Innovent

2022 Interim Report

中期報告

信達生物製藥
Innovent Biologics, Inc.

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號：1801

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Company Profile

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, 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.

Pipeline summary

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.

Corporate Information

Board of Directors

Executive Directors

Dr. De-Chao Michael Yu *(Chairman of the Board)*
Mr. Ronald Hao Xi Ede

Independent Non-Executive Directors

Dr. Charles Leland Cooney
Ms. Joyce I-Yin Hsu
Dr. Kaixian Chen
Mr. Gary Zieziula *(appointed on 1 June 2022)*

Audit Committee

Ms. Joyce I-Yin Hsu *(Chairman)*
Dr. Charles Leland Cooney
Dr. Kaixian Chen
Mr. Gary Zieziula *(appointed on 1 June 2022)*

Remuneration Committee

Ms. Joyce I-Yin Hsu *(Chairman)*
Dr. De-Chao Michael Yu
Dr. Kaixian Chen

Nomination Committee

Dr. De-Chao Michael Yu *(Chairman)*
Dr. Charles Leland Cooney
Dr. Kaixian Chen

Strategy Committee

Dr. De-Chao Michael Yu *(Chairman)*
Mr. Ronald Hao Xi Ede
Dr. Charles Leland Cooney
Mr. Gary Zieziula *(appointed on 1 June 2022)*

Joint Company Secretaries

Ms. Yanju Wang
Ms. Lok Yee Chan *(ACG/HKACG)*

Authorised Representatives

Mr. Ronald Hao Xi Ede
Ms. Lok Yee Chan

Auditor

Deloitte Touche Tohmatsu
Registered Public Interests Entity Auditors
35/F One Pacific Place
88 Queensway Admiralty
Hong Kong

Corporate Information

Registered Office

Maples Corporate Services Limited
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Grand Cayman
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Suzhou Industrial Park
China 215123

Principal Place of Business in Hong Kong

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33 Hysan Avenue
Causeway Bay
Hong Kong

Legal Advisors

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and affiliate
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The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Han Kun Law Offices
33/F, HKRI Centre Two
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai 200041
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

Principal Share Registrar

Maples Fund Services (Cayman) Limited
PO Box 1093
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Cricket Square
KY1-1102
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Corporate Information

Hong Kong Branch Share Registrar

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Stock Code

1801

Company Website

www.innoventbio.com

Financial Highlights

Non-IFRS Measure[1]

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	**2,239,599**	1,941,750
Cost of sales	**(436,350)**	(188,524)
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	**(44,566)**	(27,104)
Loss before tax	**(1,133,770)**	(676,698)
Income tax credit (expense)	**48,444**	(152)
Loss for the period	**(1,085,326)**	(676,850)
Other comprehensive expense		
Items that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at fair value through other comprehensive income	**(42,715)**	–
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(11,111)**	–
Other comprehensive expense for the period, net of income tax	**(53,826)**	–
Total comprehensive expense for the period	**(1,139,152)**	(676,850)
Add:		
Share-based compensation expenses	**(261,173)**	(239,037)
Net foreign exchange gains/(losses)	**396,031**	(87,671)
Total comprehensive expense for the period	**(1,004,294)**	(1,003,558)

[1] We adopted non-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".

Financial Highlights

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 the updated 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.

- **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 2L treatment in patients with advanced or metastatic G/GEJ by the NMPA.
- TYVYT® (sintilimab injection) was approved for two additional indications including 1L ESCC and 1L GC, enabling TYVYT® (sintilimab injection) to be the domestically first innovative PD-1 inhibitor for the 1L treatment of five major type of cancers consisting of 1L non-squamous NSCLC, 1L squamous NSCLC, 1L HCC, 1L ESCC and 1L GC.
- In January 2022, the Drug Office of Hong Kong Department of Health approved the NDA of Pemazyre® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced mCCA with a 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 OC and 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 CRC, locally recurrent or metastatic TNBC, 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.

Business Highlights

- Retsevmo® (selpercatinib), highly selective and potent RET inhibitor, NDA accepted in November 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 fusion-positive MTC who require systemic therapy, and adult and pediatric patients 12 years of age and older with advanced or metastatic RET fusion-positive TC who require systemic therapy and are radioactive iodine-refractory (if radioactive iodine is appropriate).

- IBI-306 (tafolecimab injection), anti-PCSK9 antibody, NDA accepted in June 2022 for the treatment of primary hypercholesterolemia (including HeFH and non-FH) and mixed dyslipidemia.

- IBI-326 (equecabtagene autoleucel injection), fully human anti-BCMA CAR T-cell therapy, NDA accepted in June 2022 for the treatment of R/R MM.

- Other in progress late stage assets include IBI-344 (taletrectinib, ROS1/NTRK TKI), IBI-376 (parsaclisib, PI3Kδ inhibitor) and IBI-310 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 GLP-1 and 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 – LAG-3 monoclonal antibody. The data of Phase 1a/1b dose-escalation study and Phase 1b studies were released at the 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-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 MDS was released.

Business Highlights

We achieved three 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 for the sole commercialization right of Cyramza® (ramucirumab) and Retsevmo® (selpercatinib) in China, and right of first negotiation for future commercialization of pirtobrutinib (BTK inhibitor) in China.
- In March 2022, the U.S. FDA has issued a complete response letter for the Biologics License Application 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 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 MNCs, which will contribute to the implementation of the Company's strategic objective and mission of innovation through globalization.

Business Highlights

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 Latest Practicable Date, 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 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-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-VEGF-A and anti-Ang-2 bispecific antibody.

- In August 2022, we completed the first subject dose for IBI-311, anti-IGF-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 interim report and, where applicable, the Company's prior announcements published on the websites of 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, 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.

First half of 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 Latest Practicable Date, 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.

Management Discussion and Analysis

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, to operate in a more professional and precise BU model, and gradually established a more efficient marketing system. At the same time, we actively carried 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 with 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 EHA and 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.

Management Discussion and Analysis

- **The non-oncology field entered into the harvest period**: The NDA for IBI-306 (PCSK9) 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 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 joins and undertakes 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

Management Discussion and Analysis

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 Latest Practicable Date, 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, multi-specific antibodies, immuno-cytokine, T/NK cell engager, ADC, ADC ISAC, fusion proteins, cell therapy 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.

Management Discussion and Analysis

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

Management Discussion and Analysis

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 EGFR-mutated non-squamous NSCLC after EGFR-TKI therapy is under the regulatory review and expect regulatory action in the end of 2022.

Management Discussion and Analysis

- 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. 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.

Management Discussion and Analysis

NAILIKE (olverembatinib)*: a novel BCR-ABL TKI co-developed and co-commercialized with 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 about 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.

Management Discussion and Analysis

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.*

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 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 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.

Management Discussion and Analysis

***IBI-376 (parsaclisib)**: a potent, highly selective, next-generation investigational novel oral inhibitor of PI3Kδ 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 FL, MZL and 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 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 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.

Management Discussion and Analysis

- 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 2022 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 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.

Management Discussion and Analysis

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.

Selected Early Clinical and Near Clinical Oncology Candidates

- During the Reporting Period and up to the date of this interim report, 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.

Management Discussion and Analysis

- 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.*

- 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.

Management Discussion and Analysis

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

- During the Reporting Period and up to the Latest Practicable Date, 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 mainland China, and an exclusive option for future commercialization of pirtobrutinib (BTK inhibitor) in mainland China.

- In June 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.

Management Discussion and Analysis

Financial Review

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Revenue from contracts with customers	**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)	**48,444**	(152)
Loss for the period	**(950,468)**	(1,003,558)
Other comprehensive expense		
Items that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**(42,715)**	–
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(11,111)**	–
Other comprehensive expense for the period, net of income tax	**(53,826)**	–
Total comprehensive expense for the period	**(1,004,294)**	(1,003,558)
Non-IFRS measure:		
Adjusted loss and total comprehensive expenses for the period	**(1,139,152)**	(676,850)

Management Discussion and Analysis

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**	–
Total revenue from contracts with customers	**2,239,599**	1,941,750

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.

Management Discussion and Analysis

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**")); and (iii) investment income derived from financial asset and liabilities 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.

