

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Innovent

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1801)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Innovent Biologics, Inc. (the “**Company**” or “**Innovent**”, and together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2022 (the “**Reporting Period**”). These interim results have been reviewed by the Company’s audit committee.

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

FINANCIAL HIGHLIGHTS

Non-IFRS measure¹

Six months ended 30 June 2022 Compared to Six months ended 30 June 2021

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers	2,239,599	1,941,750
Cost of sales	<u>(436,350)</u>	<u>(188,524)</u>
Gross profit	1,803,249	1,753,226
Other income	104,959	90,274
Other gains and losses	(8,128)	2,446
Other gains and losses derived from operation of funds	(2,452)	–
Research and development expenses	(1,077,701)	(879,628)
Administrative and other expenses	(310,691)	(224,211)
Selling and marketing expenses	(1,361,590)	(1,051,902)
Royalties and other related payments	(236,850)	(339,799)
Finance costs	<u>(44,566)</u>	<u>(27,104)</u>
Loss before tax	(1,133,770)	(676,698)
Income tax credit (expense)	<u>48,444</u>	<u>(152)</u>
Loss for the period	<u><u>(1,085,326)</u></u>	<u><u>(676,850)</u></u>
Other comprehensive expense		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value loss on investment in equity instruments at fair value through other comprehensive income (“FVTOCI”)	(42,715)	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<u>(11,111)</u>	–
Other comprehensive expense for the period, net of income tax	<u>(53,826)</u>	–
Total comprehensive expense for the period	<u><u>(1,139,152)</u></u>	<u><u>(676,850)</u></u>
Add:		
Share-based compensation expenses	(261,173)	(239,037)
Net foreign exchange gains/(losses)	<u>396,031</u>	<u>(87,671)</u>
Total comprehensive expense for the period	<u><u>(1,004,294)</u></u>	<u><u>(1,003,558)</u></u>

1 We adopted non-International Financial Reporting Standard (“IFRS”) measures in order to more clearly illustrate our normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group’s operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable. Non-IFRS measures are not financial measures defined under the IFRS, and represent corresponding financial measures under IFRS excluding the effect brought by certain non-cash items, such as (a) share-based compensation expenses; and (b) net foreign exchange gains or losses. For the calculation and reconciliation of these non-IFRS measures, please refer to “Management Discussion and Analysis – Financial Review – 10. Non-IFRS Measure”.

Non-IFRS Measures:

- **Total revenue** was RMB2,239.6 million for the six months ended 30 June 2022, representing an increase of 15.3% from RMB1,941.8 million for the six months ended 30 June 2021. **Product revenue** increased by 10.0% to RMB2,040.9 million for the six months ended 30 June 2022, as compared with RMB1,854.6 million for the six months ended 30 June 2021. The growth was driven by continuously fast ramp-up of product sales volume despite significant drug price deduction of TYVYT® (sintilimab injection) under updated National Reimbursement Drug List (“NRDL”), as well as increasingly higher revenue contribution of new products. However, products’ further growth rates were partially impacted by the recurrence of the COVID-19 pandemic in certain regions of Mainland China and the relevant pandemic prevention measures of the government.
- **Gross profit margin** of product sales was 78.6% for the six months ended 30 June 2022, representing a decrease of 11.2% as compared with 89.8% for the six months ended 30 June 2021. The manufacturing efficiency of major products was further improved during the Reporting Period, while the margin change was mainly due to significant unit price reduction of TYVYT® (sintilimab injection), lower gross profit margin booked for newly collaborated product, and increased proportion of biosimilar products with relatively lower gross profit margin.
- **Research and development (“R&D”) expenses** increased by RMB198.1 million from RMB879.6 million for the six months ended 30 June 2021 to RMB1,077.7 million for the six months ended 30 June 2022. The steadily growing R&D expenses were mainly spent on clinical trials of late-stage and prioritized assets from our robust pipeline globally to further expand our existing product line’s indications as well as develop new products in our pipeline, including pre-clinical product developments.
- **Selling and marketing expenses** were RMB1,361.6 million, or 60.8% of total revenue, or 66.7% of product revenue for the six months ended 30 June 2022, as compared with RMB1,051.9 million, or 54.2% of total revenue, or 56.7% of product revenue in the same period of last year, as compared with RMB1,489.4 million, or 64.2% of total revenue, or 69.4% of product revenue for the six month ended 31 December 2021. Such planned increase in spending was primarily due to the broader commercialization activities with respect to more approved products, strategic sales and marketing team expansion from 2,117 members as at 30 June 2021 to 2,745 members as at 30 June 2022 in order to prepare for the rapidly expanding commercial portfolio and broader coverage. During the Reporting Period, the Company has been developing a more sustainable and healthy commercial management model – to establish a more agile and lean organization with refined, systematic and scientific management, which could further increase the output and improve efficiency for more sustainable long-term growth.
- **Loss for the period** was RMB1,085.3 million for the six months ended 30 June 2022, representing an increase from RMB676.9 million for the six months ended 30 June 2021, primarily due to continuous investment in R&D.

IFRS Measures:

- **Loss for the period** was RMB950.5 million for the six months ended 30 June 2022, representing a decrease of RMB53.1 million from RMB1,003.6 million for the six months ended 30 June 2021. The decrease was primarily due to the net foreign exchange gains, partially offset by the continuous investment in R&D.

BUSINESS HIGHLIGHTS

During the six months ended 30 June 2022, the Company has continually achieved significant milestones with consistently strong execution and clear growth strategy as follows:

We generated product revenue of RMB2,040.9 million for the six month ended 30 June 2022, an increase of 10.0% compared to RMB1,854.6 million in the same period of prior year, mainly driven by the continuously fast ramp up of product sales volume despite significant price deduction of TVYTY® (sintilimab injection) in the updated NRDL. However, products' further growth rates were partially impacted by the COVID-19 outbreaks and governments' control measures in the second quarter in certain cities.

We attained a series of regulatory approvals for the six month ended 30 June 2022 to further expand our commercial portfolio and delicate integrated solutions to broader and more complex patient population. During the Reporting Period:

- Commercial product portfolio was expanded from six products to seven products. Cyramza® (ramucirumab) was approved as second-line (“2L”) treatment in patients with advanced or metastatic gastric or gastroesophageal junction adenocarcinoma (“GC”) by the National Medical Products Administration of China (the “NMPA”).
- TYVYT® (sintilimab injection) was approved for two additional indications including first-line (“1L”) treatment of esophageal squamous cell carcinoma (“ESCC”) and 1L GC, enabling TYVYT® (sintilimab injection) to be the domestically first innovative programmed cell death protein-1 (“PD-1”) inhibitor for the first-line treatment of five major type of cancers consisting of 1L non-squamous non-small cell lung cancer (“NSCLC”), 1L squamous NSCLC, 1L hepatocellular carcinomas (“HCC”), 1L ESCC and 1L GC.
- In January 2022, the Drug Office of Hong Kong Department of Health approved the New Drug Application(s) (“NDA(s)”) of Pemazyre® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma (“mCCA”) with a fibroblast growth factor receptor 2 (“FGFR2”) fusion or rearrangement.
- In March 2022, the NMPA approved the fifth and sixth indications for BYVASDA® (bevacizumab injection) for epithelial ovarian, fallopian tube, primary peritoneal cancer (“OC”) and cervical cancer (“CC”), two of the most common gynecology cancers in China.
- In April 2022, the NMPA approved Pemazyre® (pemigatinib) for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement as confirmed by a validated diagnostic test that have progressed after at least one prior line of systemic therapy.
- In June 2022, the Indonesian Food and Drugs Authority (BPOM) approved Bevagen® (local trademark of BYVASDA® (bevacizumab biosimilar) in Indonesia) for five indications including metastatic colorectal cancer (“mCRC”), locally recurrent or metastatic triple negative breast cancer (“mTNBC”), advanced, metastatic, or recurrent NSCLC, OC and CC.
- In June 2022, the NMPA approved the seventh and eighth indications for SULINNO® (adalimumab biosimilar) for the treatment of adult Crohn’s disease and pediatric Crohn’s disease.

We kept the clinical development progress for our multiple late stage assets on track and achieved three NDAs for new products under the NMPA’s review during the Reporting Period, and multiple assets in ongoing pivotal studies, including:

- Retsevmo® (selpercatinib), highly selective and potent rearranged during transfection (“**RET**”) inhibitor, NDA accepted in August 2021 and is currently under review for the treatment of adult patients with metastatic RET fusion-positive NSCLC, adult and pediatric patients 12 years of age and older with advanced or metastatic RET-mutant medullary thyroid cancer (“**MTC**”) who require systemic therapy, and adult and pediatric patients 12 years of age and older with advanced or metastatic RET fusion-positive thyroid cancer (“**TC**”) who require systemic therapy and are radioactive iodine-refractory (if radioactive iodine is appropriate).
- IBI-306 (tafolecimab injection), anti-proprotein convertase subtilisin/kexin type 9 enzyme (“**PCSK9**”) antibody, NDA accepted in June 2022 for the treatment of primary hypercholesterolemia (including heterozygous familial hypercholesterolemia (“**HeFH**”) and non-familial hypercholesterolemia (“**non-FH**”)) and mixed dyslipidemia.
- IBI-326 (equecabtagene autoleucel injection), fully human anti-B cell maturation antigen (“**BCMA**”) chimeric antigen receptor (“**CAR**”) T-cell therapy, NDA accepted in June 2022 for the treatment of relapsed and/or refractory multiple myeloma (“**R/R MM**”).
- Other in progress late stage assets include IBI-344 (taletrectinib, repressor of silencing 1 and neuro trophin receptor kinase (“**ROS1/NTRK**”) tyrosine kinase inhibitor (“**TKI**”)), IBI-376 (parsaclisib, PI3K δ inhibitor) and IBI-310 (cytotoxic T-lymphocyte-associated protein 4 (“**CTLA-4**”) antibody).

