



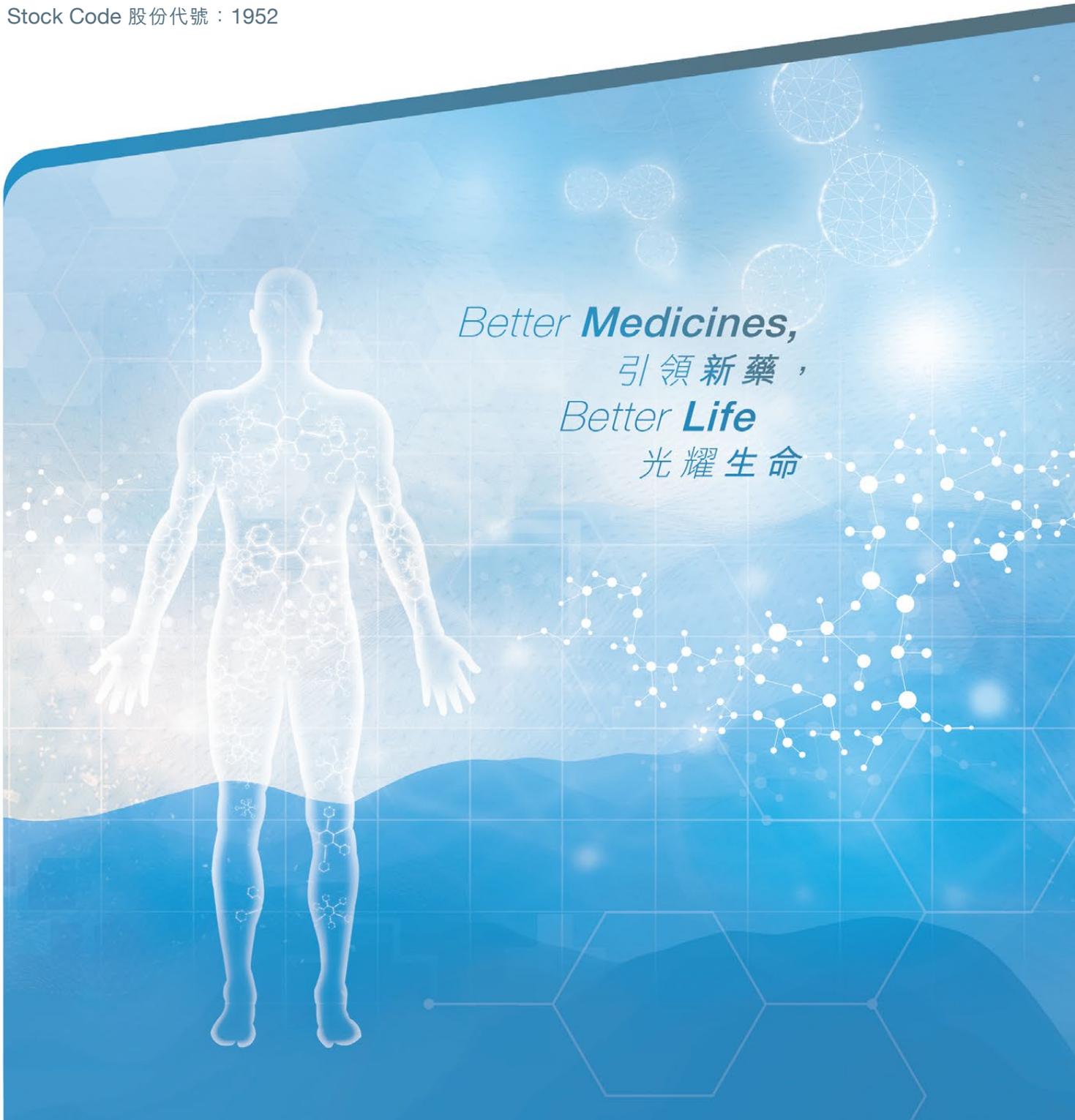
**EVEREST MEDICINES**  
**云 頂 新 耀**

**Everest Medicines Limited**  
**雲頂新耀有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1952

**2022**  
Interim Report  
中 期 報 告



*Better Medicines,*  
引領新藥，  
*Better Life*  
光耀生命



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wei Fu (傅唯) (*Chairman of the Board*)  
Dr. Kerry Levan Blanchard  
Mr. Ian Ying Woo (何穎)  
Mr. Xiaofan Zhang (張曉帆)