Management Discussion and Analysis

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 periods:

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

Management Discussion and Analysis

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

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

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

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

Management Discussion and Analysis

Selected Data from Statement of Financial Position

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

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 the Pre-IPO Share Incentive Plan, the Post-IPO ESOP, the 2018 RS Plan and 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 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 RMB1,436.9 million (included directors' emoluments), 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.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

As at 30 June 2022, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of holding[1]	Long position/ Short position
Dr. De-Chao Michael Yu	Beneficial owner	101,430,614[2]	6.91%	Long position
		371,747[3]	0.03%	Short position
	Grantor of a trust	9,000,000[4]	0.61%	Long position
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	12,422,595[5]	0.85%	Long position
Dr. Charles Leland Cooney ("**Dr. Cooney**")	Beneficial owner	87,248[6]	0.01%	Long position
Mr. Ronald Hao Xi Ede ("**Mr. Ede**")	Beneficial owner	7,160,975[7]	0.49%	Long position
Ms. Joyce I-Yin Hsu ("**Ms. Hsu**")	Beneficial owner	48,158[8]	0.00%	Long position
Dr. Kaixian Chen ("**Dr. Chen**")	Beneficial owner	22,084[9]	0.00%	Long position
Mr. Gary Zieziula ("**Mr. Zieziula**")	Beneficial owner	131,676[10]	0.01%	Long position

Notes:

1. The calculation is based on the total number of 1,467,446,951 Shares in issue as at 30 June 2022.

2. Includes (i) 84,477,313 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 8,604,889 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Yu's entitlement to the aggregate of 8,348,412 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

3. These Shares are in connection with a donation agreement entered into by Dr. Yu, pursuant to which he agreed to sell HK$10,000,000 worth of his shares (approximately 371,747 Shares based on the closing price of HK$26.90 on 27 December 2019, the closest trading day to the date of the agreement) and to transfer the proceeds remaining (after tax and relevant fees) to the beneficiary. Such date of transfer shall be extended to a date as agreed by the parties.

Other Information

4. These Shares are held by Gloria Bingqinzi Yu as trustee of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.

5. These Shares are held by The Bryn Mawr Trust Company of Delaware as trustee of (i) Madrone Grove Dynasty Trust; and (ii) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.

6. Includes (i) 43,792 Shares held by Dr. Cooney; (ii) Dr. Cooney's entitlement to receive up to 38,628 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Cooney's entitlement to the aggregate of 4,828 Shares underlying the Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

7. Includes (i) 3,815,616 Shares held directly by Mr. Ede; (ii) Mr. Ede's entitlement to receive up to 2,304,715 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Mr. Ede's entitlement to the aggregate of 1,040,644 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares.

8. Includes (i) 4,702 shares held directly by Ms. Hsu; (ii) Ms. Hsu's entitlement to receive up to 38,628 Shares pursuant to the exercise of options granted to her, subject to the conditions of these options; and (iii) Ms. Hsu's entitlement to the aggregate of 4,828 Shares underlying the Restricted Shares granted to her, subject to the conditions of these underlying Restricted Shares.

9. Includes (i) 4,702 shares held directly by Dr. Chen; (ii) Dr. Chen's entitlement to receive up to 15,451 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Chen's entitlement to the aggregate of 1,931 Shares underlying the Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

10. Includes (i) Mr. Zieziula's entitlement to receive up to 117,045 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (ii) the proposed grant of an aggregate of 14,631 Shares underlying Restricted Shares to Mr. Zieziula, subject to the approval of independent shareholders of the Company at a general meeting to be held.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2022, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position
TLS BETA PTE. LTD. ("**TLS Beta**")[2]	Beneficial interest	89,475,350	6.10%	Long position
Temasek Life Sciences Private Limited[2]	Interest in a controlled corporation	100,705,350	6.86%	Long position
Fullerton Management Pte Ltd[2]	Interest in a controlled corporation	100,705,350	6.86%	Long position
Temasek Holdings (Private) Limited[2][3]	Interest in a controlled corporation	132,555,350	9.03%	Long position

Notes:

1. The calculation is based on the total number of 1,467,446,951 Shares in issue as at 30 June 2022.

2. TLS Beta is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 89,475,350 Shares held by TLS Beta.

   Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are also deemed to be interested in the 11,230,000 Shares held by Elbrus Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Life Sciences Private Limited.

3. In addition, Temasek Holdings (Private) Limited is deemed to be interested in the 31,850,000 Shares held by other entity under its control. For details, please refer to the disclosure of interest form of Temasek Holdings (Private) Limited filed on 30 June 2022.

Save as disclosed above, as at 30 June 2022, no persons other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of Its Associated Corporations" above had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Other Information

Equity Plans

1. Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan was approved and adopted pursuant to the written resolutions of all Shareholders dated 10 May 2012 and amended from time to time. The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of its Shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Shareholders generally.

Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and the 2021 annual report of the Company.

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan as at 30 June 2022 are as follows:

					Number of options				
Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Outstanding as at 1 January 2022	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2022
Other grantees than Directors, senior management and connected persons									
In aggregate	Between 10 May 2012 and 9 October 2018	10 years from the date of grant	4 years to 6 years from the date of grant	Between US$0.017 and US$1.342	42,425,296	(2,563,463)	(343,750)	(150,000)	39,368,083
Total					42,425,296	(2,563,463)	(343,750)	(150,000)	39,368,083

Note:

(1) The weighted average closing price of the Company's Shares immediately before the dates on which the options were exercised during the period was HK$46.28.

Other Information

2. Post-IPO ESOP

The Post-IPO ESOP was conditionally adopted by the resolutions in writing of the Shareholders on 12 June 2018. The purpose of the Post-IPO ESOP is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO ESOP will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Further details of the Post-IPO ESOP are set out in the Prospectus and the 2021 annual report of the Company.

Details of the movements of the options granted under the Post-IPO ESOP as at 30 June 2022 are as follows:

					Number of options					
Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2022	Closing price of the Shares immediately before the date of grant
Directors										
Dr. De-Chao Michael Yu	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	4,142,857	–	–	–	4,142,857	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	2,071,429	–	–	–	2,071,429	HK$34.00
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	1,035,714	–	–	–	1,035,714	HK$73.8
	30 March 2022	10 years from the date of grant	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60	–	1,354,889	–	–	1,354,889	HK$28.55
Mr. Ronald Hao Xi Ede	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	952,381	–	–	–	952,381	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	635,714	–	–	–	635,714	HK$34.00
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	342,857	–	–	–	342,857	HK$73.80
	30 March 2022	10 years from the date of grant	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60	–	373,763	–	–	373,763	HK$28.55

Other Information

Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Number of options					Closing price of the Shares immediately before the date of grant
					Outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2022	
Dr. Charles Leland Cooney	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60	–	38,628	–	–	38,628	HK$28.55
Ms. Joyce I-Yin Hsu	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60	–	38,628	–	–	38,628	HK$28.55
Dr. Kaixian Chen	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60	–	15,451	–	–	15,451	HK$28.55
Mr. Gary Zieziula	1 June 2022	10 years from the date of grant	33.33% shall vest on 1 June 2023; 33.33% shall vest on 1 June 2024; and 33.33% shall vest on 1 June 2025	HK$24.30	–	117,045	–	–	117,045	HK$24.35
Other grantees than Directors, senior management and connected persons										
	15 March 2019	10 years from the date of grant	740,990 Share options: 50% shall vest on 15 March 2024; and 50% shall vest on 15 March 2025; remaining Share options: 75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	7,080,933	–	–	(101,556)	6,979,377	HK$28.45
	14 June 2019	10 years from the date of grant	75% shall vest on 14 June 2022; and 25% shall vest on 14 June 2023	HK$26.25	285,714	–	–	–	285,714	HK$26.40
	29 August 2019	10 years from the date of grant	75% shall vest on 29 August 2022; and 25% shall vest on 29 August 2023	HK$25.85	171,429	–	–	(57,143)	114,286	HK$24.45
	4 December 2019	10 years from the date of grant	75% shall vest on 4 December 2022; and 25% shall vest on 4 December 2023	HK$28.15	499,998	–	–	(174,285)	325,713	HK$28.15