We achieved promising preliminary data readout for potential high-value phase 1/2 stage novel assets, such as:

- IBI-362 (mazdutide), a glucagon-like peptide-1 (“**GLP-1**”) and glucagon receptor (“**GCGR**”) dual agonist. IBI-362 has shown good safety, robust weight loss efficacy, blood glucose lowering effect and multiple benefits in metabolic profile in the phase 2 clinical study data readout in type 2 diabetes and phase 2 clinical study data readout in obesity;
- IBI-110, a novel anti – lymphocyte-activation gene 3 (“**LAG-3**”) monoclonal antibody. The data of Phase 1a/1b dose-escalation study and Phase 1b studies were released at the American Society of Clinical Oncology (“**ASCO**”) Annual Meeting 2022, showing encouraging safety profile and preliminary efficacy signal of IBI-110 in combination with sintilimab injection and chemotherapy for the treatment of 1L squamous NSCLC and 1L GC;
- IBI-351, a novel, orally active, potent KRAS G12C inhibitor. The data of Phase 1 study of IBI-351 in later lines of NSCLC and CRC were released at the ASCO Annual Meeting 2022, showing favorable safety and promising efficacy activity of IBI-351 monotherapy;
- IBI-188, a fully human anti-cluster differentiation (“**CD**”) 47 monoclonal antibody. The preliminary data of Phase 1b study of IBI-188 in combination with azacitidine for the treatment of 1L higher risk myelodysplastic syndrome (“**MDS**”) was released.

We achieved three first-patient-dosed (“FPD”) for innovative molecules in provision of sufficient and steady pipeline rejuvenation and long-term growth drivers.

- IBI-325, proprietary CD73 antibody, in patients with advanced solid tumor.
- IBI-345, first-in-class universal “modular” Claudin 18.2-targeting CAR-cell therapy for the treatment of advanced Claudin 18.2-positive solid tumors.
- IBI-389, proprietary bispecific antibody targeting Claudin 18.2/CD3 in patients with advanced malignancies.

Other major business updates during the Reporting Period:

- In March 2022, we established expanded strategic collaboration with Eli Lilly and Company (“Lilly”) for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in China, and right of first negotiation for future commercialization of pirtobrutinib (Bruton’s tyrosine kinase (“BTK”) inhibitor) in China.
- In March 2022, the U.S. Food and Drug Administration (the “U.S. FDA”) has issued a complete response letter (“CRL”) for the Biologics License Application (“BLA”) for sintilimab in combination with pemetrexed and platinum chemotherapy for the 1L treatment of people with non-squamous NSCLC. The letter indicates that the review cycle is complete but the U.S. FDA is unable to approve the application in its current form, consistent with the outcome of the Oncologic Drugs Advisory Committee (“ODAC”) Meeting in February 2022.
- In June 2022, we appointed Mr. Gary Zieziula as an independent non-executive director of the Board and a member of the audit committee of the Board and the strategy committee of the Board. Mr. Zieziula has over 40 years of experience in building and guiding strong, sustainable sales and operations organizations across Europe and North America in several Multinational Corporations (“MNCs”), which will contribute to the implementation of the Company’s strategic objective and mission of innovation through globalization.

We have continued to make significant progress in our drug pipeline and business operations after the end of the Reporting Period and up to the date of this announcement, including the following major milestones and achievements:

- In July 2022, the NMPA accepted and granted Priority Review designation to a NDA that will support the full approval of olverembatinib in patients with chronic-phase chronic myeloid leukemia (“CML-CP”) who are resistant and/or intolerant of first – and second-generation TKIs.
- In August 2022, we and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerate the development and commercialization of two Sanofi key clinical stage oncology assets: Phase 3 SAR408701 (tusamitamab ravtansine; anti-CEACAM5 antibody-drug conjugate) and Phase 2 SAR444245 (non-alpha IL-2), combining with sintilimab, the leading checkpoint inhibitor in China. In addition to the collaboration and license agreement, Sanofi invested EUR300 million in Innovent through the subscription of new ordinary shares of the Company.

- In August 2022, the primary endpoint was met in the Phase 2 study of picankibart (R&D code: IBI-112), a recombinant anti-interleukin 23p19 subunit (“**IL23p19**”) antibody injection, in Chinese patients with moderate-to-severe plaque psoriasis.
- In August 2022, the first patient with diabetic macular edema has been successfully dosed in the Phase 1 study of IBI-324, a potential first-in-class ophthalmic recombinant human anti-vascular endothelium growth factor (“**VEGF**”)-A and anti-Ang-2 bispecific antibody.
- In August 2022, we completed the first subject dose for IBI-311, anti-IFG-1R antibody in the Phase 1 study for the treatment of active thyroid associated ophthalmopathy (TAO).
- In August 2022, we completed the first patient dose for IBI-363, PD-1/IL-2 bispecific antibody in patients with advanced solid tumor.

For details of any of the foregoing, please refer to the rest of this announcement and, where applicable, the Company’s prior announcements published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

Innovent Biologics, Inc. is a biopharmaceutical company committed to developing and commercializing high-quality innovative therapeutics that are affordable to ordinary people. Founded in 2011 by Dr. De-Chao Michael Yu, we have instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, chemistry, manufacturing and controls (“**CMC**”), clinical development and commercialization capabilities.

We have developed a rich pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, multi-specific antibodies, immuno-cytokine, T/NK cell engager, ADC, ADC ISAC, fusion proteins, cell therapy and small molecules), spanning multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and with promising tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

H1 2022 Review and Outlook: Leading the Way in Developing a More Sustainable Business Model for Innovative Biopharmaceutical Companies

During the Reporting Period and up to the date of this announcement, the Company has persisted in its long-term development strategy of global innovation and has made remarkable achievements in commercialization, product development, CMC, business cooperation, etc. Meanwhile, as one of China’s leading innovative biopharmaceutical start-ups, the Company made a pioneering deployment to explore and develop a more sustainable business model via optimizing its organizational structure and enhancing its refined management capabilities with the aim to support its long-term strategies more efficiently.

Commercialization: commercial model and platform were upgraded

In the first half of 2022, our commercial portfolio increased to seven products with the approval of Cyramza® in China. Several products were approved in more regions or for more indications. For example, TYVYT® (sintilimab injection) was approved for 1L treatment of two indications, i.e. 1L ESCC and 1L GC; PEMAZYRE® (pemigatinib) was approved in mainland China and Hong Kong; and BYVASDA® (Indonesian trademark: Bevagen®) was approved by the Indonesian Food and Drug Administration (BPOM) and is expected to be the first Chinese anti-body drug to be commercialized and locally manufactured in Southeast Asia markets. In the second half of 2022, we anticipate to expand our commercial portfolio into eight products with the expected approval of Retsevmo® (selpercatinib). Therefore, our portfolio will be further expanded and the synergy will continue.

In the first half of 2022, the Company recorded product sales revenue of RMB2,040.9 million, representing an increase of 10.0% compared with the same period last year. The increase was mainly due to the continuous growth of commercial portfolio, the further increase in revenue contribution of new products, the continuous improvement of market coverage and access, and the increasingly prominent synergistic value. However, in the second quarter of 2022, due to the recurrence of the COVID-19 pandemic in Mainland China and the relevant pandemic prevention measures of the government, the market demand and product sales in certain relevant regions and cities were restricted to a certain extent, which partially affected the growth rate of products.

In the past four years since the Company established its commercial team, it has achieved the first step in the successful transformation from an R&D focus biotech company to a biopharma with commercial capabilities. During this period, the Company has established a solid foundation and good performance with a commercial portfolio of seven approved products, a commercial team of nearly 3,000 people, an established nation-wide extensive coverage network of more than 5,000 hospitals and more than 1,000 Direct-To-Patient pharmacies, and large-indication coverage competitiveness.

With the initial success of commercialization, the business coverage has expanded and the product pipeline has been enriched. At the same time, the Company has maintained a keen grasp of the changing market competition landscape and external environment. As one of the pioneers of China's start-up biopharmaceutical enterprises, the Company actively seeks to explore a more sustainable and healthy commercial management model – to establish a more agile and lean organization with more refined, systematic and scientific management, aiming to further increase its output and improve its efficiency. Since the beginning of this year, we have adjusted and upgraded the commercialized business structure, operated in a more professional and precise business unit (“BU”) model, and gradually established a more efficient marketing system. At the same time, we actively carry out the construction of talent teams to keep vigorous. We believe that we have created a good operational capability and model for the development of the second stage of commercialization, which can effectively increase the sales scale while improving efficiency and revenue, thereby better supporting the Company's commercialization goals and achieving long-term sustainable business development.

Pipeline progress: continuously promoting pipeline development, and insisting on global innovation strategy

The Company has built a strong pipeline with 34 innovative molecules, including 25 oncology and 9 non-oncology pipelines, of which 7 products have been approved for marketing, 3 assets are under NMPA review, 4 assets have entered into Phase III or pivotal clinical studies, and an additional 20 molecules have entered into clinical studies.

The Company continued to promote pipeline development and data readout in the first half of the year, particularly:

- **The development of novel molecules in the oncology field continued to advance:** The NDA of IBI-326 (BCMA CAR-T) was accepted and granted priority review by the NMPA, which is the first BCMA CAR-T product candidate submitted for NDA in China. In addition to the late-stage pipeline, we continued to explore the clinical development of a series of novel molecules and readout preliminary positive data in specific indications, including LAG3, KRAS, CD47, etc. Relevant data was released at the global annual medical academic conferences held in the first half of the year such as the ASCO, the European Hematology Association (“**EHA**”) and ENDO (“**ENDO**”) etc. This year, we will continue to promote the development for our novel oncology pipeline, and anticipate to have preliminary data readout for IBI-939 (TIGIT) and IBI-322 (PD-L1/CD47) within the Group.
- **The non-oncology field entered into the harvest period:** The NDA for IBI-306 (PCK9) was accepted by the NMPA, which could potentially be the first domestic PCSK9 antibody drug. In addition, we have robust data readout in both obesity and diabetes Phase II clinical trials of IBI-362 (GLP1/GCGR), demonstrating its therapeutic potential in weight loss and glucose lowering, as well as a series of metabolic benefits. Data readout for IBI-112 (IL23p19) in Phase II psoriasis has demonstrated its potential long-term efficacy advantage and convenience of extended dosing intervals. These molecules have a broad patient population base and substantial unmet clinical demands. We are planning to start Phase III clinical trials of IBI-362 in the indications of diabetes and obesity, and Phase III clinical trials of IBI-112 in psoriasis around the end of this year to the beginning of next year.
- **Additional innovative molecules entered first-in-human clinical study:** In the first half of the year, we continued to promote the entry of novel candidates with advanced Mechanism of Actions (“**MoAs**”) into first-in-human clinical study, such novel candidates included IBI-345 (CLDN18.2 CART), IBI-325 (CD73), IBI-389 (CLDN18.2/CD3), IBI-311 (IGF-1R) and IBI-324 (VEGF/ANG-2). We also plan to proceed with more novel candidates into the clinic stage from the second half of this year to the beginning of next year, such novel candidates will include IBI-363 (PD-1/IL-2), IBI-333 (VEGF-A/VEGF-C) and IBI-353 (PDE4), which will cover oncology, ophthalmology, autoimmunity, etc.

