future business development.

| | **Use of proceeds as stated in the Prospectus** *(in HK$'000) (approximate)* | **Actual use of proceeds up to 30 June 2022** *(in HK$'000) (approximate)* | **Net proceeds unutilized as of 30 June 2022** *(in HK$'000) (approximate)* | **Expected timeline for usage of proceeds** |
|---|---|---|---|---|
| 50% for ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of Orelabrutinib concurrently in both China and the U.S. | 1,207,835 | 478,370 | 729,465 | The amount is expected to be fully utilized by the second half of 2023 |
| 25% for our two clinical stage product candidates, ICP-192 and ICP-105 | 603,917.5 | 58,595 | 545,322.5 | The amount is expected to be fully utilized by the second half of 2023 |
| 15% for the R&D of the six IND-enabling stage candidates in our pipeline and the R&D and in-licensing of new drug candidates | 362,350.5 | 161,408 | 200,942.5 | The amount is expected to be fully utilized by the second half of 2023 |
| 10% for working capital and general corporate purposes | 241,567 | 189,680 | 51,887 | The amount is expected to be fully utilized by the second half of 2023 |
| Total | 2,415,670 | 888,053 | 1,527,617 | |

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

The table below sets out the planned applications of the proceeds and actual usage up to 30 June 2022:

| | **Proceeds from the subscription** *(in HKD'000) (approximate)* | **Actual use of proceeds up to 30 June 2022** *(in HKD'000) (approximate)* | **Net proceeds unutilized as of 30 June 2022** *(in HKD'000) (approximate)* | **Expected timeline for usage of proceeds** |
|---|---|---|---|---|
| Business objectives as stated in the announcement of the Company dated 3 February 2021 | 3,041,440 | 1,203,484 | 1,837,956 | Expected to be fully utilized in three years since 23 March 2021, and subject to, among other things, change of market conditions. |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022*

| | | For the six months ended 30 June | |
|---|---|---|---|
| | | **2022** | 2021 |
| | | ***RMB'000*** | *RMB'000* |
| | *Notes* | **(Unaudited)** | (Unaudited) |
| **REVENUE** | *4* | **245,958** | 101,657 |
| Cost of sales | | **(62,738)** | (9,824) |
| **Gross profit** | | **183,220** | 91,833 |
| Other income and gains | *4* | **99,292** | 85,347 |
| Selling and distribution expenses | | **(186,054)** | (125,033) |
| Research and development expenses | | **(273,519)** | (184,865) |
| Administrative expenses | | **(78,519)** | (58,603) |
| Other expenses | | **(160,544)** | (259) |
| Fair value changes of convertible loan | | **(19,406)** | (20,628) |
| Impairment losses on financial assets | | **(85)** | (125) |
| Share of losses of joint ventures | | **(8,800)** | (14) |
| Finance costs | | **(1,397)** | (1,035) |
| **LOSS BEFORE TAX** | | **(445,812)** | (213,382) |
| Income tax credit | *6* | **–** | 302 |
| **LOSS FOR THE PERIOD** | *5* | **(445,812)** | (213,080) |
| **Attributable to:** | | | |
| Owners of the parent | | **(441,343)** | (209,417) |
| Non-controlling interests | | **(4,469)** | (3,663) |
| | | **(445,812)** | (213,080) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic and diluted | *8* | **RMB(0.31)** | RMB(0.16) |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

| | Notes | For the six months ended 30 June 2022 **RMB'000** **(Unaudited)** | 2021 RMB'000 (Unaudited) |
|---|---|---|---|
| **LOSS FOR THE PERIOD** | *5* | **(445,812)** | (213,080) |
| **OTHER COMPREHENSIVE LOSS** | | | |
| **Other comprehensive loss that may not be reclassified to profit or loss in subsequent periods:** | | | |
| Exchange differences on translation of foreign operations | | **238,653** | (21,066) |
| **OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX** | | **238,653** | (21,066) |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD** | | **(207,159)** | (234,146) |
| **Attributable to:** | | | |
| Owners of the parent | | **(202,690)** | (230,483) |
| Non-controlling interests | | **(4,469)** | (3,663) |
| | | **(207,159)** | (234,146) |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*30 June 2022*