Other Information

Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Number of options					Closing price of the Shares immediately before the date of grant
					Outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2022	
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	10,792,005	–	–	(1,102,799)	9,689,206	HK$34.00
	11 June 2020	10 years from the date of grant	75% shall vest on June 11, 2023; and 25% shall vest on June 11, 2024	HK$47.80	1,527,906	–	–	(227,546)	1,300,360	HK$48.00
	27 August 2020	10 years from the date of grant	75% shall vest on 27 August 2023; and 25% shall vest on 27 August 2024	HK$54.55	242,855	–	–	–	242,855	HK$53.45
	3 December 2020	10 years from the date of grant	75% shall vest on 3 December 2023; and 25% shall vest on 3 December 2024	HK$53.9	3,471,306	–	–	–	3,471,306	HK$51.90
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	8,043,081	–	–	(1,081,715)	6,961,366	HK$73.80
	23 June 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$90.05	1,242,002	–	–	(167,400)	1,074,602	HK$86.05
		10 years from the date of grant	50% shall vest on 23 June 2026; and 50% shall vest on 23 June 2027	HK$90.05	691,429	–	–	(45,714)	645,715	HK$86.05
	26 August 2021	10 years from the date of grant	75% shall vest on 26 August 2024; and 25% shall vest on 26 August 2025	HK$64.69	261,285	–	–	(42,857)	218,428	HK$64.20
	6 December 2021	10 years from the date of grant	75% shall vest on 6 December 2024; and 25% shall vest on 6 December 2025	HK$68.51	1,080,068	–	–	(75,286)	1,004,782	HK$66.40
	30 March 2022	10 years from the date of grant	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60	–	10,456,741	–	(403,582)	10,053,159	HK$28.55
Total					44,570,963	12,395,145	–	(3,479,883)	53,486,225	

Other Information

3. 2018 RS Plan

The 2018 RS Plan was approved by the Shareholders on 15 October 2018. The purpose of the 2018 RS Plan was to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

The 2018 RS Plan was terminated in its entirety on 12 June 2020, the adoption date of the 2020 RS Plan. Nonetheless, the rights and obligations of the grantees and the Company with respect to the restricted Shares that have been granted or earmarked pursuant to the 2018 RS Plan on or before the date of termination as provided (or will be provided) in the relevant award agreements shall survive termination of the 2018 RS Plan and remain in full force and effect except otherwise provided for the relevant award agreements.

Further details of the 2018 RS Plan are set out in the Prospectus and the 2021 annual report of the Company.

Details of the movements of the restricted Shares granted under the 2018 RS Plan as at 30 June 2022 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at 30 June 2022	Vesting Period	Closing price at date of grant
Director								
Dr. De-Chao Michael Yu	2 May 2019	4,141,078	–	(1,380,359)	–	2,760,719	5 years from the date of grant	HK$25.15
	15 April 2020	1,450,000	–	–	–	1,450,000	4 years from the date of grant	HK$33.95
Mr. Ronald Hao Xi Ede	15 April 2020	320,000	–	–	–	320,000	4 years from the date of grant	HK$33.95
Other grantees than Directors, senior management and connected persons								
	2 May 2019	794,190	–	(26,385)	–	767,805	759,010 Restricted Shares: 6 years from the date of grant; 8,795 Restricted Shares: 4 years from the date of grant	HK$25.15
	14 June 2019	60,000	–	(45,000)	–	15,000	4 years from the date of grant	HK$25.90
	29 August 2019	130,000	–	–	–	130,000	4 years from the date of grant	HK$25.85
	4 December 2019	160,000	–	–	(80,000)	80,000	4 years from the date of grant	HK$28.15
	15 April 2020	2,909,808	–	–	(274,840)	2,634,968	4 years from the date of grant	HK$33.95
	11 June 2020	507,380	–	–	(39,820)	467,560	4 years from the date of grant	HK$47.80
Total		10,472,456	–	(1,451,744)	(394,660)	8,626,052		

Other Information

4. 2020 RS Plan

The 2020 RS Plan was approved by the Shareholders on 12 June 2020. The purpose of the 2020 RS Plan is to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

67,152,410 Shares will be issued by the Company within five years of 12 June 2020 for distribution of Shares corresponding to the restricted shares.

Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020, the circular of the Company dated 28 May 2020 and Note 21 to the financial statements.

As at 30 June 2022, 18,470,549 restricted Shares had been granted or agreed to be granted under the 2020 RS Plan.

Details of the movements of the restricted Shares granted under the 2020 RS Plan as at 30 June 2022 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at 30 June 2022	Vesting Period	Closing price at date of grant
Director								
Dr. De-Chao Michael Yu	30 March 2021	725,000	–	–	–	725,000	4 years from the date of grant	HK$78.20
	30 March 2022	–	2,032,334	–	–	2,032,334	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60
Mr. Ronald Hao Xi Ede	30 March 2021	160,000	-	–	–	160,000	4 years from the date of grant	HK$78.20
	30 March 2022	–	560,644	–	–	560,644	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60
Dr. Charles Leland Cooney	30 March 2021	1,845	-	(1,845)	–	–	1 January 2022	HK$78.20
	30 March 2022	–	4,828	–	–	4,828	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60
Ms. Joyce I-Yin Hsu	30 March 2021	1,845	–	(1,845)	–	–	1 January 2022	HK$78.20
	30 March 2022	–	4,828	–	–	4,828	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60

Other Information

Name or category of grantee	Date of grant	Held at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at 30 June 2022	Vesting Period	Closing price at date of grant
Dr. Kaixian Chen	30 March 2021	1,845	–	(1,845)	–	–	1 January 2022	HK$78.20
	30 March 2022	–	1,931	–	–	1,931	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60
Mr. Gary Zieziula	1 June 2022	–	14,631[1]	–	–	14,631	33.33% shall vest on 1 June 2023; 33.33% shall vest on 1 June 2024; and 33.33% shall vest on 1 June 2025	HK$24.30
Other grantees than Directors, senior management and connected persons								
	27 August 2020	200,000	–	–	–	200,000	4 years from the date of grant	HK$54.55
	3 December 2020	4,444,169	–	–	–	4,444,169	4 years from the date of grant	HK$53.90
	30 March 2021	1,995,232	–	–	(219,624)	1,775,608	4 years from the date of grant	HK$78.20
	23 June 2021	772,587	–	–	(99,000)	673,587	244,000 restricted shares: 6 years from the date of grant 429,587 restricted shares: 4 years from the date of grant	HK$90.05
	26 August 2021	211,000	–	–	(40,000)	171,000	4 years from the date of grant	HK$61.90
	6 December 2021	1,122,237	–	–	(68,000)	1,054,237	4 years from the date of grant	HK$61.80
	30 March 22	–	15,851,353	–	(648,873)	15,202,480	4 years from the date of grant	HK$30.60
Total		9,635,760	18,470,549	(5,535)	(1,075,497)	27,025,277		

Note:

(1) represents the proposed grant of an aggregate of 14,631 Shares underlying Restricted Shares to Mr. Zieziula, subject to the approval of independent shareholders of the Company at a general meeting to be held.

Other Information

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 Shares during the six months ended 30 June 2022.

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 were pending or threatened against the Group during the six months ended 30 June 2022.

Use of Net 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.

Other Information

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:

Use of net proceeds from the July 2020 Placing as disclosed in the Company's announcements relating to the July 2020 Placing	Utilisation as at 31 December 2021 RMB million	Unutilised as at 31 December 2021[Note] RMB million	**Utilisation as at 30 June 2022 RMB million**	**Unutilised as at 30 June 2022[Note] RMB million**
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**
	1,391.9	1,122.3	**1,906.0**	**608.2**

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.

Other Information

(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:

Use of net proceeds from the January 2021 Placing as disclosed in the Company's announcements relating to the January 2021 Placing	Utilisation as at 31 December 2021 RMB million	Unutilised as at 31 December 2021[Note] RMB million	**Utilisation as at 30 June 2022 RMB million**	**Unutilised as at 30 June 2022[Note] RMB million**
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**
	1,262.9	2,630.4	**2,235.9**	**1,657.4**

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.

Other Information

Interim Dividend

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

Audit Committee

The Company has established the 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 chairwoman 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 and this interim report. 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.

In addition, the Company's external auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee.

Other Board Committees

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee and a Strategy Committee.

Future Plans For Material Investment or Capital Assets

Save as disclosed in this interim report, the Group does not have other plans for material investments and capital assets.

Changes to Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

1. Mr. Shuyun Chen resigned as a non-executive Director and a member of the Audit Committee and the Strategy Committee with effect from 25 February 2022; and

2. Mr. Gary Zieziula was appointed as an independent non-executive Director and a member of the Audit Committee and the Strategy Committee with effect from 1 June 2022.

Save as disclosed herein, the Directors confirm that no information is required to be disclosed since 31 December 2021 pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information

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.