In addition, under the guidance of the Company's long-term development strategy, we have built a pipeline consisting of 20 innovative molecules at phase 1/2 stage and dozens of projects at preclinical stage. We are confident that we are able to continuously make progress with novel assets for late clinical stage, bring more quality products to benefit patients across the world, and sustainably grow our business.

Global Innovation Continuous as the Long-term Strategy

During the Reporting Period, the Company has focused on the investment of long-term global innovation strategy, accelerating the upgrade of Innovent Academy to a world-class research center with truly global competitiveness; and has built a full-function overseas development and registration team to undertake the long-term strategy of global product development.

- Full operation of Innovent US: Innovent US has been put into full operation this year. About 300 Scientists of Innovent Academy based in China and the US work closely in the preclinical research project which focuses on global innovation and cutting edge technologies, sustainably providing novel molecules into clinical development stage.
- Full-function overseas development and registration team established: as an important part of the Company's global product development platform, the team join and undertake the long-term strategy of global pipeline development.
- Continue to progress global clinical development projects: We received IND approval by the U.S. FDA for the platform study for the treatment of melanoma. Clinical trials are also initiated in Australia, where IBI-363 has completed the FPD in August and patient enrollment for IBI-343 (CLDN18.2 ADC) is planned to be launched in the second half of 2022.

Business development: give play to the platform value and unique competitive advantages and solicit more in-depth strategic cooperation

Since its inception, the Company has established more than 20 partnerships with pharmaceutical and biotechnology companies around the world and achieved impressive results. In the first half of this year, the Company continued to leverage its core competencies as a leading biopharmaceutical company in China with unique capabilities as a comprehensive platform for R&D, manufacturing and commercialization, and expanded more innovative and strategic collaborations with international pharmaceutical companies. We believe that collaborations will further empower drug discovery, bring significant synergies and potential value to our clinical and commercial applications, and accelerate the development of the Company.

- In March 2022, the Company jointly announced with Lilly to expand the scope of our long standing partnership based on the common vision of providing novel drugs to benefit more patients in China and achieving win-win leveraging on distinct advantages of each other. The Company had obtained the sole commercialization right of Cyramza[®] (ramucirumab) and Retsevmo[®] (selpercatinib) in Mainland China, and the right of first negotiation for future commercialization of Pirtobrutinib (BTK inhibitor) in Mainland China. The collaboration also further enhanced the Company's franchise in major cancer indications, including NSCLC, GC and HCC, as well as potentially hematological malignancies.

- In August 2022, the Company and Sanofi entered into strategic collaboration to accelerate development of oncology medicines and expand their presence in China. Both companies are committed to accelerating the development and commercialization of clinical Phase III stage SAR408701 (tusamitamab ravtansine; anti-CEACAM5 antibody drug conjugates) and clinical Phase II stage SAR444245 (non-alpha IL-2) in China. Sanofi also made an initial equity investment of EUR300 million in the Company and may have the right to make additional EUR300 million equity investment subject to mutual agreements in the future. The strategic collaboration with Sanofi signifies recognition of the Company's core competency as a leading biopharmaceutical company in China which owns a unique platform with comprehensive capability in R&D and commercialization and would solidify the market leadership position of the Company.

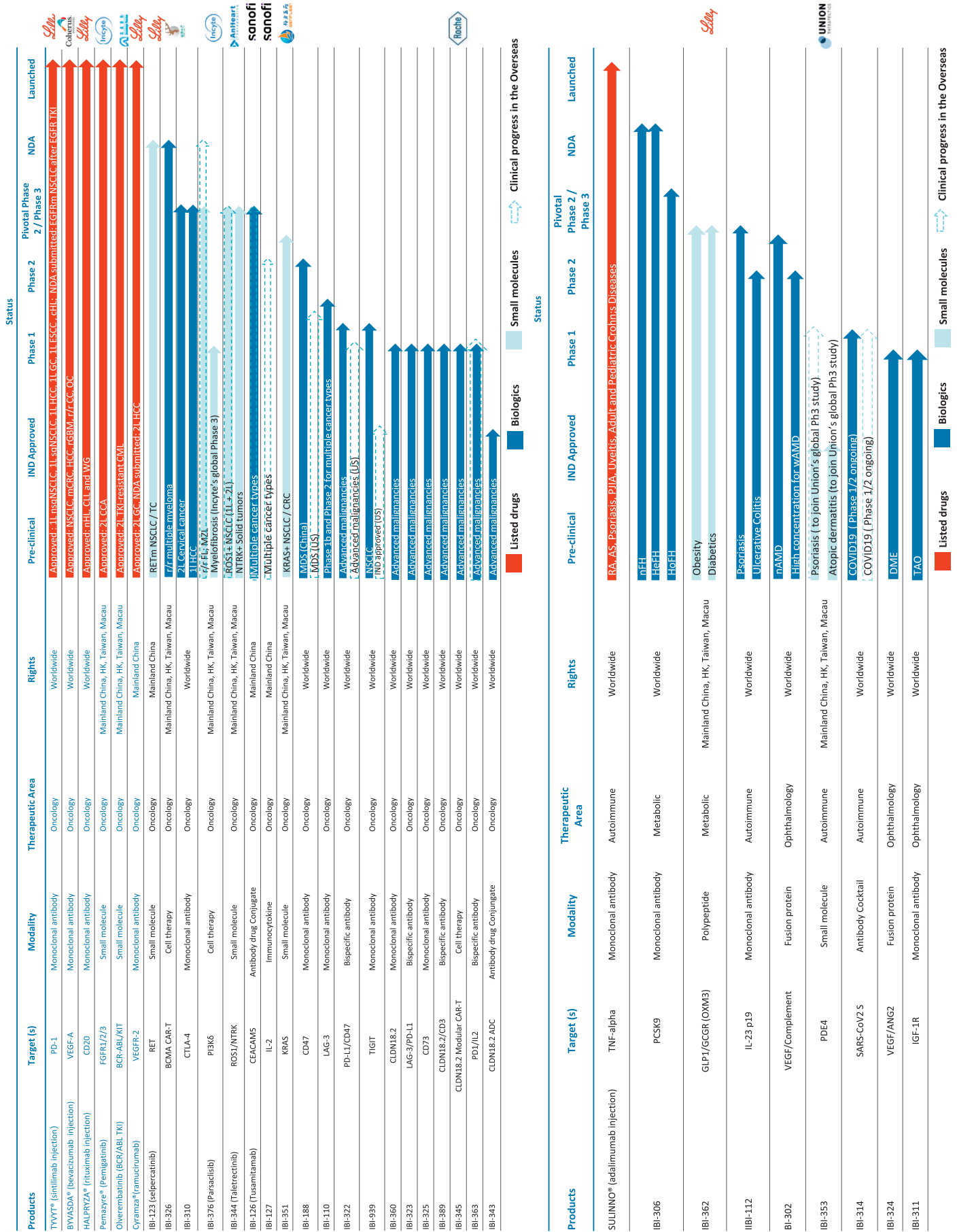
Healthy financial position supplemented with additional cash from strategic investment by Sanofi. As of 30 June 2022, the Company had approximately RMB8,317.9 million (equivalent to approximately US\$1.2 billion) cash on hand and short-term financial assets. As of the date of this announcement, the Company is expected to have cash on hand and short-term financial assets of approximately US\$1.5 billion, including an equity investment of EUR300 million in cash received under the strategic collaboration agreement with Sanofi in August 2022. Despite fluctuations in the capital markets, our healthy financial position and consistently efficient capital allocation planning will enable us to focus on the long-term growth strategy.

The year 2022 is the first year of the second decade of the Company's development. The Company has an established platform foundation, sustained strong execution and favorable financial position. Leveraging on such solid foundation, the Company, as one of the start-up innovative biopharmaceutical enterprises in China, is exploring and developing a more sustainable and healthy business model for such start-ups under adherence to its long-term strategy of global innovation. We believe that the Company will continue to enhance drug R&D capability, expand global R&D team and promote global innovation and development, while expanding its commercial portfolio and improving business benefits and performance to create sustainable value for patients, employees and shareholders.

Pipeline summary

Leveraging on the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 34 valuable assets. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, autoimmunity and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

The following chart summarizes the therapeutic targets, therapeutic areas, commercial rights and development status of our pipeline assets as of the date of this announcement.