| | Notes | **30 June 2022** ***RMB'000*** **(Unaudited)** | 31 December 2021 *RMB'000* (Audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | *9* | **500,777** | 430,081 |
| Goodwill | | **3,125** | 3,125 |
| Other intangible assets | | **32,007** | 34,166 |
| Right-of-use assets | | **291,257** | 135,999 |
| Investments in joint ventures | | **12,623** | 21,423 |
| Financial assets at fair value through profit or loss | | **311,361** | 304,675 |
| Other non-current assets | | **75,168** | 50,951 |
| Total non-current assets | | **1,226,318** | 980,420 |
| **CURRENT ASSETS** | | | |
| Inventories | | **20,277** | 9,918 |
| Trade receivables | *10* | **72,099** | 45,273 |
| Prepayments, other receivables and other assets | *11* | **114,587** | 116,145 |
| Financial assets at fair value through profit or loss | | **246,240** | 317,059 |
| Cash and bank balances | | **5,961,245** | 5,928,716 |
| Total current assets | | **6,414,448** | 6,417,111 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | | **92,024** | 84,602 |
| Contract liabilities | | **8,702** | 6,831 |
| Other payables and accruals | | **175,029** | 204,886 |
| Deferred income | | **11,102** | 12,647 |
| Lease liabilities | | **17,482** | 20,336 |
| Total current liabilities | | **304,339** | 329,302 |
| **NET CURRENT ASSETS** | | **6,110,109** | 6,087,809 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **7,336,427** | 7,068,229 |
| **NON-CURRENT LIABILITIES** | | | |
| Convertible loan | *12* | **1,219,970** | 1,200,564 |
| Lease liabilities | | **40,096** | 47,442 |
| Long term payables | *13* | **279,182** | 37,693 |
| Deferred income | | **277,086** | 123,611 |
| Total non-current liabilities | | **1,816,334** | 1,409,310 |
| **NET ASSETS** | | **5,520,093** | 5,658,919 |

| | 30 June 2022 *RMB'000* (Unaudited) | 31 December 2021 *RMB'000* (Audited) |
|---|---|---|
| **EQUITY** | | |
| **Equity attributable to owners of the parent** | | |
| Share capital | **19** | 19 |
| Reserves | **5,470,183** | 5,604,540 |
| | **5,470,202** | 5,604,559 |
| Non-controlling interests | **49,891** | 54,360 |
| **TOTAL EQUITY** | **5,520,093** | 5,658,919 |

## 1. CORPORATE INFORMATION

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

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the research, development, manufacturing and commercialization of biological products. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 23 March 2020.

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

| | |
|---|---|
| Amendments to HKFRS 3 | *Reference to the Conceptual Framework* |
| Amendments to HKAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use* |
| Amendments to HKAS 37 | *Onerous Contracts – Cost of Fulfilling a Contract* |
| *Annual Improvements to HKFRSs 2018-2020* | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative expenses do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## 3. OPERATING SEGMENT INFORMATION

Since the Group's revenue and operating losses were mainly from the activities related to research and development and manufacturing in Mainland China, and most of the Group's identifiable operating assets and liabilities were located in Mainland China, the Group only has one reportable operating segment.

**Geographical information**

***(a) Revenue from external customers***

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Mainland China | **217,702** | 101,657 |
| Overseas | **28,256** | – |
| | **245,958** | 101,657 |

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

***(b) Non-current assets***

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Mainland China | **914,066** | 672,641 |
| Overseas | **891** | 1,016 |
| | **914,957** | 673,657 |

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

**Seasonality of operations**

The Group's operations are not subject to seasonality.

**Information about major customers**

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

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Customer A | **87,515** | 37,328 |
| Customer B | **40,038** | 12,631 |
| Customer C | **28,256** | – |
| Customer D | **27,348** | 16,428 |
| Customer E | **N/A*** | 16,258 |
| | **183,157** | 82,645 |

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the six months ended 30 June 2022.

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue is analysed as follows:

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Revenue from contracts with customers | **245,958** | 101,657 |

**(a) Disaggregated revenue information**

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Revenue from contracts with customers | | |
| Sales of goods | **217,071** | 100,978 |
| Research and development services | **28,256** | – |
| Other services | **631** | 679 |
| | **245,958** | 101,657 |
| Geographical markets | | |
| Mainland China | **217,702** | 101,657 |
| Overseas | **28,256** | – |
| | **245,958** | 101,657 |
| Timing of revenue recognition from contracts with customers | | |
| At a point in time | **217,702** | 101,657 |
| Over time | **28,256** | – |
| | **245,958** | 101,657 |

**(b) Performance obligations**

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

***Research and development services***

The performance obligation is satisfied over time as output generated from the research and development activities is supplied to the customer, and payment is generally due within 60 days from the date of billing.