Model Code for Securities Transactions

The Company has adopted 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.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF INNOVENT BIOLOGICS, INC.
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Innovent Biologics, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 82, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
6 September 2022

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	5	**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)	6	**48,444**	(152)
Loss for the period	7	**(950,468)**	(1,003,558)
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Fair value loss on investment in equity instruments at fair value through other comprehensive income ("FVTOCI")		**(42,715)**	–
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(11,111)**	–
Other comprehensive expense for the period, net of income tax		**(53,826)**	–
Total comprehensive expense for the period		**(1,004,294)**	(1,003,558)
Loss per share	8		
– Basic (RMB Yuan)		**(0.65)**	(0.69)
– Diluted (RMB Yuan)		**(0.65)**	(0.69)

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	**2,960,355**	2,692,986
Right-of-use assets	10	**380,780**	396,862
Intangible assets	11	**815,502**	772,194
Equity instruments at FVTOCI	12	**160,731**	203,446
Prepayments for acquisition of long-term assets		**264,279**	285,909
Prepayments and other receivables	14	**146,137**	127,658
Other financial assets	15	**236,317**	213,809
		4,964,101	4,692,864
Current assets			
Inventories		**1,476,915**	1,347,240
Trade receivables	13	**1,186,648**	968,405
Prepayments and other receivables	14	**213,024**	213,261
Other financial assets	15	**–**	644,848
Bank balances and cash	16	**8,317,947**	8,377,095
		11,194,534	11,550,849
Current liabilities			
Trade payables	17	**236,355**	195,050
Other payables and accrued expenses	18	**2,047,915**	2,051,624
Contract liabilities		**323,554**	355,506
Borrowings	19	**858,000**	365,000
Lease liabilities		**15,946**	22,273
Tax payables		**–**	60,594
		3,481,770	3,050,047
Net current assets		**7,712,764**	8,500,802
Total assets less current liabilities		**12,676,865**	13,193,666

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Non-current liabilities			
Contract liabilities		**899,674**	458,507
Borrowings	19	**1,807,986**	2,023,261
Government grants		**288,153**	294,767
Lease liabilities		**84,168**	86,392
Other financial liabilities		**5,794**	342
		3,085,775	2,863,269
Net assets		**9,591,090**	10,330,397
Capital and reserves			
Share capital	20	**101**	101
Reserves		**9,590,989**	10,330,296
Total equity		**9,591,090**	10,330,397

The condensed consolidated financial statements on page 50 to 82 were approved and authorised for issue by the board of directors on 6 September 2022 and signed on its behalf by:

Yu, De-Chao Michael
DIRECTOR

Ede, Hao Xi Ronald
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital RMB'000	Share premium RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 (note)	Translation reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021 (audited)	97	18,541,251	–	(313,652)	–	534,063	(9,981,989)	8,779,770
Prior period adjustments (note 1.1)	–	–	–	–	–	(150,359)	150,359	–
At 1 January 2021 (restated)	97	18,541,251	–	(313,652)	–	383,704	(9,831,630)	8,779,770
Loss and total comprehensive expenses for the period	–	–	–	–	–	–	(1,003,558)	(1,003,558)
Issue of ordinary shares (note 20(a))	3	3,940,088	–	–	–	–	–	3,940,091
Transaction costs attribute to issue of new shares	–	(54,696)	–	–	–	–	–	(54,696)
Recognition of equity-settled share based payment	–	–	–	–	–	239,037	–	239,037
Vesting of restricted shares	–	32,252	–	–	–	(32,252)	–	–
Exercise of share options (note 20(b))	–*	8,436	–	–	–	(3,751)	–	4,685
At 30 June 2021 (restated and unaudited)	100	22,467,331	–	(313,652)	–	586,738	(10,835,188)	11,905,329
At 1 January 2022 (audited)	**101**	**22,493,658**	**(120,009)**	**(313,652)**	**1,995**	**1,388,346**	**(13,120,042)**	**10,330,397**
Prior period adjustments (note 1.1)	**-**	**-**	**-**	**-**	**-**	**(559,657)**	**559,657**	**-**
At 1 January 2022 (restated)	**101**	**22,493,658**	**(120,009)**	**(313,652)**	**1,995**	**828,689**	**(12,560,385)**	**10,330,397**
Loss and total comprehensive expenses for the period	**-**	**-**	**(42,715)**	**-**	**(11,111)**	**-**	**(950,468)**	**(1,004,294)**
Recognition of equity-settled share based payment	**-**	**-**	**-**	**-**	**-**	**261,175**	**-**	**261,175**
Vesting of restricted shares	**-***	**33,501**	**-**	**-**	**-**	**(33,501)**	**-**	**-**
Exercise of share options (note 20(c))	**-***	**16,531**	**-**	**-**	**-**	**(12,719)**	**-**	**3,812**
At 30 June 2022 (unaudited)	**101**	**22,543,690**	**(162,724)**	**(313,652)**	**(9,116)**	**1,043,644**	**(13,510,853)**	**9,591,090**

Note: Other reserve included 1) effect of put option granted to non-controlling shareholders to convert their equity interests in a subsidiary to the preferred shares of Innovent Biologics, Inc. (the "Company"); 2) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of issuance of subsidiary's equity and the relevant proceeds received; 3) portion of deemed capital contribution over restricted shares or options granted to employees of subsidiary attributable to non-controlling interests and 4) effect of exercise of put option granted to non-controlling shareholders.

*: Amount is less than RMB1,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(Restated)
OPERATING ACTIVITIES		
Loss before tax	**(998,912)**	(1,003,406)
Adjustments for:		
Loss on disposal of property, plant and equipment	**–**	147
Depreciation of property, plant and equipment	**88,285**	77,704
Amortisation of intangible assets	**16,913**	–
Depreciation of right-of-use assets	**19,735**	11,802
Amortization of prepaid bonus	**12,913**	7,584
Net foreign exchange (gains) losses	**(367,902)**	82,742
Loss (gain) from changes in fair value of other financial assets (financial assets measured at fair value through profit or loss ("FVTPL"))	**11,049**	(2,593)
Gain from disposal of other financial assets (financial assets measured at FVTPL)	**(2,672)**	–
Gain from changes in fair value change of other financial liabilities measured at FVTPL	**(1,720)**	–
Share-based payment expenses	**261,175**	239,037
Research and development expenses paid by partners of joint operations	**25,878**	16,041
Government grants income related to asset	**(4,259)**	(2,313)
Interest income	**(89,833)**	(79,423)
Interest on bank borrowings	**44,566**	27,104
Interest on lease liabilities	**2,011**	566
Inventory write-down	**14,363**	–
Operating cash flows before movements in working capital	**(968,410)**	(625,008)
Increase in trade receivables	**(218,243)**	(527,077)
Increase in inventories	**(144,038)**	(395,978)
Increase in prepayments and other receivables	**(35,831)**	(48,224)
Increase in trade payables	**41,305**	156,714
Increase in other payables and accrued expenses	**124,906**	142,891
Increase in contract liabilities	**409,215**	281,396
Decrease in government grants related to income	**(3,453)**	–
Cash used in operations	**(794,549)**	(1,015,286)
Income tax paid	**(12,150)**	(152)
NET CASH USED IN OPERATING ACTIVITIES	**(806,699)**	(1,015,438)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(Restated)
INVESTING ACTIVITIES		
Interest received	**95,260**	102,483
Placement of term deposits with maturity dates over three months	**(6,795,527)**	(4,544,829)
Placement of pledged term deposits	**(1,066,018)**	(410,000)
Release of pledged term deposits	**852,966**	3,000
Purchase of property, plant and equipment	**(428,991)**	(348,323)
Purchase of intangible assets	**(49,040)**	(64,289)
Payments for right-of-use assets	**–**	1,181
Payments for rental deposits	**(439)**	(1,285)
Purchase of other financial assets at FVTPL	**(33,557)**	(1,103,629)
Release of term deposits with maturity dates over three months	**7,211,907**	4,740,152
Proceeds on release of other financial assets at FVTPL	**644,770**	1,431,034
Proceeds from disposal of property, plant and equipment	**–**	2
Receipt of government grants related to property, plant and equipment	**1,098**	15,000
Repayment to a partner of joint operations	**(53,015)**	(37,519)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**379,414**	(217,022)
FINANCING ACTIVITIES		
Interest paid	**(53,088)**	(34,098)
New borrowings raised	**530,851**	792,958
Repayment of borrowings	**(253,126)**	(135,000)
Repayment of lease liabilities	**(11,896)**	(10,292)
Proceeds from exercise of share options	**3,812**	4,685
Issuance of ordinary shares	**–**	3,940,091
Payment of transaction costs attributable to issuance of new shares	**–**	(54,696)
Proceeds from other partners of investment fund consolidated	**7,172**	–
NET CASH FROM FINANCING ACTIVITIES	**223,725**	4,503,648
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(203,560)**	3,271,188
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,359,408**	1,276,178
Effects of foreign exchange rate changes	**196,195**	(82,664)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**1,352,043**	4,464,702
Represented by:		
Bank balances and cash	**8,317,947**	11,164,034
Less: Term deposits with maturity date over three months	**(5,678,437)**	(6,219,332)
Less: Pledged bank deposits	**(1,287,467)**	(480,000)
	1,352,043	4,464,702