BUSINESS REVIEW

Commercial Stage Products

Commercial Stage Products Highlights during the Reporting Period and Post-Reporting Period (Expected)

- During the Reporting Period, we have successfully expanded our commercial portfolio into seven products spanning over multiple therapeutic areas with strong synergies to provide integrated patient solutions. The commercial portfolio includes: TYVYT[®] (sintilimab injection), BYVASDA[®] (bevacizumab biosimilar injection), SULINNO[®] (adalimumab biosimilar injection), HALPRYZA[®] (rituximab biosimilar injection), PEMAZYRE[®] (pemigatinib), NAILIKE (Olverematinib) and Cyramza[®] (ramucirumab).
- During the Reporting Period, we generated product revenue of RMB2,040.9 million, an increase of 10.0% compared to RMB1,854.6 million in the same period of prior year, mainly driven by the continuously fast ramp up of product sales volume despite certain drug price deduction. However, products' further growth rates were partially impacted by the COVID-19 outbreaks and governments' control measures in the second quarter in certain cities.
- With a solid foundation of nearly 3,000 commercial teams and broad market coverage, during the Reporting Period, we have further upgraded the commercial business structure, and operated in a more professional and efficient BU model. We believe that we have created a good operational capability and model for the development of the second stage of commercialization, which can effectively increase the sales scale while improving efficiency and revenue, thereby better supporting the Company's commercialization goals and achieving long-term sustainable business development.
- In the second half of 2022, we anticipate to expand commercial portfolio into eight products with the expected approval of Retsevmo[®] (selpercatinib). We remain confident to drive a continuous and sustainable product revenue growth given well-positioned commercial presence and an agile and efficient team of marketing and sales. We are committed to delivering more innovative medicines for more complex and stratified patient populations.

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

TYVYT[®] (sintilimab injection): an innovative fully human anti-PD-1 monoclonal antibody co-developed with Lilly; was accepted into the National Major New Drugs Innovation and Development Program; and approved and included in China NRDL for four indications of major cancer types.

- During the first half of 2022, TYVYT[®] (sintilimab injection) was approved for two additional indications including 1L GC and 1L ESCC. TYVYT[®] (sintilimab injection) is the first PD-1 inhibitor approved for the first-line treatment of five major type of cancers, i.e., 1L non-squamous NSCLC, 1L squamous NSCLC, 1L HCC, 1L GC and 1L ESCC.

- During the first half of 2022, TYVYT® (sintilimab injection) has seen significant sales volume growth compared with the second half of 2021, with three new indications included into the NRDL, despite further volume growth was partially impacted by COVID-19, especially in the second quarter.
- The sNDA of TYVYT® (sintilimab injection) for epidermal growth factor receptor (“EGFR”)-mutated non-squamous NSCLC after EGFR-TKI therapy is under the regulatory review and expect regulatory action in the end of 2022.
- We continuously carry out clinical development programs for TYVYT® (sintilimab injection), as an immunotherapy backbone, in multiple clinical studies in combination with other novel molecules to overcome unmet medical needs to be addressed for cancer treatment.

BYVASDA® (bevacizumab biosimilar), a fully-human anti-VEGF monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program

Approved in China for multiple indications including advanced NSCLC, mCRC, adult recurrent glioblastoma, advanced or unresectable HCC, recurrent epithelial ovarian, fallopian tube, or primary peritoneal cancer(OC), and persistent, recurrent, or metastatic CC.

- In March 2022, the NMPA approved the fifth and sixth indication for BYVASDA® (bevacizumab injection) for OC and CC, the most common gynecology cancers in China.
- In June 2022, the Indonesian Food and Drugs Authority (the BPOM) approved Bevagen® (local trademark of BYVASDA® (bevacizumab biosimilar) in Indonesia) for five indications including mCRC, mTNBC, mNSCLC, OC, and CC. PT Etana Biotechnologies Indonesia (“Etana”) will commercialize Bevagen® in Indonesia under the current licensing agreement entered into with the Company in January 2021. The Company will receive milestone payments for development and commercialization as well as royalties on net sales. Bevagen® will potentially be the first Chinese antibody drug to be marketed and locally produced in Southeast Asia markets.

HALPRYZA® (rituximab biosimilar): a recombinant chimeric murine/human anti-CD20 monoclonal antibody co-developed with Lilly; accepted into the National Major New Drugs Innovation and Development Program;

Approved in China for multiple blood tumors treatment including non-Hodgkin’s lymphoma, chronic lymphocytic leukemia and Wegener’s granulomatosis.

SULINNO® (adalimumab biosimilar): a fully-human anti-TNF- α monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program;

Approved in China for treatment of autoimmune diseases including rheumatoid arthritis, psoriatic arthritis, ankylosing spondylitis, plaque psoriasis, adult and pediatric Crohn’s diseases.

- In June 2022, the NMPA approved the seventh and eighth indications for SULINNO® (adalimumab biosimilar) for the treatment of adult Crohn’s disease and pediatric Crohn’s disease.

PEMAZYRE® (pemigatinib): a potent, selective oral inhibitor of FGFR isoforms 1, 2, and 3 licensed from Incyte (NASDAQ ticker symbol: INCY) for development and commercialization in the Greater China;

Approved in markets of Mainland China, Taiwan and Hong Kong for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

- In January 2022, the Drug Office of Hong Kong Department of Health approved Pemazyre® (pemigatinib) for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement that have progressed after at least one prior line of systemic therapy.
- In April 2022, the NMPA approved Pemazyre® (pemigatinib) for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement as confirmed by a validated diagnostic test that has progressed after at least one prior line of systemic therapy.
- In June 2022, the updated data from a pivotal Phase 2 study of pemigatinib in mCCA, including updated objective response rate (ORR) and median progression-free survival (PFS), were published at the ASCO Annual Meeting 2022.

NAILIKE (olverembatinib): a novel BCR-ABL TKI co-developed and co-commercialized with Ascentage Pharma Group International (“**Ascentage Pharma**”); accepted into the National Major New Drugs Innovation and Development Program;

Approved in China for the treatment of adult patients with TKI-resistant CML-CP or accelerated-phase CML (CML-AP) harboring the T315I mutation as confirmed by a validated diagnostic test.

- In April 2022, olverembatinib was included in the 2022 edition of Chinese Society of Clinical Oncology (CSCO) for treatment of patients with TKI-resistant CML harboring T315I mutation
- In June 2022, the data of a Phase 1b/2 study for olverembatinib in patients with TKI-resistant succinate dehydrogenase- (SDH-) deficient gastrointestinal stromal tumor (GIST) were published at the ASCO Annual Meeting 2022. Olverembatinib was well tolerated and showed antitumor activity.
- In July 2022, the NMPA has accepted and granted Priority Review designation to the NDA that will support the full approval of olverembatinib in patients with chronic-phase CML-CP who are resistant and/or intolerant of first – and second-generation TKIs.
- We have formed a joint promotion team with Ascentage Pharma to achieve 80% coverage of the potential Chinese CML market, including 800 hospitals.

Cyramza®(ramucirumab): a VEGF receptor 2 antagonist collaboration with Lilly that binds specifically to VEGFR-2, thereby blocking the binding of the receptor ligands (VEGF-A, VEGF-C, and VEGF-D) – which may slow tumor growth.

In the U.S., Cyramza® (ramucirumab) is the first U.S. FDA approved treatment for patients with advanced gastric cancer after prior chemotherapy and the first U.S. FDA approved biomarker-driven therapy in patients with HCC.

- In March 2022, we established expanded strategic collaboration with Lilly for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo®(selpercatinib) in China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in China.
- In March 2022, Cyramza® (ramucirumab) received NDA approval by the NMPA for the treatment of 2L GC.
- NMPA review is ongoing for the use of Cyramza® (ramucirumab) for the treatment of patients with baseline alpha-fetoprotein (AFP) ≥400ng/mL following 1L treatment of sorafenib. Regulatory action is expected in the second half of 2022.

NDA and Late Stage Drug Candidates

We have three candidates undergoing NDA review process including Retsevmo®(selpercatinib), IBI-306, IBI-326, and multiple candidates under pivotal clinical studies, providing potential continuously expanded commercial portfolio, sustainable growth prospects for our business and benefiting more stratified and complex patient groups.

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

Retsevmo® (selpercatinib): is a highly selective and potent RET inhibitor collaborated with Lilly.

In the U.S., it was approved by the U.S. FDA, under the brand name Retevmo, as the first therapy specifically indicated for the treatment of adult patients with metastatic RET fusion-positive NSCLC, adult and pediatric patients 12 years of age and older with advanced or metastatic RET-mutant medullary thyroid cancer (MTC) who require systemic therapy, and adult and pediatric patients 12 years of age and older with advanced or metastatic RET fusion-positive thyroid cancer who require systemic therapy and who are radioactive iodine-refractory (if radioactive iodine is appropriate).

- In March 2022, we established expanded strategic collaboration with Lilly for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in China, and the right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in China.
- NMPA review is ongoing for the use of Retsevmo® (selpercatinib) for the treatment of patients with metastatic RET fusion-positive NSCLC, advanced or metastatic MTC and advanced or metastatic RET fusion-positive TC. Regulatory action is expected in the second half of 2022.

IBI-306 (tafolecimab injection): a novel anti-PCSK9 monoclonal antibody; the National Major New Drugs Innovation and Development Program.

- In February 2022, IBI-306 met the primary endpoint of low-density lipoprotein cholesterol (LDL-C) in two Phase 3 studies (CREDIT-1 and CREDIT-4) for the treatment of non-FH and hypercholesterolemia including non-FH and HeFH respectively. Previously in August 2021, IBI-306 met the primary endpoint of LDL-C in the Phase 3 study (CREDIT-2) for the treatment of HeFH.
- In April 2022, the data of the Phase 3 CREDIT-2 were published at the 2022 American College of Cardiology.
- In June 2022, the NMPA accepted the NDA for IBI-306 (tafolecimab injection) for primary hypercholesterolemia (including non-FH and HeFH) and mixed hyperlipidemia. It is expected to potentially be the domestic first recombinant fully-human anti-PCSK-9 monoclonal antibody approved and launched-to-market in China.

IBI-326 (equecabtagene autoleucel): a fully-human BCMA – CAR T-cell therapy, co-developed with IASO Biotherapeutics (“IASO Bio”).