***Sales of goods***

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

***Other services***

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Other income and gains** | | |
| Government grants (note) | **28,478** | 5,928 |
| Bank interest income | **59,183** | 59,933 |
| Investment income from investments in wealth management products | **754** | – |
| Fair value changes of financial assets at fair value through profit or loss | **10,867** | – |
| Foreign exchange gains, net | **–** | 19,485 |
| Others | **10** | 1 |
| | **99,292** | 85,347 |

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

## 5. LOSS FOR THE PERIOD

The Group's loss is arrived at after charging:

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Depreciation of property, plant and equipment | **13,085** | 3,017 |
| Depreciation of right-of-use assets | **10,191** | 8,388 |
| Amortisation of other intangible assets | **2,158** | 2,124 |
| Fair value changes of a convertible loan | **19,406** | 20,628 |
| Share-based payment expenses | **65,751** | 50,811 |
| Employee wages and welfares | **205,358** | 108,288 |
| Research and development expenses, excluded share-based payment expenses | **243,773** | 174,893 |
| Cost of inventories sold | **62,738** | 9,824 |
| Foreign exchange losses/(gains), net* | **160,031** | (19,485) |

* Foreign exchanges losses amounting to RMB160,031,000 was included in other expense for the six months ended 30 June 2022 (for the six months ended 30 June 2021: foreign exchanges gains amounting to RMB19,485,000 was included in other income and gains).

## 6. INCOME TAX

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

**Cayman Islands**

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

**British Virgin Islands**

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

**Hong Kong**

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

**Mainland China**

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatment of 15% is available to entities recognised as High and New Technology Enterprises. Beijing InnoCare was recognised as High and New Technology Enterprise and are entitled to a preferential tax rate of 15% (2021: 15%). Nanjing InnoCare was recognised as High and New Technology Enterprise and its status is up for renewal in 2021 which is in progress (2021:15%).

**Australia**

The subsidiary incorporated in Australia is subject to income tax at the rate of 27.5% (2021: 27.5%) on the estimated assessable profits arising in Australia during the year.

**United States of America**

The subsidiary incorporated in Delaware, United States is subject to statutory United States federal corporate income tax at a rate of 21% (2021: 21%). It is also subject to the state income tax in Delaware at a rate of 8.7% (2021: 8.7%) during the year.

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

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Income tax credit** | | |
| Deferred income tax | – | 302 |

## 7. DIVIDEND

No dividends have been declared and paid by the Company for the six months ended 30 June 2022 (for the six months ended 30 June 2021:Nil).

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

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Loss** | | |
| Loss for the period attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation | **(441,343)** | (209,417) |

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | **Number of shares** | Number of shares |
| | ***'000*** | *'000* |
| | **(Unaudited)** | (Unaudited) |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation | **1,411,655** | 1,328,337 |

The computation of basic and diluted loss per share for the six months ended 30 June 2022 and 2021 excluded the unvested restricted stock units of the Company. Details of these restricted stock units are set out in note 14 to the financial statements.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of dilutions as the impact of the exercise of restricted stock units had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the six months ended 30 June 2022 and 2021 are the same as the basic loss per share amounts.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets at a cost of RMB70,696,000 (30 June 2021: RMB69,721,000).

No asset was disposed by the Group during the six months ended 30 June 2022. (Assets with a net book value of RMB19,000 were disposed of by the Group during the six months ended 30 June 2021 resulting a net loss on disposal of RMB2,000.)

## 10. TRADE RECEIVABLES

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Trade receivables | **72,216** | 45,304 |
| Impairment | **(117)** | (31) |
| Trade receivables | **72,099** | 45,273 |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Within 3 months | **70,785** | 45,273 |
| 3 months to 6 months | **1,314** | – |
| | **72,099** | 45,273 |

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

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| At beginning of period/(year) | **31** | – |
| Impairment losses | **85** | 32 |
| Foreign exchange differences | **1** | – |
| Amount written off as uncollectible | **–** | (1) |
| At end of period/(year) | **117** | 31 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by product type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