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 adjustments

During the finalization of the condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2022, the management has identified certain adjustments in the consolidated financial statements of prior years. The prior year adjustments are to decrease the expenses recognized for the share options and restricted shares based on the a) actual number of the share options and restricted shares granted; b) actual number of the share options and restricted shares forfeited and c) the consequent proper estimation of the number of the share options and restricted shares expected to vest. The corresponding impact has been adjusted on cost of sales, research and development expenses, administrative and other expenses and selling and marketing expenses accordingly for the preceding interim period. The aforesaid adjustments result in the reclassification between accumulated losses and share-based payment reserve in the reserves thus have no impact on the condensed consolidated statement of financial position and net cash flow.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. BASIS OF PREPARATION (Continued)

1.1 Prior period adjustments (Continued)

The effect of the prior period adjustments in the condensed consolidated statement of profit or loss and other comprehensive income for the six months period ended 30 June 2021 is set out below:

	Six months ended June 30 2021 RMB'000 (unaudited)	Prior period Adjustments 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	(234,758)	17,880	(216,878)
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	(27,104)	–	(27,104)
Loss before tax	(1,175,158)	171,752	(1,003,406)
Income tax expense	(152)	–	(152)
Loss for the period	(1,175,310)	171,752	(1,003,558)
Total comprehensive expense for the period	(1,175,310)	171,752	(1,003,558)
Loss per share			
– Basic (RMB Yuan)	(0.81)	0.12	(0.69)
– Diluted (RMB Yuan)	(0.81)	0.12	(0.69)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

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

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:

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 and except for entity-wide disclosures, major customers and geographic information, no further analysis of the segment is presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION (Continued)

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	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The PRC	**2,213,605**	1,938,388
United States of America ("USA")	**18,707**	–
Indonesia	**7,287**	3,362
	2,239,599	1,941,750

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	**–**	(147)
(Loss) gain from changes in fair value of other financial assets measured at FVTPL (note 15)	**(11,049)**	2,593
Gain from disposal of other financial assets measured at FVTPL	**2,672**	–
Gain from changes in fair value change of other financial liabilities measured at FVTPL	**1,720**	–
Net foreign exchange gains (losses)	**396,032**	(87,671)
Others	**246**	–
	389,621	(85,225)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

6. INCOME TAX CREDIT (EXPENSE)

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

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(Restated)
Loss before tax has been arrived at after charging:		
Directors' emoluments	**71,840**	62,697
Other staffs costs:		
Salaries and other allowances	**755,377**	470,911
Performance related bonus	**250,744**	225,775
Retirement benefit scheme contributions	**149,702**	89,777
Share-based payment expenses	**209,207**	190,091
Total staff costs	**1,436,870**	1,039,251
Depreciation of property, plant and equipment	**88,285**	77,704
Amortisation of intangible assets	**16,913**	–
Depreciation of right-of-use assets	**19,735**	11,802
Capitalised in inventories	**(52,638)**	(36,982)
	72,295	52,524
Auditors' remuneration	**1,100**	1,323
Cost of inventories recognised as an expense	**212,083**	196,435
Inventory write-down	**14,363**	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

8. 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
	RMB'000	RMB'000
	(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	**1,465,029,677**	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. Details of the restricted shares are set out in note 21.

(b) Diluted

30 June 2022 and 2021

The Company had two categories of potential ordinary shares under the Pre-IPO Share Incentive Plan (the "Pre-IPO Plan"), 2018 Restricted Shares Plan (the "2018 RS Plan"), 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 21. 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.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group incurred approximately RMB240.7 million (six months ended 30 June 2021: 498.4 million) construction costs mainly for new production plant and machinery.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of RMB0.3 million (six months ended 30 June 2021: RMB0.8 million) and lease liabilities of RMB0.3 million (six months ended 30 June 2021: RMB0.8 million).

11. INTANGIBLE ASSETS

During the current interim period, the Group capitalised RMB47.0 million (six months ended 30 June 2021: RMB64.3 million) in respect of the licenses for a few particular molecules with the goal of developing and commercialising them as pharmaceutical products. Such intangible assets have finite useful lives and will start to amortise after available for use.

12. EQUITY INSTRUMENTS AT FVTOCI

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Listed		
– Equity securities (note)	**160,731**	203,446

Note: The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. Loss in fair value amounting to RMB42.7 million is recognised during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

13. TRADE RECEIVABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

13. TRADE RECEIVABLES (Continued)

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

14. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Prepayments	**43,404**	40,679
Other receivables	**135,185**	139,577
Prepaid bonus (note a)	**131,414**	131,242
Other loans (note b)	**7,953**	9,139
Other tax recoverables	**34,342**	13,858
Rental deposits	**6,863**	6,424
	359,161	340,919
Analysed as:		
Non-current	**146,137**	127,658
Current	**213,024**	213,261
	359,161	340,919

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

14. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

(a) On 26 August 2018, in consideration of future performance of their duties as directors of the Company, the Company granted bonuses in the total amount of RMB198.5 million to two directors of the Company (including Dr. Yu, the CEO of the Company), which is equal to the sum of 1) subscription receivables from these directors of the Company in the amount of RMB76.4 million (comprising subscription receivables for restricted shares in the amount of RMB29.2 million and subscription receivables for share options due from two directors of the Company in the amount of RMB47.2 million); 2) an amount of RMB32.9 million due from these two directors of the Company in respect of the withholding tax resulting from the restricted shares and share options subscriptions; and 3) an amount of RMB89.2 million due from these two directors of the Company in respect of the withholding tax resulting from the grant of the prepaid bonuses as at 26 August 2018.

On 12 May 2021, 21 June 2021 and 14 June 2022, the Company granted bonuses in the total amount of RMB78.6 million to Dr. Yu, which is equal to the amount due from Dr. Yu of the Company in respect of the withholding tax resulting from the restricted shares subscription.

Based on the relevant terms of the directors' respective service agreements (which reflected the relevant contractual terms of these directors' bonus plan), the outstanding subscription receivables and the amount paid or payable for these directors of the Company in respect of the withholding tax resulting from the share subscriptions and the grant of these bonuses as at 26 August 2018, 12 May 2021, 21 June 2021 and 14 June 2022 were converted to bonuses paid in advance to directors of the Company. These directors of the Company shall be liable to return the whole or part of the bonuses and the relevant tax paid for them if certain service and/or performance conditions are not satisfied in accordance with the relevant terms of the respective directors' service agreements.

During the six months ended 30 June 2022, RMB12.9 million (six months ended 30 June 2021: RMB7.6 million) was recognised as bonus expense based on the underlying terms of bonus plan and recorded under administrative expenses in accordance with the relevant terms of services agreements and RMB28.0 million (31 December 2021: RMB25.4 million) is expected to be recognised in the next twelve months and therefore, it is classified as current assets.

(b) On 2 May 2018, pursuant to the board resolution of the compensation committee of the Company, the board of the Company has approved the acceleration of exercise of shares options granted to 33 individuals. Along with the acceleration of share options, 9 individuals have signed separate loan agreements with the Company for onshore loan and Innovent Biologics (Suzhou) Co., Ltd. ("Innovent Suzhou ") for offshore loan for financing their payment on exercising the share options and individual income tax.

During the year ended 31 December 2019, the Company has further entered loan agreements with remaining individuals regarding the unsettled subscription price and other costs in relation to the accelerated share options.