- In February 2022, IBI-326 received the Orphan Drug Designation by the U.S. FDA. IBI-326 will be eligible for certain development incentives, including the U.S. FDA support for clinical studies, a waiver or reduction of registration application fee, and a seven-year U.S. market exclusivity granted upon product approval.
- In June 2022, the updated data from Phase 1/2 study of IBI-326 for the treatment of r/r MM was presented in the form of an oral presentation at the 27th EHA.
- In June 2022, the NMPA accepted and granted the Priority Review designation to the NDA for IBI-326 for the treatment of r/r MM. It is expected to potentially be the domestic first BCMA CAR-T therapy approved and launched-to-market in China.
- In the second half of 2022, we and IASO Bio plan to release the updated data of Phase 2 study of IBI-326 for the treatment of r/r MM in upcoming academic conference.

IBI-376 (parsaclisib): a potent, highly selective, next-generation investigational novel oral inhibitor of PI3K δ in-licensed from Incyte for development and commercialization in the Greater China

- In January 2022, Incyte decided to withdraw the application of parsaclisib in the U.S. in follicular lymphoma (“FL”), marginal zone lymphoma (“MZL”) and mantle cell lymphoma (“MCL”). The decision to withdraw the NDA follows discussions with U.S. FDA regarding confirmatory studies to support an accelerated approval, which Incyte determined could not be completed within a time period that would support the investment. The withdrawal of the NDA was a business decision and is not related to any changes in either the efficacy or safety of parsaclisib. In July 2022, Incyte withdrew the Marketing Authorization Application (“MAA”) seeking approval of parsaclisib in MZL following discussions with the European Medicines Agency (EMA) regarding the confirmatory study needed to support the approval which Incyte determined were not feasible. These decisions impact only the FL, MZL and MCL indications in the U.S., and MZL in Europe and do not affect other ongoing clinical trials in the U.S. or other countries.

- In June 2022, the updated data of the pivotal Phase 2 study of IBI-376 for the treatment of relapsed/refractory follicular lymphoma in China were presented at the ASCO Annual Meeting 2022.
- During the year and in the rest of 2022, we plan to keep communicating with the NMPA to discuss the potential next-step regulatory action for IBI-376 in China.

IBI-344 (taletrectinib): a novel next-generation ROS1/NTRK TKI in-licensed from AnHeart Therapeutics (“Anheart”) for the co-development and commercialization in the Greater China

- In February 2022, the NMPA granted the breakthrough therapy designation to taletrectinib for the treatment of patients with ROS1 fusion positive NSCLC.
- In June 2022, the updated clinical data from the Phase 2 clinical study of taletrectinib in treating patients with ROS1 fusion positive NSCLC (NCT04395677) was published at the ASCO Annual Meeting 2022.
- In the second half of 2022, we will keep following the ongoing Phase 2 study for taletrectinib for the treatment of ROS1 fusion positive NSCLC, and the Phase 2 study for solid tumors containing NTRK fusions.

IBI-310: an anti-CTLA-4 monoclonal antibody

- In the second half of 2022, we plan to read out the ongoing pivotal phase 2 for IBI-310 in combination with sintilimab for the treatment of 2L CC, and potentially communicate on the next-step of regulatory action.

IBI-126 (tusamitamab ravtansine): a potential first-in-class antibody-drug conjugate (ADC) targeting CEACAM5 (carcinoembryonic antigen-related cell adhesion molecule 5), a cell-surface glycoprotein that is highly expressed in NSCLC, gastric cancer and other cancers. Collaborated with Sanofi on the development and commercialization in China.

- Tusamitamab ravtansine is currently in a Phase 3 study for 2L NSCLC globally including China, and global Phase 2 studies in additional indications including 1L NSCLC, gastric cancers and other solid tumors.
- In August 2022, we and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerating the development and commercialization of two Sanofi key clinical stage oncology assets: Phase 3 SAR408701 (tusamitamab ravtansine; anti-CEACAM5 antibody-drug conjugate) and Phase 2 SAR444245 (non-alpha IL-2), combining with sintilimab to address some of the most prevalent solid tumors in China.
- According to the agreement, Innovent will be responsible for developing and exclusively commercializing tusamitamab in multiple oncology-based indications in China.

Selected Drug Candidates in Phase 1/2 Stages

We have 20 assets in Phase 1/2 stage, most of which we own their global rights. These candidates, together with over 80 projects at preclinical and drug discovery stage, can provide a robust and well-diversified pipeline for accelerated and sustainable growth of the Company in mid to long term.

Selected Oncology Drug Candidates in Phase 1/2 Stages

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

IBI-110: a novel anti-LAG-3 monoclonal antibody

- In June 2022, the preliminary results of IBI-110 from three clinical trials, including a Phase 1a/1b dose-escalation study, two Phase 1b studies in 1L squamous NSCLC and 1L GC were released at the ASCO Annual Meeting. IBI-110 has shown encouraging efficacy signal and safety profile as monotherapy as well as in combination with sintilimab.
- In the second half of 2022, we will continue with the exploration of IBI-110 in multiple clinical trials.

IBI-351: a novel, orally active, potent KRAS G12C inhibitor in-licensed from GenFleet Therapeutics (Shanghai) Inc.

- In June 2022, the Phase 1 dose-escalation study result of IBI-351 as monotherapy were released at the ASCO Annual Meeting 2022. Favorable safety and tolerability and promising antitumor activity of IBI-351 monotherapy were observed in previously-treated advanced NSCLC and colorectal cancer harboring KRASG12C mutation.
- In the second half of 2022, we will enter pivotal Phase 2 study for the treatment of 2L KRASG12C muted NSCLC.
- In the second half of 2022, we will initiate Phase 1b studies for IBI-351 combination therapy for KRASG12C muted cancers.

IBI-188: a novel fully human anti-CD47 monoclonal antibody

- In the first half of 2022, we released preliminary positive Proof-of-Concept (PoC) data of the Phase 1b trial for IBI-188 in combination with azacitidine for the treatment of 1L higher risk MDS in the investor conferences.
- In the second half of 2022, we plan to continuously follow the clinical progress of IBI-188.

IBI-939: a novel anti-TIGIT monoclonal antibody

- We have been following the Phase 1b clinical trial of IBI-939 in combination with sintilimab for advanced lung cancer.
- We have observed preliminary encouraging signal in the Phase 1b clinical trial in lung cancer. In the second half of 2022, we expect to receive more data for the ongoing Phase 1b trial.

IBI-322: a novel first-in-class anti-CD47/PD-L1 bispecific antibody

- In April 2022, the Phase 1 data of IBI-322 for patients with advanced solid tumors were released at the 2022 American Association for Cancer Research (“AACR”) Annual Meeting.
- We have observed preliminary encouraging signal for IBI-322 in certain cancer type. In the second half of 2022, we plan to keep following Phase 1b studies and receive more data for IBI-322.

IBI-323: a novel LAG-3/PD-L1 bi-specific antibody

- In the second half of 2022, we plan to initiate Phase 1b clinical study for IBI-323.

IBI-127 (non-alpha IL-2): a potential first-in-class reprogrammed, site-directed, single PEGylated, recombinant human IL-2 (rIL-2) variant with extended half-life that specifically binds to the low-affinity IL-2 receptor but lacks binding affinity for the alpha chain of the high-affinity IL-2 receptor. Collaborated with Sanofi on the development and commercialization in China.

- IBI-127 (non-alpha IL2, or SAR444245) is currently under global Phase 2 studies for skin cancers, gastrointestinal cancer, NSCLC/mesothelioma, head and neck tumors, and lymphoma.
- In August 2022, we and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerate the development and commercialization of two Sanofi key clinical stage oncology assets: Phase 3 SAR408701 (tusamitamab ravtansine; anti-CEACAM5 antibody-drug conjugate) and Phase 2 SAR444245 (non-alpha IL-2), combining with sintilimab to address some of the most prevalent solid tumors in China.
- According to the agreement, Innovent and Sanofi will jointly explore the development of SAR444245 in China in various cancer types, where Innovent will lead the clinical development and Sanofi will be fully responsible for SAR444245 commercialization.

Other Selected Early Clinical and Near Clinical Oncology Candidates

- During the Reporting Period and up to the date of this announcement, we have advanced preclinical programs into the clinic and completed FPDs for internally-discovered anti-cancer molecules across novel modalities and MoA including IBI-389 (CLDN18.2/CD3 bi-specific antibody), IBI-345 (universal modular CLDN18.2 CAR-T cell therapy), IBI-375 (CD73 monoclonal antibody) and IBI-363 (PD-1/IL-2). In the second half of 2022 to early 2023, we anticipate continuous progress on advancing new anti-cancer drug candidate into the clinic such as IBI-343 (CLDN18.2 ADC) and IBI-127 (IL-2).

Selected Non-oncology Drug Candidates in Phase 1/2 Stages

IBI-362 (mazdutide): an oxyntomodulin analog (OXM3) in-licensed from Lilly for development/commercialization in China, a potential best-in-class clinical-stage drug candidate for diabetes and obesity.

- In June 2022, the Phase 1b study results of IBI-362 Chinese patients with type 2 diabetes were published in *Nature Communications*.
- In June 2022, we released data readout for the Phase 2 clinical study of IBI-362 for Chinese obesity subjects. This was a randomized, double-blind, placebo-controlled Phase 2 study to assess the efficacy and safety of IBI-362 in overweight or obese subjects in China with enrolment of 230 participants. During the 24-week treatment, IBI-362 showed good safety, robust weight loss efficacy and multiple benefits in metabolic profile, demonstrating the potential to be the best-in-class agent.
- In June 2022, the Phase 1b data of high dose IBI-362 in obesity were released at the 2022 Endocrine Society Annual Meeting. IBI-362 up-titrated to 10 mg and 9 mg showed a similar safety profile with that of low-dose cohorts. The mean reduction (percent reduction) from baseline in body weight were 9.23 kg (11.7%) for participants receiving mazdutide at week 12 in cohort 5 (3.0-6.0-9.0 mg with each dose level administered for 4 weeks).
- In July 2022, we released data readout for the Phase 2 clinical study of IBI-362 for Chinese type 2 diabetic patients. This was a randomized, multi-center Phase 2 clinical trial to evaluate the efficacy and safety of IBI-362 as compared with placebo and dulaglutide in patients with type 2 diabetes in China with enrolment of 252 participants. During 20-week treatment, IBI-362 showed favorable safety, significant glycemic control and weight loss, with comprehensive benefits on blood pressure, lipid levels, liver enzymes and insulin sensitivity. The least squares mean change from baseline to week 20 in HbA1c levels were -1.54% in the mazdutide 6.0 mg groups; -1.35% in the dulaglutide 1.5 mg group and 0.03% in the placebo group.
- In the second half of 2022, we plan to expand Phase 2 study of IBI-362 to high dose level in Chinese obesity patients.
- In late 2022 to early 2023, we plan to start the Phase 3 clinical trial of IBI-362 for obesity subjects.
- In late 2022 to early 2023, we plan to start the Phase 3 clinical trial of IBI-362 for type 2 diabetics subjects.