**As at 30 June 2022**

| | **Gross carrying Amount** ***RMB'000*** | **Expected loss rate** | **Expected credit loss** ***RMB'000*** |
|---|---|---|---|
| Trade receivables aged | | | |
| Less than 1 year | 72,216 | 0.16% | 117 |

As at 31 December 2021

| | Gross carrying Amount *RMB'000* | Expected loss rate | Expected credit loss *RMB'000* |
|---|---|---|---|
| Trade receivables aged | | | |
| Less than 1 year | 45,304 | 0.07% | 31 |

## 11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | **30 June 2022** ***RMB'000*** **(Unaudited)** | 31 December 2021 *RMB'000* (Audited) |
|---|---|---|
| Prepayments | **52,210** | 37,532 |
| Interest receivable | **31,599** | 41,363 |
| Value-added tax recoverable | **3,648** | 17,362 |
| Other receivables | **5,046** | 3,548 |
| Other assets | **22,084** | 16,340 |
| | **114,587** | 116,145 |

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand and relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Group are of the opinion that the expected credit loss in respect of these balances is immaterial.

## 12. CONVERTIBLE LOAN

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Non-current portion | | |
| Convertible loan | **1,219,970** | 1,200,564 |

| | **Convertible loan** |
|---|---|
| | *RMB'000* |
| At 1 January 2021 | 1,149,550 |
| Changes in fair value | 51,014 |
| At 31 December 2021 (Audited) | 1,200,564 |
| Changes in fair value | 19,406 |
| At 30 June 2022 (Unaudited) | 1,219,970 |

In August 2018, Guangzhou InnoCare Pharma Tech Co., Ltd. ("Guangzhou InnoCare") was jointly established by Guangzhou Kaide Technology Development Limited (it was renamed as Guangzhou High-Tech Zone Technology Holding Group Co., Ltd., "Guangzhou High-Tech") and a subsidiary of the Company. In addition, Guangzhou High-Tech provided Guangzhou InnoCare with a convertible loan amounting to RMB930 million, which bears interest at 6.5% per annum and is due on 31 December 2024. Under the loan agreement, Guangzhou InnoCare has to convert the loan into ordinary shares of Guangzhou InnoCare under certain conditions. The Group does not bifurcate any embedded derivatives from the host instrument and has designated the loan from Guangzhou High-Tech with a conversion right as a financial liability at fair value through profit or loss.

## 13. LONG TERM PAYABLES

The movements in long term payables during the period/(year) are as follows:

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| At 1 January | **37,693** | – |
| Additions | **241,489** | 37,693 |
| At the end of period/(year) | **279,182** | 37,693 |

The Group received five-year loans from a government related entity amounting to RMB50,000,000 and RMB325,000,000 at 0.35% interest per annual with early redemption option in December 2021 and June 2022, respectively. The Group measured the loans by applying effective interest rate method and the rest portions for the discount effect were recognised as government grant recorded in deferred income.

## 14. SHARE-BASED PAYMENTS

The Company operates four share-based payment schemes, 2015 Global Share Plan, 2016 Global Share Plan, 2018 Global Share Plan and 2020 Global Share Plan (the "Schemes") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Company's directors, the Group's employees and consultants.

"Class A Ordinary Shares" means the Company's class A ordinary shares, with a par value of US$0.000002 per share.

"Class B Ordinary Shares" means the Company's class B ordinary shares, with a par value of US$0.000002 per share, all of which shall be reserved and issued for employee incentive purposes under the employee stock option plan as adopted by the board of directors of the Company.

**2015 Global Share Plan**

The 2015 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 183,888,050 Class B Ordinary Shares. The 2015 Global Share Plan permits the awards of share options and RSUs. Share options and RSUs do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

**2016 Global Share Plan**

The 2016 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 22,200,000 Class B Ordinary Shares. The 2016 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

**2018 Global Share Plan**

The 2018 Global Share Plan became effective on 28 November 2018 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 68,498,464 Class B Ordinary Shares. The 2018 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

**2020 Global Share Plan**

The 2020 Global Share Plan became effective on 3 July 2020 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum number of shares in respect of which RSU may be granted under the 2020 Global Share Plan when aggregated with the maximum number of shares in respect of which share options or RSUs may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the Adoption Date (or of the refreshment of the 10% limit). The 2020 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

**RSUs**

Subject to the achievement of certain milestone conditions, certain performance conditions and the directors and employees' continued status as a service provider through each of the applicable vesting dates, and to the extent permitted by applicable law, the RSUs shall be vested in whole or in part in accordance with the rules and the vesting schedule.