All of the loans are interest bearing at 3.5% per annum. The loans will be repaid according to the various repayment schedule before May 2024, in which RMB6.5 million (31 December 2021: RMB7.5 million) will be repaid within a year and classified as current receivables while the remaining RMB1.5 million (31 December 2021: RMB1.5 million) will be repaid after twelve months and classified as non-current receivables.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

15. OTHER FINANCIAL ASSETS

	Current		Non-current	
	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)	**At 30 June 2022 RMB'000 (unaudited)**	At 31 December 2021 RMB'000 (audited)
Wealth management plans (note a)	**–**	638,213	**–**	–
Other investments at FVTPL (note b)	**–**	–	**236,317**	213,809
Derivative financial instruments (not under hedge accounting) (note c)	**–**	6,635	**–**	–
	–	644,848	**236,317**	213,809

Notes:

(a) The Group invested in wealth management plans managed by financial institutions in the PRC.

The principal is either guaranteed or unguaranteed by the relevant financial institutions with an expected return rate as stated in the contract ranging from 0.45% to 0.75% per annum as at 31 December 2021. The investments are classified as financial assets measured at FVTPL and fully matured during the current interim period.

(b) Other investments at FVTPL comprise of:

Unlisted equity investments

On 19 December 2019, 20 July 2020 and 8 September 2021, the Group subscribed convertible redeemable shares of a private entity incorporated in USA. The Group has the right to demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon the occurrence of redemption events which are outside the control of the issuer and accordingly the investment is measured at FVTPL. No change in fair value is recognised during the six months ended 30 June 2022 and 2021.

On 15 March 2021, the Group subscribed preferred shares which represent 8.7% of the equity of a private entity incorporated in Indonesia and accordingly the investment is measured at FVTPL. No change in fair value is recognised during the six months ended 30 June 2022 and 2021.

On 27 September 2021, the Group subscribed preferred shares which represent 5.2397% of the equity of a private entity incorporated in the PRC and accordingly the investment is measured at FVTPL. No change in fair value is recognised during the six months ended 30 June 2022.

On 16 March 2022, the Group subscribed preferred shares which represent 6.42% of the equity of a private entity incorporated in the Cayman and accordingly the investment is measured at FVTPL. No change in fair value is recognised during the six months ended 30 June 2022.

Warrants for equity securities listed in Hong Kong

On 14 July 2021, the Group obtained warrants for subscription of 6,787,587 ordinary shares of a listed entity incorporated in Hong Kong on or before 14 July 2023 at a price of HK$57.2 per share. The warrant is measured at FVTPL and a loss on fair value change amounting to RMB11,049,000 is recognised during the period ended 30 June 2022.

Details of fair value measurements of the unlisted equity investments are set out in note 23.

(c) During the year ended 31 December 2021, forward foreign exchange contracts are purchased by the Group for the purpose of managing exchange rate risks which are not designated as hedging instruments. As such, the gains and losses arising from changes in fair value of these contracts are directly recognised in profit and loss in the period. During the six months ended 30 June 2022, all the forward foreign exchange contracts has been settled.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

16. BANK BALANCES AND CASH

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Cash at bank	**807,831**	785,943
Cash on hand	**169**	633
Term deposits with maturity date less than three months	**544,043**	572,832
Cash and cash equivalents	**1,352,043**	1,359,408
Term deposits with maturity date over three months (note)	**5,678,437**	5,943,272
Pledged bank deposits	**1,287,467**	1,074,415
	8,317,947	8,377,095

Note: The term deposits are under the Group's rights of early redemption at its principal before the maturity date. In the event of early withdrawal prior to maturity, a prevailing current account interest rate would be offered instead of the term deposits interest rate without any penalty. The term deposits are then classified as current assets.

Bank balances carry interest at market rates ranging as follows per annum:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Term deposits	**0.68% – 3.99%**	0.15% – 3.99%
Cash at bank	**0.01% – 0.35%**	0.01% – 0.35%

The carrying amounts of the Group's term deposits and bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at the end of the reporting period are as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
USD	**6,679,766**	7,043,938
HKD	**94,113**	115,294
GBP	**181**	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

17. TRADE PAYABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Trade payables	**236,355**	195,050

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

18. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Accrued expenses		
– Research and development expenses (note a)	**479,011**	370,954
– Royalties and other related payments	**532,839**	365,381
– Selling and marketing expenses	**131,732**	64,632
– Legal and professional fee	**13,483**	22,517
– Employee reimbursement	**131,703**	114,142
– Compensation to distributors for price reduction (note b)	**242,832**	399,417
– Others	**45,546**	18,315
	1,577,146	1,355,358
Amounts due to partners of joint operations (note c)	**32,273**	59,411
Interest payables	**5,600**	2,944
Other payables	**58,107**	63,110
Other tax payable	**23,649**	32,182
Payables in respect of acquisition of property, plant and equipment	**86,052**	203,714
Payables in respect of acquisition of intangible asset	**47,612**	47,818
Staff payroll payables	**217,476**	287,087
	2,047,915	2,051,624

Notes:

a. Amounts included accrued service fees to outsourced service providers including contract research organisation and clinical trial sites.

b. In December 2021, National Reimbursement Drug List ("NRDL") negotiation has been completed resulting to a price deduction over a product of the Group. The amount refers to the compensation to distributors for price deduction according to industry common practice.

c. The amount is unsecured, non-interest bearing and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

19. BORROWINGS

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Fixed-rate borrowings – at amortised cost	**2,665,986**	2,388,261
Analysed as:		
Secured	**1,554,837**	1,411,126
Unsecured*	**1,111,149**	977,135
	2,665,986	2,388,261
The carrying amounts of the above borrowings are repayable**:		
Within one year	**858,000**	365,000
Within a period of more than one year but not exceeding two years	**315,000**	638,000
Within a period of more than two years but not exceeding five years	**1,109,837**	966,422
Within a period of more than five years	**383,149**	418,839
	2,665,986	2,388,261
Less: Amounts due within one year shown under current liabilities	**(858,000)**	(365,000)
Amounts shown under non-current liabilities	**1,807,986**	2,023,261

* In accordance with the loan agreements, for borrowings with carrying amount of RMB313 million and 598 million, the Group is required to pledge qualified assets within 5 years since 27 December 2017 and 30 September 2020, respectively, or repay of the loan in advance. The Group has yet provided the related pledge up to 30 June 2022 but plans to do so on or before 27 December 2022 for the loan obtained on 27 December 2017.

** The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

19. BORROWINGS (Continued)

The ranges of effective interest rates on the Group's fixed-rate borrowings are as follows:

	Six months ended 30 June	
	2022	2021
Effective interest rate:		
Fixed-rate borrowings	**2.60% – 4.90%**	3.25% – 4.90%

The Group pledged the following assets to secure credit facilities granted to the Group:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Property, plant and equipment (note 10)	**484,171**	488,517
Right of use assets – leasehold land	**282,947**	285,975
Pledged bank deposits (note 16)	**1,287,467**	1,074,415
	2,054,585	1,848,907

20. SHARE CAPITAL

	Number of ordinary shares	**Amount** US$'000
Authorised		
At 1 January 2021, 31 December 2021 and 30 June 2022	**5,000,000,000**	**50**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

20. SHARE CAPITAL (Continued)

	Number of shares	Amount US$'000	Equivalent amount of ordinary shares RMB'000
Issues and fully paid			
At 1 January 2021 (audited)	1,402,775,997	13	97
Issuance of ordinary shares (note a)	52,000,000	1	3
Exercise of share options (note b)	3,677,000	–	–
At 30 June 2021 (unaudited)	1,458,452,997	14	100
Exercise of share options (note b)	3,655,667	–	1
At 31 December 2021 (audited)	**1,462,108,664**	**14**	**101**
Exercise of share options (note c)	**2,563,463**	**–**	**–**
Issuance of vested restricted share (note d)	**2,774,824**	**–**	**–**
At 30 June 2022 (unaudited)	**1,467,446,951**	**14**	**101**

Notes:

(a) On 15 January 2021, the Company and Morgan Stanley & Co. International plc (the "Sole Placing Agent") entered into a placing agreement pursuant to which an aggregate of 52,000,000 ordinary shares issued by the Company have been placed by the Sole Placing Agent on 22 January 2021 at HK$90.90 per share. The net proceeds of this placing is HK$4,661.1 million (equivalent to RMB3,885.4 million) (after deducting commission of HK$9.5 million and transaction cost of HK$56.2 million (equivalent to RMB8.0 million and RMB46.7 million)). The net proceeds received by the Company was recognised as share capital at par value of US$0.00001 each and the remaining amount was recognised as share premium of the Company.

(b) During the year ended 31 December 2021, a total of 7,332,667 ordinary shares were issued to the Group's employees in connection with the exercise of share options under the Pre-IPO plan at an aggregate exercise price of US$1,623,196 (equivalent to RMB10,429,000).