IBI-302: a potential first-in-class anti-VEGF/complement bispecific fusion protein; the National Major New Drugs Innovation and Development Program.

- In the second half of 2022, we plan to release Phase 1 clinical trial data for high concentration IBI-302 for nAMD at upcoming medical conference.
- In the second half of 2022, we plan to enter Phase 2 clinical trial for high concentration IBI-302 for nAMD.
- In late 2022 to early 2023, we expect to read out data for the Phase 2 trial of IBI-302 in nAMD patients.

IBI-112: a novel long-acting anti-IL-23 (p19 subunit) monoclonal antibody.

- In July 2022, we started and completed the FPD of Phase 2 clinical study of IBI-112 for the treatment of Ulcerative Colitis (UC).
- In August 2022, we released readout data for the Phase 2 clinical study of IBI-112 for psoriasis. We plan to present the final results of IBI-112 for psoriasis at future medical conference or journal.
- In the second half of 2022, we plan to start the Phase 3 clinical study for IBI-112 in psoriasis.

IBI-353(orismilast): a potent and selective, next-generation PDE4 inhibitor with broad anti-inflammatory properties co-developed and co-commercialized with UNION therapeutics A/S (“UNION”).

- In June 2022, UNION completed enrollment of over 200 patients in the Phase 2b study of oral orismilast in patients with psoriasis.
- In the second half of 2022, we plan to start Phase 1 bridging study for IBI-353 in China. We plan to join two global Phase 3 pivotal studies on orismilast for atopic dermatitis and psoriasis led by UNION in the future.

Other Selected Early Clinical and Near Clinical Non-Oncology Candidates:

- During the Reporting Period and up to the date of this announcement, we advanced preclinical programs into the clinic and completed FPDs for IBI-324 (VEGF/ANG-2) and IBI-311 (IGF-1R). In the second half of 2022 to early 2023, we anticipate continued progress on advancing multiple drug candidates into the clinic, such as IBI-333 (VEGF-C/VEGF-A) and IBI-353 (orismilast).

Cautionary Statement required by Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”): The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Strategic Collaboration with Partners and other Corporate Development

- In January 2022, we entered into an agreement pursuant to which Sana Biotechnology, Inc. (NASDAQ ticker symbol: SANA) obtained from IASO Bio and Innovent non-exclusive commercial rights to a clinically validated fully-human BCMA CAR construct for use in certain in vivo gene therapy and ex vivo hypo-immune cell therapy applications.
- In March 2022, we established expanded strategic collaboration with Lilly for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in China, and an exclusive option for future commercialization of pirtobrutinib (BTK inhibitor) in China.
- In May 2022, we appointed Mr. Gary Zieziula as an independent non-executive Director and a member of the audit committee of the Board and the strategy committee of the Board. Mr. Zieziula has over 40 years of experience building and guiding strong, sustainable sales and operations organizations across Europe and North America in several MNCs, which will contribute to the implementation of the Company's strategic objective and mission of innovation through globalization.
- In August 2022, we and Sanofi entered into a strategic collaboration to bring innovative medicines to patients in China with difficult-to-treat cancers. Both companies are committed to accelerate the development and commercialization of two Sanofi key clinical stage oncology assets: Phase 3 SAR408701 (tusamitamab ravtansine; anti-CEACAM5 antibody-drug conjugate) and Phase 2 SAR444245 (non-alpha IL-2), combining with sintilimab, the leading checkpoint inhibitor in China. In addition to the collaboration and license agreement, Sanofi made an initial investment of EUR300 million in Innovent through subscription of new ordinary shares.
- During the Reporting Period, our production capacity of 60,000L guaranteed sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. Our manufacturing capacity consisted of eighteen 3,000L stainless steel bioreactors and six 1,000L disposable bioreactors. In particular, the large scale stainless steel bioreactors have provided market competitive cost advantage for the production antibody drugs.

FINANCIAL REVIEW

Six Months Ended 30 June 2022 Compared to Six Months Ended 30 June 2021

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited) (restated)
Revenue from contracts with customers	2,239,599	1,941,750
Cost of sales	<u>(471,528)</u>	<u>(216,878)</u>
Gross profit	1,768,071	1,724,872
Other income	104,959	90,274
Other gains and losses	389,621	(85,225)
Research and development expenses	(1,174,450)	(974,320)
Administrative and other expenses	(407,795)	(307,872)
Selling and marketing expenses	(1,397,902)	(1,084,232)
Royalties and other related payments	(236,850)	(339,799)
Finance costs	<u>(44,566)</u>	<u>(27,104)</u>
Loss before tax	(998,912)	(1,003,406)
Income tax credit (expense)	<u>48,444</u>	<u>(152)</u>
Loss for the period	<u><u>(950,468)</u></u>	<u><u>(1,003,558)</u></u>
Other comprehensive expense		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value loss on investment in equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(42,715)</u>	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<u>(11,111)</u>	–
Other comprehensive expense for the period, net of income tax	<u>(53,826)</u>	–
Total comprehensive expense for the period	<u><u>(1,004,294)</u></u>	<u><u>(1,003,558)</u></u>
<i>Non-IFRS measure:</i>		
Adjusted loss and total comprehensive expenses for the period	<u><u>(1,139,152)</u></u>	<u><u>(676,850)</u></u>

1. Revenue

For the six months ended 30 June 2022, the Group generated revenue from contracts with customers of RMB2,239.6 million. The Group generated revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D services provided to its customers. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	Six Months Ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Sales of pharmaceutical products	2,040,886	1,854,564
License fee income	198,472	87,186
R&D service fee income	241	—
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>2,239,599</u>	<u>1,941,750</u>

For the six months ended 30 June 2022, the Group recorded revenue from sales of pharmaceutical products of RMB2,040.9 million, as compared with RMB1,854.6 million for the six months ended 30 June 2021.

During the six months ended 30 June 2022, the Group recorded license fee income of RMB198.5 million, as compared with RMB87.2 million for the six months ended 30 June 2021. Under the exclusive license and collaboration agreement for China and co-development agreement entered into between the Group and Lilly in March 2015 (the “**Lilly China Agreement**”) on the products of TYVYT® (sintilimab injection) and HALPRYZA® (rituximab biosimilar), the Group received collaboration payments and started to recognize revenue at the commercialization stage of relevant products. During the six months ended 30 June 2022 and 2021, such license fee income recorded was RMB177.5 million and RMB83.8 million, respectively. Meanwhile, the Group recognized a one-time license fee income of RMB21.0 million for the six months ended 30 June 2022, as compared with RMB3.4 million for the six months ended 30 June 2021.

In addition, the Group continued to provide R&D services to customers. During the six months ended 30 June 2022, the Group generated R&D service revenue of approximately RMB0.2 million. No such revenue was recorded during the six months ended 30 June 2021.

2. Cost of Sales

The Group’s cost of sales consists of cost of raw material, direct labor, amortization, manufacturing cost and manufacturing overhead related to the production of the products sold. For the six months ended 30 June 2022, the Group recorded cost of sales of RMB471.5 million, as compared with RMB216.9 million for the six months ended 30 June 2021.

3. Other Income

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

For the six months ended 30 June 2022, other income of the Group increased by RMB14.7 million to RMB105.0 million, from RMB90.3 million for the six months ended 30 June 2021. The increase was primarily due to the recognition and continuous support from government to the Group, partially offset by decrease of bank interest income.

4. Other Gains and Losses

The Group's other gains and losses consist of (i) changes in foreign currency exchange rates; (ii) fair value changes of other financial assets and liabilities (financial assets and liabilities mandatorily measured at fair value through profit or loss ("FVTPL")); (iii) investment income derived from financial asset measured at amortized cost; and (iv) loss on disposal of property, plant and equipment.

For the six months ended 30 June 2022, other gains and losses of the Group was a gain of RMB389.6 million, as compared with a loss of RMB85.2 million for the six months ended 30 June 2021, which primarily included gains of RMB400.7 million, primarily benefit from the favourable impact of foreign exchange rates.

5. R&D Expenses

The Group's R&D expenses comprise of third-party contracting costs, including clinical trial expenses, raw material cost, staff costs, initial costs and subsequent milestone payment under collaboration and license agreements during development stage, and depreciation and amortization.

For the six months ended 30 June 2022 and 30 June 2021, the group incurred R&D expenses of RMB1,174.5 million and RMB974.3 million, respectively. The increase was mainly driven by (i) increased expense of pre-clinical trials, clinical trials and other associated R&D activities; and (ii) increased staff costs accompanied with expanding of relative R&D departments.

6. Administrative and Other Expenses

For the six months ended 30 June 2022, administrative and other expenses of the Group increased to RMB407.8 million from RMB307.9 million for the six months ended 30 June 2021. The increase was primarily caused by new hiring of administrative staff, increased share-based compensation, increased donations to various charitable organizations and other expenses in relation to our operations.

7. *Selling and Marketing Expenses*

Selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities. Selling and marketing expenses were RMB1,397.9 million for the six months ended 30 June 2022, as compared with RMB1,084.2 million for the six months ended 30 June 2021. The Group continuously devotes commercialization efforts to build sales channels and explore potential markets to maximize the commercial value of our products.

8. *Royalties and Other Related Payments*

Royalties and other related payments were RMB236.9 million for the six months ended 30 June 2022, representing a decrease of RMB102.9 million, as compared with RMB339.8 million for the six months ended 30 June 2021. This represents the royalties, sales based milestones, profit sharing, as well as other related payments to the third parties for various co-development and licensing-in products.