### Non-Executive Directors

Mr. Yubo Gong (龔聿波)  
Ms. Lan Kang (康嵐)

### Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東)  
Mr. Yifan Li (李軼梵)  
Mr. Bo Tan (譚肇)

## AUDIT COMMITTEE

Mr. Yifan Li (李軼梵) (*Chairman*)  
Mr. Shidong Jiang (蔣世東)  
Mr. Bo Tan (譚肇)

## REMUNERATION COMMITTEE

Mr. Bo Tan (譚肇) (*Chairman*)  
Mr. Wei Fu (傅唯)  
Mr. Shidong Jiang (蔣世東)

## NOMINATION COMMITTEE

Mr. Wei Fu (傅唯) (*Chairman*)  
Mr. Yifan Li (李軼梵)  
Mr. Bo Tan (譚肇)

## JOINT COMPANY SECRETARY

Ms. Yin Yin (印茵)  
*(resigned with effect from 31 January 2022)*  
Ms. Leah Liu (劉栩昕)  
*(appointed with effect from 28 March 2022)*  
Ms. Yee Wa Lau (劉綺華)

## AUTHORISED REPRESENTATIVES

Mr. Ian Ying Woo (何穎)  
Ms. Yee Wa Lau (劉綺華)

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central, Hong Kong

## REGISTERED OFFICE

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Kowloon, Hong Kong  
*(with effect from 24 August 2022)*

## LEGAL ADVISORS

### As to Hong Kong law and United States law

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42/F, Edinburgh Tower, The Landmark  
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### As to Cayman Islands law

Maples and Calder (Hong Kong) LLP  
26th Floor, Central Plaza  
18 Harbour Road, Wanchai, Hong Kong

### **PRINCIPAL SHARE REGISTRAR**

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall, Cricket Square  
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Cayman Islands

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Shops 1712–1716, 17th Floor  
Hopewell Centre, 183 Queen’s Road East  
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### **PRINCIPAL BANKERS**

Silicon Valley Bank  
3003 Tasman Drive, Santa Clara, CA 95054  
United States of America

### **STOCK CODE**

1952

### **COMPANY WEBSITE**

[www.everestmedicines.com](http://www.everestmedicines.com)

# Financial Highlights

## IFRS NUMBERS

- Research and development (“R&D”) expenses increased by RMB94.7 million from RMB250.8 million for the six months ended 30 June 2021 to RMB345.5 million for the six months ended 30 June 2022, primarily due to (i) additional clinical trials for our drug candidates; (ii) expansion of internal discovery team to build up in-house R&D capabilities; and (iii) increased technical transfer related costs for our drug candidates.
- General and administrative expenses increased by RMB11.5 million from RMB107.4 million for the six months ended 30 June 2021 to RMB118.9 million for the six months ended 30 June 2022, mainly due to increased office expenses and other infrastructure expenses to support expanded organization.
- Distribution and selling expenses increased by RMB106.1 million from RMB42.1 million for the six months ended 30 June 2021 to RMB148.2 million for the six months ended 30 June 2022, primarily due to the expansion of our commercial organization and launch and pre-launch activities carried out for product commercialization.
- Net loss for the period increased by RMB284.9 million from RMB383.1 million for the six months ended 30 June 2021 to RMB668.0 million for the six months ended 30 June 2022, primarily attributable to increased R&D expenses and distribution and selling expenses.
- Cash and cash equivalents amounted to RMB1,956.8 million as of 30 June 2022.