The following RSUs were outstanding under the Schemes:

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **Weighted average exercise price *US$ per share*** | **Number of RSUs *'000*** | Weighted average exercise price *US$ per share* | Number of RSUs *'000* |
| At 1 January | **0.1261** | **37,571** | 0.0511 | 62,851 |
| Granted during the period | **0.1780** | **1,920** | 0.1238 | 4,990 |
| Forfeited during the period | **0.1780** | **(1,000)** | 0.0014 | (6,577) |
| Exercised during the period | **0.0928** | **(4,276)** | 0.0051 | (24,452) |
| At 30 June | **0.1317** | **34,215** | 0.1003 | 36,812 |

The weighted average share price at the date of exercise for RSUs exercised during the period was US$1.3626 per share (2021: US$1.5922).

**For the six months ended 30 June 2022**

| **Number of RSUs *'000*** | **Exercise price *US$ Per share*** | **Exercise period** |
|---|---|---|
| 6,306 | 0.000002 | 6-9-18 to 15-9-31 |
| 2,475 | 0.055 | 16-3-22 to 15-9-31 |
| 25,434 | 0.178 | 2-8-20 to 27-4-32 |
| 34,215 | | |

For the six months ended 30 June 2021

| Number of RSUs *'000* | Exercise price *US$ Per share* | Exercise period |
|---|---|---|
| 14,539 | 0.000002 | 6-9-18 to 31-7-29 |
| 2,200 | 0.055 | 31-12-21 to 15-3-31 |
| 20,073 | 0.178 | 2-8-20 to 22-3-31 |
| 36,812 | | |

The fair value of each RSU at the respective grant dates is determined by using the binomial method, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the key assumptions that the model used.

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| Expected volatility (%) | **42.68-46.53** | 43.34-43.36 |
| Risk-free interest rate (%) | **2.19-2.83** | 1.62-1.63 |
| Expected life of RSUs (year) | **10** | 10 |
| Weighted average share price (US$ per share) | **1.27-1.36** | 2.36-2.45 |

The Group recognised share-based payment expenses of RMB65.8 million during the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB50.8 million).

## 15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

| | **30 June 2022** | 31 December 2021 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Contracted, but not provided for: | | |
| Plant and machinery | **64,018** | 61,464 |

On 9 July 2021, the Group entered into a supplemental agreement with Guangzhou High-Tech Zone Technology Holding Group Co., Ltd., in which the Group agrees to repurchase the non-controlling interests hold by Guangzhou High-Tech Zone Technology Holding Group Co., Ltd. in one subsidiary of the Company within one year after the Company list on the Science and Technology Innovation Board. The agreement does not constitute the liability of the Group as at 31 December 2021. The aforementioned arrangement may have negative impact on Group's working capital and exceeds 5% of Group's total asset as at 30 June 2022.

On 5 May 2015, Beijing Huicheng Jianhua Pharma Technology Co., Ltd. ("Beijing Huicheng Jianhua", currently known as Beijing InnoCare Pharma Tech Co., Ltd.) entered into an agreement with Shanghai Runnuo Biotech Co., Ltd. ("Shanghai Runnuo") for the transfer of BTK-related intellectual property rights, pursuant to which Shanghai Runnuo has agreed to irrevocably transfer its worldwide rights and interests in the BTK-related intellectual property rights held by Shanghai Runnuo and its related parties to Beijing Huicheng Jianhua. Subject to the approval of the application of launching the new drug under BTK in other regions outside the People's Republic of China, (1) if Beijing Huicheng Jianhua licenses out the rights under the agreement to other regions outside the People's Republic of China, Beijing Huicheng Jianhua should pay a certain percentage of license fee received to Shanghai Runnuo, (2) if Beijing Huicheng Jianhua produces its own new drug under BTK and sell to other regions outside the People's Republic of China, Beijing Huicheng Jianhua should pay a certain percentage of the oversea sales to Shanghai Runnuo.

Since the application of launching the new drug under BTK in regions outside the People's Republic of China has not been approved, the abovementioned payments are still not yet payable to Shanghai Runnuo. In the event that Beijing Huicheng Jianhua has to make such payment to Shanghai Runnuo in the future, the amount cannot be measured with sufficient reliability at this moment due to the uncertainty of the progress and result of clinical trial and application of the new drug in the aforementioned regions.