9. *Income tax credit/(expense)*

Income tax credit/(expense) was an credit of RMB48.4 million for the six months ended 30 June 2022, as compared with an expense of RMB0.2 million for the six months ended 30 June 2021.

10. *Non-IFRS Measure*

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss and total comprehensive expenses for the six months and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

Non-IFRS measures represent corresponding measures under IFRS excluding the effect of certain non-cash items including the share-based compensation expenses and net foreign exchange gains or losses.

The table below sets forth a reconciliation of the gross profit margin to adjusted gross profit margin for the years:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Gross profit margin	<u>1,768,071</u>	<u>1,724,872</u>
Added:		
Share-based compensation expenses	<u>35,178</u>	<u>28,354</u>
Adjusted gross profit margin	<u><u>1,803,249</u></u>	<u><u>1,753,226</u></u>

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
R&D expenses	<u>(1,174,450)</u>	<u>(974,320)</u>
Added:		
Share-based compensation expenses	<u>96,749</u>	<u>94,692</u>
Adjusted R&D expenses	<u><u>(1,077,701)</u></u>	<u><u>(879,628)</u></u>

The table below sets forth a reconciliation of the selling and marketing expenses to adjusted selling and marketing expenses for the years:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Selling and marketing expenses	<u>(1,397,902)</u>	<u>(1,084,232)</u>
Added:		
Share-based compensation expenses	<u>36,312</u>	<u>32,330</u>
Adjusted selling and marketing expenses	<u><u>(1,361,590)</u></u>	<u><u>(1,051,902)</u></u>

Selected Data from Statement of Financial Position

	As at 30 June 2022 <i>RMB'000</i> (unaudited)	As at 31 December 2021 <i>RMB'000</i> (audited)
Total current assets	11,194,534	11,550,849
Total non-current assets	<u>4,964,101</u>	<u>4,692,864</u>
Total assets	<u>16,158,635</u>	<u>16,243,713</u>
Total current liabilities	3,481,770	3,050,047
Total non-current liabilities	<u>3,085,775</u>	<u>2,863,269</u>
Total liabilities	<u>6,567,545</u>	<u>5,913,316</u>
Net current assets	<u>7,712,764</u>	<u>8,500,802</u>

11. Liquidity and Source of Funding and Borrowing

As at 30 June 2022, the Group's bank balances and cash decreased to RMB8,317.9 million from RMB8,377.1 million as at 31 December 2021. The decrease primarily resulted from investment in ongoing R&D projects, commercialization activities and capacity expansion. As at 30 June 2022, the current assets of the Group were RMB11,194.5 million, including bank balances and cash of RMB8,317.9 million. As at 30 June 2022, the current liabilities of the Group were RMB3,481.8 million, including trade payables of RMB236.4 million, other payables and accrued expenses of RMB2,047.9 million, contract liabilities of RMB323.6 million, borrowings of RMB858 million and lease liabilities of RMB15.9 million. As at 30 June 2022, the Group had available unutilized long-term bank loan facilities of approximately RMB2,619.9 million.

12. Key Financial Ratios

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

	As at 30 June 2022	As at 31 December 2021
Current ratio ⁽¹⁾	3.2	3.8
Quick ratio ⁽²⁾	2.8	3.3
Gearing ratio ⁽³⁾	NM ⁽⁴⁾	NM ⁽⁴⁾

Notes:

- (1) Current ratio is calculated using current assets divided by current liabilities as of the same date.
- (2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.
- (3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%.
- (4) Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative as at 30 June 2022.

13. Significant Investments

The Group did not hold any significant investments that accounted for 5% or more of the Company's total assets during the six months ended 30 June 2022.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2022.

15. Pledge of Assets

As at 30 June 2022, the Group had a total of RMB484.2 million of property, plant and equipment, RMB282.9 million of land use rights and RMB1,287.5 million of bank deposits pledged to secure its loans and banking facilities.

16. Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

17. *Foreign Exchange Exposure*

During the six months ended 30 June 2022, a majority of the Group's transactions were settled in Renminbi (RMB), the functional currency of the Company's primary subsidiaries. As at 30 June 2022, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 30 June 2022. We will consider hedging significant foreign currency exposure if such need arises.

18. *Employees and Remuneration*

As at 30 June 2022, the Group had 5,538 employees. The following table sets forth the total number of employees by function as at 30 June 2022:

Function	Number of employees	% of total
Research and Development	1,071	19
Manufacturing	1,268	23
Selling and Marketing	2,745	50
General and Administrative	454	8
Total	5,538	100

The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. The number of employees employed by the Group varies from time to time depending on need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experience and performance. The remuneration policy and package of the Group's employees are periodically reviewed.

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based payment expenses. In accordance with applicable Chinese laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees.

The Company also has adopted a Pre-IPO Share Incentive Plan (the “**Pre-IPO Plan**”), a post-IPO share option scheme (the “**Post-IPO ESOP**”), the Innovent Biologics, Inc. 2018 Restricted Share Plan (the “**2018 RS Plan**”) and the Innovent Biologics, Inc. 2020 Restricted Share Plan (the “**2020 RS Plan**”) to provide incentives for the Group’s employees. Please refer to the section headed “Statutory and General Information – D. Equity Plan” in Appendix IV to the prospectus of the Company dated 18 October 2018 for further details of the Pre-IPO Plan, the Post-IPO ESOP and the 2018 RS Plan and the circular of the Company dated 28 May 2020 for further details of the 2020 RS Plan, the termination of the 2018 RS Plan and the survival of the restricted shares granted or earmarked pursuant to the 2018 RS Plan. The 2020 RS Plan succeeds the 2018 RS Plan.

The total remuneration cost incurred by the Group for the six months ended 30 June 2022 was RMB1,365.0 million, as compared to RMB1,039.3 million for the six months ended 30 June 2021.

During the six months ended 30 June 2022, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 28 April 2011 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 31 October 2018.

1. Compliance with the Code on Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. During the six months ended 30 June 2022, the Company has adopted and complied with all applicable code provisions set out in the Corporate Governance Code (the “**Previous CG Code**”) contained in Appendix 14 to the Listing Rules before the amendments to the Corporate Governance Code (the “**New CG Code**”) came into effect on 1 January 2022 except for the deviation as set out below. The requirements under the New CG Code would apply to corporate governance reports for financial year commencing on or after 1 January 2022.

Pursuant to code provision A.2.1 of the Previous CG Code (equivalent to C.2.1 of the New CG Code), the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have separate chairman and chief executive officer and Dr. De-Chao Michael Yu, our executive Director, currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending 31 December 2022.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance and alignment with the latest measures and standards set out in the New CG Code, and maintain a high standard of corporate governance practices of the Company.

2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2022. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the six months ended 30 June 2022.

3. Audit Committee

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The audit committee comprises four independent non-executive Directors, namely, Ms. Joyce I-Yin Hsu, Dr. Charles Leland Cooney, Dr. Kaixian Chen and Mr. Gary Zieziula. Ms. Joyce I-yin Hsu is the chairman of the audit committee. Mr. Gary Zieziula was appointed as a member of the audit committee with effect from 1 June 2022.

The audit committee has reviewed our unaudited condensed consolidated financial statements for the six months ended 30 June 2022. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

4. Other Board Committees

In addition to the audit committee, the Company has also established a nomination committee, a remuneration committee and a strategy committee.

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

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2022.

6. Material Litigation

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2022. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended 30 June 2022.

7. Use of Proceeds

(a) Use of Net Proceeds from the July 2020 Placing

The placing of new shares pursuant to the placing agreement dated 23 July 2020 (the "**July 2020 Placing Agreement**") was completed on 30 July 2020 (the "**July 2020 Placing**"). An aggregate of 56,200,000 new placing shares representing approximately 4.02% of the enlarged issued share capital of the Company immediately after the completion of the July 2020 Placing, were successfully placed to not less than six places who and whose ultimate beneficial owners are third parties independent of the Company.

The placing price of HK\$50.00 represents: (i) a discount of approximately 4.67% to the closing price of HK\$52.45 per Share as quoted on the Stock Exchange on 22 July 2020, being the day prior to the date of the Primary Placing Agreement; and (ii) a discount of approximately 3.85% to the average closing price of HK\$52.00 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the July 2020 Placing Agreement.

The net proceeds raised from the July 2020 Placing were approximately HK\$2,787.5 million (approximately RMB2,514.2 million). The net proceeds have been and will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, that is, (i) to build our second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth, (ii) to fund increased international clinical trial needs with expansion of our research & development laboratories in the United States, and (iii) for general corporate use, as appropriate.

As at 30 June 2022, approximately RMB1,906.0 million of the net proceeds of the July 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, and RMB608.2 million remained unutilised. The table below sets out the use of proceeds from the July 2020 Placing as at 30 June 2022:

	Utilisation as at 31 December 2021 <i>RMB million</i>	Unutilised as at 31 December 2021 ^(Note) <i>RMB million</i>	Utilisation as at 30 June 2022 <i>RMB million</i>	Unutilised as at 30 June 2022 ^(Note) <i>RMB million</i>
Use of net proceeds from the July 2020 Placing as disclosed in the Company's announcements relating to the July 2020 Placing				
Building a second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth	842.9	N/A	937.6	N/A
Funding increased international clinical trial needs with expansion of research & development laboratories in the United States	127.7	N/A	232.2	N/A
General corporate use	421.3	N/A	736.2	N/A
	<u>1,391.9</u>	<u>1,122.3</u>	<u>1,906.0</u>	<u>608.2</u>

Note: The use of unutilised proceeds will be dependent upon actual business needs and therefore an exact breakdown is not currently available.