(c) During the six months ended 30 June 2022, a total of 2,563,463 ordinary shares were issued to the Group's employees in connection with the exercise of share options under the Pre-IPO plan at an aggregate exercise price of US$589,917 (equivalent to RMB3,812,000).

(d) During the six months ended 30 June 2022, a total of 2,774,824 restricted shares were issued to Dr. Yu and 3 independent non-executive directors of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. SHARE-BASED PAYMENT TRANSACTIONS

(i) Pre-IPO Plan

The following table discloses movements of the Company's share options held by grantees during the periods:

	Number of share options Employees six months ended 2022	2021 (Restated)
At the beginning of the period	**42,425,296**	51,229,213
Forfeited	**(343,750)**	(365,000)
Exercised	**(2,563,463)**	(3,677,000)
Expired	**(150,000)**	–
At the end of the period	**39,368,083**	47,187,213

As at 30 June 2022, 27,519,333 (six months ended 30 June 2021: 12,389,713) outstanding options under the Pre-IPO Plan were exercisable.

For the outstanding options, vesting period ended dates range from 15 May 2016 to 8 October 2024, weighted average remaining contractual life being 5.89 years, exercise price ranges from US$0.02 to US$1.34 and weighted average exercise price being US$0.26.

The following table discloses the weighted average exercise price of the Company's share options held by grantees during the periods:

	Weighted average exercise price Employees six months ended 2022	2021 (Restated)
Forfeited	**US$0.29**	US$0.32
Exercised	**US$0.23**	US$0.20
Expired	**US$0.02**	NA

The total expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB4,964,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB20,154,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(ii) Post-IPO ESOP

The following table discloses movements of the Company's share options held by grantees during the periods:

	Number of share options			
	Directors of the Company six months ended		Employees six months ended	
	2022	2021	**2022**	2021 *(Restated)*
At the beginning of the period	**9,180,952**	7,802,381	**35,390,011**	26,568,180
Granted	**1,938,404**	1,378,571	**10,456,741**	10,845,688
Forfeited	**–**	–	**(3,479,883)**	(1,063,153)
At the end of the period	**11,119,356**	9,180,952	**42,366,869**	36,350,715

On 30 March 2022 and 1 June 2022, the Company granted a total of 1,938,404 share options to directors and 10,456,741 share options to employees of the Group, subject to the accomplishment of certain non-market performance conditions.

The granted options shall initially be unvested. For 209,752 shares options granted in March and June 2022, the options shall be vested on a 33.33% per annum over a 3 years vesting period. Among 2,222,969 and 714,286 shares granted in 2019 and 2021, 50% of the granted options shall vest on the fifth anniversary of the vesting commencement date and the remaining 50% of the granted shares shall vest on the sixth anniversary of the vesting commencement date. For the remaining granted options, 75% of the granted options shall vest on the third anniversary of the vesting commencement date while another 25% shall vest on the fourth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time before the share options expired, i.e. ten years after the date of vesting commencement.

As at 30 June 2022, 8,717,751 (six months ended 30 June 2021: nil) outstanding options under the Post-IPO ESOP were exercisable.

For the outstanding options, vesting period ended dates ranges from 14 March 2022 to 22 June 2027, weighted average remaining contractual life being 8.27 years, exercise price ranges from HK$24.30 to HK$90.05 and weighted average exercise price being HK$43.11.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(ii) Post-IPO ESOP (Continued)

The following table discloses the weighted average exercise price of the Company's share options held by grantees during the periods:

	Weighted average exercise price			
	Directors of the Company six months ended		Employees six months ended	
	2022	2021	**2022**	2021 *(Restated)*
Granted	**HK$30.22**	HK$78.20	**HK$30.60**	HK$82.25
Forfeited	**–**	–	**HK$62.75**	HK$35.22

Fair value of share options granted

Binomial Options Pricing Model was used to determine the fair value of the options granted during the six months ended 30 June 2022. Key assumptions, such as expected dividend yield, post-vesting exit rate, expected exercise multiple, risk-free interest rate and expected volatility, are determined by the directors of the Company with best estimate.

The key inputs into the model were as follows:

	2022
Fair value per option on grant date	**HK$15.24 – HK$20.75**
Weighted average share price of the Company on grant date	**HK$24.30 – HK$30.60**
Exercise price	**HK$24.30 – HK$30.60**
Expected volatility	**65.59% – 65.62%**
Risk-free rate	**2.16% – 2.79%**
Expected dividend yield	**0%**
Post-vesting exit rate	**0%**
Expected exercise multiple	**2.2 – 2.8**

The directors of the Company estimated the risk-free interest rate based on the yield of Hong Kong Government Bonds issued under the Institutional Bond Issuance Programme with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB128,300,000 (six months ended 30 June 2021: RMB124,217,000) for the six months ended 30 June 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(iii) 2018 RS Plan

The following table summarised the Group's unvested restricted shares movement under 2018 RS Plan.

	Numbers of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2021 *(Restated)*	12,247,266	36.44
Vested	(1,388,984)	26.35
Forfeited	(143,084)	44.41
Unvested as at 30 June 2021 *(Restated)*	10,715,198	37.64
Unvested as at 1 January 2022 *(Restated)*	**10,472,456**	**37.49**
Vested	**(1,451,744)**	**26.23**
Forfeited	**(394,660)**	**43.61**
Unvested as at 30 June 2022	**8,626,052**	**39.10**

The Group measured the fair value of the unvested restricted shares as of the grant dates and is recognised as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees and directors of the Company are RMB34,928,000 (six months ended 30 June 2021: RMB52,227,000) for the six months ended 30 June 2022.

The fair value of the Company's restricted shares was determined using the closing price of each share as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited on the grant date.

The 2018 RS Plan was terminated in its entirety on 12 June 2020, the adoption date of the 2020 RS Plan. Nonetheless, the rights and obligations of the grantees and the Company with respect to the restricted shares that have been granted or earmarked pursuant to the 2018 RS Plan on or before the date of termination as provided (or will be provided) in the relevant award agreements shall survive termination of the 2018 RS Plan and remain in full force and effect except otherwise provided for the relevant award agreements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(iv) 2020 RS Plan

The following table summarised the Group's unvested restricted shares movement under 2020 RS Plan.

	Numbers of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2021 *(Restated)*	4,744,169	53.93
Granted	3,878,170	79.51
Forfeited	(30,900)	62.89
Unvested as at 30 June 2021 *(Restated)*	8,591,439	65.45
Unvested as at 1 January 2022 *(Restated)*	**9,635,760**	**64.69**
Granted	**18,470,549**	**30.60**
Vested	**(5,535)**	**65.04**
Forfeited	**(1,075,497)**	**48.93**
Unvested as at 30 June 2022	**27,025,277**	**42.01**

On 30 March 2022, the Company granted a total of 2,592,978 and 15,851,353 restricted shares at nil consideration to directors and employees of the Group, subject to the accomplishment of certain non-market performance conciliations respectively. The restricted shares shall initially be unvested. 75% of the restricted shares shall vest in 2025 while another 25% shall vest in 2026, subject to the performance condition to be fulfilled.

On 30 March 2022 and 1 June 2022, the Company further granted a total number of 11,587 and 14,631 restricted shares at nil consideration to directors of the Group. The restricted shares shall be vested on a 33.33% per annum over a 3 years vesting period with the first vesting date as March and June 2023.

The Group measured the fair value of the unvested restricted shares as of the grant dates which is recognised the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB92,983,000 (six months ended 30 June 2021: RMB42,439,000) for the six months ended 30 June 2022.

The fair value of the Company's restricted shares was determined using the closing price of each share as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited on the grant date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

22. CAPITAL COMMITMENT

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
Acquisition of property, plant and equipment	**1,466,683**	1,628,430
Acquisition of intangible asset	**19,976**	19,087
	1,486,659	1,647,517

23A. TRANSACTIONS AND BALANCES WITH DR. YU

Historically, the Group used certain domain names which are owned by Dr. Yu for free. On 11 June 2018, the Group and Dr. Yu formalised the arrangement and entered into agreement pursuant to which Dr. Yu agreed to license his rights in the domain names to Innovent Suzhou for use by it and the Group in connection with business and operations on an exclusive and royalty-free basis for a term commencing from the date of the agreement until such times that Dr. Yu ceases to hold shares or ceases to be a director of the Company. Such rights in the domain names are not transferable to any third parties.