## 16. RELATED PARTY TRANSACTIONS

**Group and Company**

**(a) Compensation of key management personnel of the Group:**

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Short-term employee benefits | **11,874** | 10,177 |
| Pension scheme contributions | **165** | 194 |
| Share-based payment expenses | **30,172** | 30,210 |
| Total compensation paid to key management personnel | **42,211** | 40,581 |

**(b) Name and relationships of the related parties:**

| **Name** | **Relationship** |
|---|---|
| Shanghai Baishida Pharmaceutical Technology Co., Ltd. ("Baishida") | Director of the entity acts as non-executive director of the Company |
| Guangzhou High-Tech | Non-controlling shareholder |
| Vivo Opportunity Fund, L.P. and Vivo Opportunity Co-Invest, L.P. | Acting in concert with shareholders' shareholding exceeds 5% of the Company |
| Nanjing Bowang Pharmaceutical Technology Co., Ltd. ("Nanjing Bowang") | Director of the entity acts as executive director of the Company and controlled by their immediate family members |
| Zemin Jason Zhang ("Zemin") | Independent non-executive director of the Company |
| Shi Yigong | Non-executive director of the Company |
| Beijing Tiannuo Jiancheng Pharmaceutical Technology Co., Ltd. ("Beijing Tiannuo Jiancheng") | Joint venture |

**(c) Transactions with related parties:**

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Service from | | |
| Baishida *(note (i))* | **207** | 333 |
| Guangzhou High-Tech *(note (ii))* | **918** | 1,075 |
| Total | **1,125** | 1,408 |
| Payments on behalf of Nanjing Bowang *(note (iii))* | **107** | – |

*Notes*

(i) The purchase of service from Baishida was mutually agreed after taking into account the prevailing market prices.

(ii) Three administrative staffs was appointed to Guangzhou InnoCare by Guangzhou High-Tech and the purchase of service from Guangzhou High-Tech was mutually agreed after taking into account the prevailing market prices.

(iii) As mutually agreed between the Group and Nanjing Bowang, the Group pays to the lessor on behalf of Nanjing Bowang for using part of machinery and equipment.

(iv) On 4 January 2016 and 8 August 2019, Beijing InnoCare signed the strategic cooperation agreement with Zemin, which is valid for three years, respectively. The main content of the above strategic cooperation agreement is that Zemin provides diversified services to the Group, such as assisting the Group in explaining the relationship between cancer and cancer specific oncogene and applying advanced technologies (such as single-cell sequencing) in studying the heterogeneity and drug resistance of tumors by using his existing technology and platform. During the reporting period, no specific cooperation projects were carried out under above strategic cooperation agreements.

(v) On 4 January 2016, Beijing InnoCare signed the strategic cooperation agreement with Shi Yigong. On 8 August 2018, Beijing InnoCare signed the strategic cooperation agreement with Shi Yigong, Shi Yigong Tsinghua University Laboratory (Shi Yigong is the principal of the scientific research laboratory), which refined and replaced the above strategic cooperation agreement signed on 4 January 2016. On 10 July 2020, Beijing InnoCare and its subsidiaries signed the strategic cooperation agreement with Shi Yigong and Shi Yigong Tsinghua University Laboratory, which refined and replaced the previously signed strategic cooperation agreement. The main content of the above strategic cooperation agreement is that Shi Yigong or Shi Yigong Tsinghua University Laboratory provide diversified services to the Group, such as assisting the Group to solve specific problems in protein crystal screening, protein structure analysis, protein function analysis, combination optimization of target protein and candidate compounds encountered in the process of new drug research and development and provide in-depth guidance on the selection of drug targets by using his existing technology and platform. During the reporting period, no specific cooperation projects were carried out under the above strategic cooperation agreement.

(vi) In February 2021, Vivo Opportunity Fund, L.P. and Vivo Opportunity Co-Invest, L.P. subscribed 18,895,000 ordinary shares of the Company at HK$14.45 per share.