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 12 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

(b) Use of Net Proceeds from the January 2021 Placing

The placing of new shares pursuant to the placing agreement dated 15 January 2021 was completed on 22 January 2021 (the “**January 2021 Placing**”). The net proceeds raised from the January 2021 Placing were approximately HK\$4,670.6 million (approximately RMB3,893.3 million). The net proceeds will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company’s announcements relating to the January 2021 Placing, with the allocation being as follows: (i) approximately 70% will be for expediting the investment and development of various clinical programs for our leading innovative products globally and funding potential product licensing and possible mergers and acquisitions activities; and (ii) the remaining 30% will be for further expanding the production capacity and for working capital and other general corporate use.

As at 30 June 2022, approximately RMB2,235.9 million of the net proceeds of the January 2021 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company’s announcements relating to the January 2021 Placing, and RMB1,657.4 million remained unutilised. The table below sets out the use of proceeds from the January 2021 Placing as at 30 June 2022:

	Utilisation as at 31 December 2021 <i>RMB million</i>	Unutilised as at 31 December 2021 ^(Note) <i>RMB million</i>	Utilisation as at 30 June 2022 <i>RMB million</i>	Unutilised as at 30 June 2022 ^(Note) <i>RMB million</i>
Use of net proceeds from the January 2021 Placing as disclosed in the Company’s announcements relating to the January 2021 Placing				
Expediting the investment and development of various clinical programs for our leading innovative products globally	566.4	N/A	1,412.4	N/A
Funding potential product licensing and possible mergers	696.5	N/A	749.5	N/A
Further expanding the production capacity	–	N/A	74.0	N/A
Working capital and other general corporate use	–	N/A	–	N/A
	<u>1,262.9</u>	<u>2,630.4</u>	<u>2,235.9</u>	<u>1,657.4</u>

Note: The use of unutilised proceeds will be dependent upon actual business needs and therefore an exact breakdown is not currently available.

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 30 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited) (Restated)
Revenue from contracts with customers	4	2,239,599	1,941,750
Cost of sales		(471,528)	(216,878)
Gross profit		1,768,071	1,724,872
Other income		104,959	90,274
Other gains and losses		389,621	(85,225)
Research and development expenses		(1,174,450)	(974,320)
Administrative and other expenses		(407,795)	(307,872)
Selling and marketing expenses		(1,397,902)	(1,084,232)
Royalties and other related payments		(236,850)	(339,799)
Finance costs		(44,566)	(27,104)
Loss before tax		(998,912)	(1,003,406)
Income tax credit/(expense)	5	48,444	(152)
Loss for the period		<u>(950,468)</u>	<u>(1,003,558)</u>
Other comprehensive expense			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value loss on investment in equity instruments at fair value through other comprehensive income ("FVTOCI")		(42,715)	–
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(11,111)	–
Other comprehensive expense for the period, net of income tax		<u>(53,826)</u>	–
Total comprehensive expense for the period		<u>(1,004,294)</u>	<u>(1,003,558)</u>
Loss per share	6		
– Basic (RMB Yuan)		<u>(0.65)</u>	<u>(0.69)</u>
– Diluted (RMB Yuan)		<u>(0.65)</u>	<u>(0.69)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

	<i>NOTES</i>	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		2,960,355	2,692,986
Right-of-use assets		380,780	396,862
Intangible assets		815,502	772,194
Equity instruments at FVTOCI		160,731	203,446
Prepayments for acquisition of long-term assets		264,279	285,909
Prepayments and other receivables		146,137	127,658
Other financial assets		236,317	213,809
		<u>4,964,101</u>	<u>4,692,864</u>
Current assets			
Inventories		1,476,915	1,347,240
Trade receivables	7	1,186,648	968,405
Prepayments and other receivables		213,024	213,261
Other financial assets		–	644,848
Bank balances and cash		8,317,947	8,377,095
		<u>11,194,534</u>	<u>11,550,849</u>
Current liabilities			
Trade payables	8	236,355	195,050
Other payables and accrued expenses		2,047,915	2,051,624
Contract liabilities		323,554	355,506
Borrowings		858,000	365,000
Lease liabilities		15,946	22,273
Tax payables		–	60,594
		<u>3,481,770</u>	<u>3,050,047</u>
Net current assets		<u>7,712,764</u>	<u>8,500,802</u>
Total assets less current liabilities		<u>12,676,865</u>	<u>13,193,666</u>

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Non-current liabilities		
Contract liabilities	899,674	458,507
Borrowings	1,807,986	2,023,261
Government grants	288,153	294,767
Lease liabilities	84,168	86,392
Other financial liabilities	5,794	342
	<u>3,085,775</u>	<u>2,863,269</u>
Net assets	<u>9,591,090</u>	<u>10,330,397</u>
Capital and reserves		
Share capital	101	101
Reserves	<u>9,590,989</u>	<u>10,330,296</u>
Total equity	<u>9,591,090</u>	<u>10,330,397</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1.1 Prior period adjustment

During the preparation and finalization of the condensed consolidated interim financial statements of the Group for the six months period ended 30 June 2022, the management identified some issues in relation to the calculation of share-based compensation expenses in prior years/periods. The corresponding impact on cost of sales, research and development expenses, administrative and other expenses and selling and marketing expenses for the six months period ended 30 June 2021 has been adjusted accordingly in accordance with our accounting policies.

The effect of the prior period adjustments for the share-based compensation expenses, which has no impact to the balance sheet, the statement of cash flow and non-IFRS measures, resulted in a RMB171,752 thousand reduction of loss in the condensed consolidated statement of profit or loss and other comprehensive income for the six months period ended 30 June 2021 as set out below:

	Six months ended June 30 2021 RMB'000 (unaudited)	Prior period Adjustment RMB'000	Six months ended June 30 2021 RMB'000 (unaudited) (Restated)
Revenue from contracts with customers	1,941,750		1,941,750
Cost of sales	<u>(234,758)</u>	<u>17,880</u>	<u>(216,878)</u>
Gross profit	1,706,992	17,880	1,724,872
Other income	90,274		90,274
Other gains and losses	(85,225)		(85,225)
Research and development expenses	(1,042,095)	67,775	(974,320)
Administrative and other expenses	(340,855)	32,983	(307,872)
Selling and marketing expenses	(1,137,346)	53,114	(1,084,232)
Royalties and other related payments	(339,799)		(339,799)
Finance costs	<u>(27,104)</u>		<u>(27,104)</u>
Loss before tax	(1,175,158)	171,752	(1,003,406)
Income tax credit (expense)	<u>(152)</u>		<u>(152)</u>
Loss for the period	<u>(1,175,310)</u>	<u>171,752</u>	<u>(1,003,558)</u>
Total comprehensive expense for the period	<u><u>(1,175,310)</u></u>	<u><u>171,752</u></u>	<u><u>(1,003,558)</u></u>
Loss per share			
– Basic (RMB Yuan)	<u>(0.81)</u>	<u>0.12</u>	<u>(0.69)</u>
– Diluted (RMB Yuan)	<u>(0.81)</u>	<u>0.12</u>	<u>(0.69)</u>

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended 30 June 2022 are the same as those presented in the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
<i>A point in time</i>		
Sales of pharmaceutical products	2,040,886	1,854,564
Licence fee income	20,944	3,362
	<hr/>	<hr/>
<i>Overtime</i>		
Research and development service fee income	241	–
Licence fee income	177,528	83,824
	<hr/>	<hr/>
	2,239,599	1,941,750
	<hr/> <hr/>	<hr/> <hr/>

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customers have the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 45 – 60 days upon delivery. Customers can only return or request refund if the goods delivered do not meet required quality standards. As at 30 June 2022, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

Licence fee income

The Group provides licence of its patented intellectual property (“IP”) or commercialisation licence to customers. Licence fee income is recognised at a point of time upon the customer obtains control of IP or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment except for entity-wide disclosures, major customers and geographic information, and no further analysis of the segment is presented.

Geographical information

Substantially all of the Group's operations and non-current assets are located in the People's Republic of China ("PRC"). An analysis of the Group's revenue from external customers, analysed by their respective country/region of operation, is detailed below:

Revenue by geographical location

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
The PRC	2,213,605	1,938,388
United States of America ("USA")	18,707	–
Indonesia	7,287	3,362
	<u>2,239,599</u>	<u>1,941,750</u>

5. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Over provision in prior year	(48,444)	–
Current income tax	–	152
	<u>(48,444)</u>	<u>152</u>

6. LOSS PER SHARE

(a) Basic

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
		(Restated)
Loss (RMB'000)		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(950,468)	(1,003,558)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,465,102,074	1,450,225,332

The computation of basic loss per share for the period ended 30 June 2022 and 2021 excluded the treasury shares and included the vested but unissued restricted shares of the Company.

(b) Diluted

30 June 2021 and 2022

The Company had two categories of potential ordinary shares under Pre-IPO Share Incentive Plan (the "Pre-IPO Plan") 2018 Restricted Shares Plan (the "2018 RS Plan") and 2020 Restricted Shares Plan (the "2020 RS Plan") and the shares options awarded under Pre-IPO Plan and Post-IPO share option scheme (the "Post-IPO ESOP"), as details set out in note 19. As the Group incurred losses for the period ended 30 June 2022 and 2021, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the period ended 30 June 2022 and 2021 is the same as basic loss per share.

7. TRADE RECEIVABLES

	At	At
	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade receivables from contracts with customers	1,186,648	968,405

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

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
0 – 60 days	1,142,331	968,405
61 – 90 days	43,584	–
>90 days	733	–
	<u>1,186,648</u>	<u>968,405</u>

8. TRADE PAYABLES

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Trade payables	<u>236,355</u>	<u>195,050</u>

The average credit period on trade purchases is 0 to 60 days. ageing analysis of the Group's trade payables based on the invoice dates at the end of the reporting period is as follows:

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
0 – 30 days	214,033	132,269
31 – 60 days	17,184	49,865
Over 60 days	5,138	12,916
	<u>236,355</u>	<u>195,050</u>

9. DIVIDENDS

No dividend was paid, declared or proposed for the shareholders of the Company during the period ended 30 June 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.innoventbio.com. The interim report of the Group for the six months ended 30 June 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
Innovent Biologics, Inc.
Dr. De-Chao Michael Yu
Chairman and Executive Director

Hong Kong, China, 25 August 2022

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