23B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors of the Company and other members of key management was as follows:

	Six months ended 30 June 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Short term benefits	**19,872**	13,751
Share-based payment expenses	**51,968**	48,946
	71,840	62,697

The remuneration of key management personnel is determined by the management of the Company having regard to the performance of individuals and market trends.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets (except for those set out below) are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis using prices from observable current market transactions.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as at 30 June 2022 RMB'000	Fair value as at 31 December 2021 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(1) Equity instruments at FVTOCI	**160,731**	203,446	Level 1	Active market quoted transaction price	N/A	N/A
(2) Other financial assets – investment in unlisted company	**64,695**	64,695	Level 2	Recent transaction price	N/A	N/A
(3) Other financial assets – investment in unlisted company	**60,292**	60,292	Level 3	Market comparison approach - reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple")	DLOM-discount of lack of marketability/P/R&D multiple/Expected option life/Risk free rate/expected volatility	The higher the DLOM is, the lower the fair value is (note a). The higher the P/R&D is, the higher the fair value is (note b). The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.
(4) Other financial assets – investment in unlisted company	**67,064**	67,064	Level 3	Back-solve from recent transaction price market multiple method	IPO/Redemption/Liquidation probability/Expected option life/Risk free rate/Expected volatility	The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is. (note c)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 30 June 2022 RMB'000	Fair value as at 31 December 2021 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(5) Other financial assets – warrant of listed company	**10,709**	21,758	Level 3	Black Scholes Merton Model	Time to maturity/ Risk free rate/ Expected Volatility	The longer the time to maturity is, the higher the fair value is. The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.
(6) Other financial assets – investment in unlisted company	**33,557**	–	Level 2	Recent Transaction	N/A	N/A
(7) Other financial assets – wealth management plans	**-**	638,213	Level 2	Income approach - in this approach, the discounted cash flow method was used to estimate the return from the underlying assets.	N/A	N/A
(8) Other financial assets- forward foreign exchange contracts	**-**	6,635	Level 2	Discounted cashflow - future cashflows are estimated based on observable forward exchange rates and contracted forward rate that reflects the credit risk of various counterparties.	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Note a: A slight increase in the DLOM used in isolation would result in a slight decrease in the fair value measurement of unlisted equity investment. If the DLOM was 5% higher/lower while holding all other variables constant, the carrying amount of the unlisted equity investment would decrease/increase by RMB4,134,000 as at 30 June 2022.

Note b: A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment and vice versa. If the P/R&D multiple was 5% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would increase/decrease by RMB2,893,000 as at 30 June 2022.

Note c: A slight increase in the IPO probability used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment and vice versa. If the IPO probability was 10% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would decrease/increase by RMB1,390,000 as at 30 June 2022.

(ii) Reconciliation of level 3 fair value measurements of financial assets

	Other financial assets – warrant of listed company RMB'000
At 1 January 2022 (audited)	21,758
Fair value loss recognized in profit or loss	(11,049)
At 30 June 2022 (unaudited)	10,709

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as disclosed elsewhere of the condensed consolidated financial statements, the Group has the following subsequent event entered into subsequent to 30 June 2022.

On 4 August, 2022, the Group entered into a strategic multi-program collaboration and license agreement with SANOFI's group to establish a strategic collaboration for the clinical development and commercialization of certain products. In addition to the strategic multi-program collaboration and license agreement, SANOFI FOREIGN PARTICAIPATIONS B.V. (the Subscriber) has agreed to invest in the Company by subscribing for, and the Company agreed to allot and issue to the Subscriber, two tranches of the subscription shares (the Shares). The Shares under the first tranche shall be allotted and issued to the Subscriber for a total consideration of the Hong Kong dollar equivalent to EUR300 million (i.e. HK$2,416.68 million) in cash at a price of HK$42.42 per Share. Subject to the entry into and the terms of a separate written share issuance agreement between the Company and the Subscriber in the future, the Subscriber may further invest EUR300 million for additional Shares under the second tranche.

Definitions

"1L"	first-line
"2L"	second-line
"2018 RS Plan"	the Innovent Biologics, Inc. 2018 Restricted Share Plan adopted by the Company on 15 October 2018
"2020 RS Plan"	the Innovent Biologics, Inc. 2020 Restricted Share Plan adopted by the Company on 12 June 2020
"ADC"	antibody-drug conjugate
"AnHeart"	AnHeart Therapeutics Co., Ltd.
"Ascentage"	Ascentage Pharma Group International
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"BCMA"	B-cell maturation antigen
"Board" or "Board of Directors"	the board of directors of our Company
"BTK"	Bruton's tyrosine kinase
"BU"	business unit
"CAR"	chimeric antigen receptor
"CAR-T"	chimeric antigen receptor T-cell
"CC"	cervical cancer
"CD47"	cluster differentiation 47
"China" or "the PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

Definitions

"CMC"	chemistry, manufacturing and controls
"CML-CP"	chronic-phase chronic myeloid leukaemia
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Innovent Biologics, Inc. 信達生物製藥，an exempted company with limited liability incorporated under the laws of the Cayman Islands on 28 April 2011
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CRC"	colorectal cancer
"CTLA-4"	cytotoxic T-lymphoayte-associated protein 4
"Director(s)"	the director(s) of our Company
"Dr. Yu"	Dr. De-Chao Michael Yu, our chief executive officer, Chairman and Executive Director
"EGFR"	epidermal growth factor receptor
"EHA"	European Hematology Association
"Eli Lilly" or "Lilly"	Eli Lilly and Company, a U.S. company, organised and existing under the laws of the State of Indiana on 17 January 1901, having a place of business at Lilly Corporate Center, Indianapolis, Indiana 46285
"ESCC"	esophageal squamous cell carcinoma
"Etana"	PT Etana Biotechnologies Indonesia
"FDA" or "U.S. FDA"	U.S. Food Drug Administration
"FGFR"	fibroblast growth factor receptor
"FL"	follicular lymphoma
"FPD"	first-patient-dosed
"G/GEJ"	gastric or gastroesophageal junction adenocarcinoma
"GC"	gastric carcinoma

Definitions

"GCGR"	glucagon receptor
"GLP-1"	glucagon-like petide-1
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HCC"	hepatocellular carcinomas
"HeFH"	heterozygous familial hypercholesterolemia
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IASO Bio"	IASO Biotherapeutics
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IL 23 p19"	interleukin 23 p19 subunit
"Incyte"	Incyte Biosciences International Sàrl, a subsidiary of Incyte Corporation (the shares of which are listed on the Nasdaq Global Select Market (Ticker Symbol: INCY))
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"ISAC"	immune-stimulating antibody conjugate
"LAG-3"	lymphocyte activation gene 3
"Latest Practicable Date"	23 September 2022, being the latest practicable date to ascertain certain information set out in this interim report prior to its bulk printing
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"mCCA"	metastatic cholangiocarcinoma

Definitions

"MCL"	mantle cell lymphoma
"mCRC "	metastic colorectal cancer
"MDS"	myelodysplastic syndrome
"MNCs"	Multinational Corporations
"MoA"	Modalities of Actions
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MTC"	medullary thyroid cancer
"MZL"	marginal zone lymphoma
"nAMD"	neovascular age-related macular degeneration
"NDA"	new drug application
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"non-FH"	non-familial hypercholesterolemia
"NRDL"	the National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer
"OXM3"	oxyntomodulin analog
"PCSK9"	proprotein convertase subtilisin/kexin type 9 enzyme
"PD-1"	programmed cell death protein 1
"PD-L1"	PD-Ligand 1
"PoC"	Proof-of-Concept
"Post-IPO ESOP"	the post-IPO share option scheme adopted by the Company on 12 June 2018

Definitions

"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan adopted by the Company on 10 May 2012 as amended from time to time
"Prospectus"	the prospectus of the Company dated 18 October 2018
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2022
"Restricted Shares"	restricted share(s), being a contingent right to receive Share(s) awarded under the 2020 RS Plan
"RET"	rearranged drug transfection
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"ROS1/NTRK"	repressor of silencing 1 and neuro trophin receptor kinase
"r/r MM"	relapsed or refractory multiple myeloma
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"sNDA"	supplemental new drug application
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TC"	thyroid cancer
"TIGIT"	T-cell immunoreceptor with Ig and ITIM domain
"TKI"	tyrosine kinase inhibitor

Definitions

"TNBC"	triple negative breast cancer
"UNION"	UNION therapeutics A/S
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"VEGF"	vascular endothelium growth factor
"%"	per cent

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