**(d) Outstanding balances with related parties:**

| | **30 June 2022** ***RMB'000*** **(Unaudited)** | 31 December 2021 *RMB'000* (Audited) |
|---|---|---|
| Amounts due from related parties | | |
| Baishida | **184** | – |
| Nanjing Bowang | **107** | – |
| Total | **291** | – |

| | **30 June 2022** ***RMB'000*** **(Unaudited)** | 31 December 2021 *RMB'000* (Audited) |
|---|---|---|
| Amounts due to related parties | | |
| Baishida | **–** | 252 |
| Guangzhou High-Tech | **152** | 152 |
| Beijing Tiannuo Jiancheng | **20,000** | 20,000 |
| Total | **20,152** | 20,404 |
| Convertible loan Guangzhou High-Tech | **1,219,970** | 1,200,564 |

## 17. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.innocarepharma.com**). The interim report for the six months ended 30 June 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## GLOSSARY AND DEFINITIONS

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

| | |
|---|---|
| "2018 Pre-IPO Incentivisation Plan" or "2018 Global Share Plan" | the pre-IPO employee global share plan adopted by the Company on 28 November 2018 |
| "AD" | atopic dermatitis |
| "AGM" | annual general meeting of the Company |
| "ALL" | acute lymphoblastic leukemia |
| "AML" | acute myeloid leukemia |
| "Articles of Association" or "Articles" | Articles of association of our Company adopted on 8 October 2019 with effect from the Listing Date, as amended from time to time |
| "AQP4 IgG" | aquaporin 4 antibody |
| "ASH" | American Society of Hematology |
| "AUD" | Australian dollars, the lawful currency of Australia |
| "Audit Committee" | the audit committee of the Board |
| "B-cell" | a type of white blood cell that differs from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes |
| "Biogen" | Biogen Inc. (Nasdaq: BIIB) |

| | |
|---|---|
| "Board" | the board of directors of our Company |
| "BTK" | Bruton's tyrosine kinase, a human enzyme encoded by the BTK gene |
| "CD20" | B-lymphocyte antigen CD20, a B-cell specific cellsurface molecule that is encoded by the MS4A1 gene |
| "CDC" | complement-dependent cytotoxicity |
| "CDE" | Center for Drug Evaluation, an institution under the NMPA |
| "CEO" or "Chief Executive Officer" | the chief executive officer of the Company |
| "CG Code" | the Corporate Governance Code set out in Appendix 14 of the Listing Rules |
| "Chairperson" | chairperson of the Board |
| "Chief Financial Officer" | chief financial officer of our Company |
| "China" or "PRC" | the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan |
| "cholangiocarcinoma" | bile duct cancer, a type of cancer that forms in the bile ducts |
| "CLL" | chronic lymphocytic leukemia |
| "CMO" | contract manufacture organization |
| "CNSL" | central nervous system lymphoma |
| "Company", "our Company", "the Company" or "InnoCare" | InnoCare Pharma Limited (Stock code: 9969), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 3 November 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange on 23 March 2020 |
| "Compensation Committee" | the compensation committee of the Board |
| "Director(s)" | the director(s) of the Company |
| "DLBCL" | diffuse large B-cell lymphoma, a common type of non-Hodgkin lymphoma that starts in lymphocytes |
| "DLT" | dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment |

| | |
|---|---|
| "EULAR" | the European Alliance of Associations for Rheumatology |
| "FGFR" | fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors |
| "FL" | follicular lymphoma |
| "Global Offering" | the Hong Kong public offering and the international offering of the Shares |
| "GMP" | good manufacturing practice |
| "Group", "our Group", "the Group", "we", "us" or "our" | the Company and its subsidiaries from time to time |
| "Guangzhou Kaide" | Guangzhou Kaide Technology Development Co., Ltd., which was renamed as Guangzhou Development Zone Financial Holding Group Co., Ltd since September 2019 |
| "Hillhouse" | HHLR Advisors, Ltd. (formerly known as Hillhouse Capital Advisors, Ltd.) is the investment manager and general partner of HHLR Fund, L.P. (formerly known as Gaoling Fund, L.P.) and YHG Investment, L.P.. |
| "HK$" or "HKD" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "HL" | hodgkin lymphoma |
| "Hong Kong Stock Exchange" or "Stock Exchange" or "HKEx" | The Stock Exchange of Hong Kong Limited |
| "IBD" | inflammatory bowel disease |
| "ICP-105" | one of the Company's clinical stage drug candidates |
| "ICP-192" | one of the Company's clinical stage drug candidates |
| "ICP-022" or "Orelabrutinib" | one of the Company's clinical stage drug candidates |
| "IL-2" | interleukin-2 |
| "IL-5" | interleukin-5 |
| "IL-12" | interleukin-12 |
| "IL-23" | interleukin-23 |

| | |
|---|---|
| "IND" | investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia |
| "InnoCare Nanjing" | Nanjing Tian Yin Jian Hua Pharm Tech Co., Ltd. |
| "IPO" | the initial public offering of the Company on the Hong Kong Stock Exchange |
| "IRC" | Independent Review Board |
| "ITK" | inducible T cell Kinase |
| "ITP" | Immune Thrombocytopenia |
| "iwNHL" | International Working Group Criteria for Non-Hodgkin Lymphoma |
| "JAK" | janus tyrosine kinase |
| "KeyMed" | KeyMed Biosciences Inc. ("2162.HK") |
| "Listing" | the listing of the Shares on the Main Board of the Hong Kong Stock Exchange |
| "Listing Date" | 23 March 2020, being the date on which the Shares of the Company were listed on the Hong Kong Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "LVC Entities" | Lion Fund LP, Loyal Valley Capital Advantage Fund II LP, and Loyal Valley Capital Advantage Fund LP |
| "MCD" | a subtype of diffuse large B-cell lymphoma (DLBCLs), based on co-occurrence of MYD88L265P and CD79B mutations (MCD subtype) |
| "MCL" | mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma |
| "Mebworks" | Beijing Mebworks Biotech Company Limited |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules |
| "MS" | multiple sclerosis |
| "MZL" | marginal zone lymphoma |
| "NDA" | new drug application |

| | |
|---|---|
| "NMOSD" | neuromyelitis optica spectrum disorder, also known as demyelinating autoimmune disease, is a chronic disorder of the brain and spinal cord dominated by inflammation of the optic nerve (optic neuritis) and inflammation of the spinal cord (myelitis) |
| "NMPA" | National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) |
| "Nomination Committee" | the nomination committee of the Board |
| "NRDL" | National reimbursement drug list |
| "NTRK" | neurotrophic tyrosine receptor kinase |
| "OBD" | optimal biological dose, dose associated with a prespecified desired effect on a biomarker |
| "pan-FGFR inhibitor" | pan-inhibitor of fibroblast growth factor receptor (FGFR) family |
| "pan-TRK inhibitor" | pan-inhibitor of tropomyosin-related kinase family |
| "pharmacodynamics" or "PD" | the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug |
| "pharmacokinetics" or "PK" | the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug |
| "Prospectus" | the prospectus of the Company, dated 11 March 2020, in relation of its Global Offering |
| "R&D" | research and development |
| "R/R" or "r/r" | relapsed and refractory |
| "R-CHOP" | a combination of five drugs as first-line treatment for aggressive non-Hodgkin lymphoma |
| "Reporting Period" | six months ended 30 June 2022 |
| "RICE" | a combination of four drugs as a treatment for non-Hodgkin lymphoma or Hodgkin lymphoma that has come back after treatment. |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "RSU(s)" | restricted share unit(s) |

| | |
|---|---|
| "Share(s)" | ordinary shares in the share capital of our Company with a nominal value of US$0.000002 each |
| "Shareholder(s)" | holder(s) of Share(s) |
| "SHP2" | a non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway as well for regulation of cellular proliferation and survival |
| "SLE" | systemic lupus erythematosus |
| "SLL" | small lymphocytic lymphoma |
| "SRI" | the SLE Responder Index |
| "T-cell" | a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response. T-cells can be distinguished from other lymphocytes, such as B-cells and NK cells, by the presence of a T-cell receptor on the cell surface |
| "TDCC" | T-cell-dependent cellular cytotoxicity |
| "TEAEs" | treatment-emergent adverse events |
| "TRK" | a family of tyrosine kinases that regulates synaptic strength and plasticity in the mammalian nervous system |
| "TRKA G595R" | TRKA kinase with a mutation of G595R, i.e. changes of amino acid at 595 from glycine (G) to arginine (R) |
| "TYK2" | tyrosine kinase 2 |
| "UC" or "urothelial cancer" | urothelial cell carcinoma, a type of cancer that typically occurs in the urinary system and begins in urothelial cells |
| "United States" or "U.S." | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "U.S. FDA" | U.S. Food and Drug Administration |
| "US$" or "USD" | United States dollars, the lawful currency of the United States |
| "Vivo" | Vivo Opportunity Fund, L.P, a company of Vivo Capital VIII, LLC |
| "WM" | Waldenstrom's macroglobulinemia |

## APPRECIATION

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

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

Hong Kong, 19 August 2022

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