## NON-IFRS MEASURE

- Adjusted loss for the period<sup>1</sup> increased by RMB220.6 million from RMB303.1 million for the six months ended 30 June 2021 to RMB523.7 million for the six months ended 30 June 2022, primarily attributable to increase in R&D expenses and distribution and selling expenses.

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<sup>1</sup> Adjusted loss for the period represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes in financial assets at fair value through profit or loss, loss on fair value changes of preferred shares (non-current financial liabilities measured at fair value through profit or loss) and share-based compensation loss. For the calculation and reconciliation of this non-IFRS measure, please refer to paragraph numbered 16 under the heading “Management Discussion and Analysis” below.

# Business Highlights

The Group has made significant progress on all fronts of our business in the first half of 2022. We continued to advance our portfolio of assets with superior clinical trial execution and quality, including receiving our first drug approval in China. We have established a commercial platform with leading talents who have decades of experience detailing innovative medicines in China and Asia for multiple potential product launches in the next one to two years. Our growing discovery team is working on multiple projects in multiple areas, such as oncology, renal diseases and mRNA vaccines. Finally, we have continued to make solid progress with the construction of our manufacturing facilities in Jiashan, Zhejiang, and expect our facility to become operational by the end of 2022.

**Sacituzumab govitecan (Trodelvy®)<sup>2</sup> is a first-in-class TROP-2 directed antibody-drug conjugate.**

- Clinical and regulatory development achievements during the Reporting Period:
  - On 10 January 2022, the Company announced it would participate in a study pursuant to a clinical trial collaboration between Gilead Sciences, Inc. (“Gilead”) and Merck & Co., Inc. (“MSD”) to evaluate the combination of sacituzumab govitecan and MSD’s anti-PD-1 therapy Keytruda® (pembrolizumab) in first-line metastatic non-small cell lung cancer (“NSCLC”). As part of the collaboration, MSD will sponsor this trial. The Company will participate in the global phase 3 study in Asia through its existing collaboration agreement with Gilead.
  - In January 2022, the Health Sciences Authority of Singapore approved the Company’s New Drug Application (“NDA”) for sacituzumab govitecan for the treatment of second-line and later lines metastatic triple negative breast cancer (“TNBC”).
  - On 31 March 2022, the Company submitted an NDA to the Department of Health of Hong Kong for sacituzumab govitecan for the treatment of second-line and later lines metastatic TNBC.
  - On 4 June 2022, our partner Gilead reported positive results from the primary analysis of the phase 3 TROPiCS-02 study of Trodelvy® (sacituzumab govitecan) versus physician’s choice of chemotherapy in heavily pre-treated hormone receptor positive, HER2 negative metastatic breast cancer patients who received prior endocrine therapy, CDK4/6 inhibitor and two to four lines of chemotherapy. The study met its primary endpoint of progression-free survival (“PFS”) with a statistically significant 34% reduction in the risk of disease progression or death (median PFS 5.5 vs. 4 months; HR: 0.66; 95% CI: 0.53–0.83; P<0.0003). The first interim analysis of the key secondary endpoint of overall survival (“OS”) demonstrated a trend in improvement. As these data are immature, patients will be followed up with for subsequent OS analysis.
  - On 10 June 2022, the Company announced that the China National Medical Products Administration (“NMPA”) has approved Trodelvy® for the treatment of adult patients with second-line metastatic TNBC. This represents the first drug that the Company has obtained an NDA approval to launch in China and it follows the NMPA’s acceptance of the Company’s NDA for Trodelvy® with Priority Review designation in May 2021.

<sup>2</sup> The TRODELVY trademark in this report is used under license from Gilead Sciences, Inc.

## Business Highlights

**NEFECON (Tarpeyo™)**, is a novel oral formulation of budesonide (budesonide delayed release capsules) in the development for the treatment of primary immunoglobulin A nephropathy (“IgAN”).

- Clinical and regulatory development achievements during the Reporting Period:
  - On 6 April 2022, the Company announced the findings of reduction in proteinuria and stabilization of eGFR in a Chinese subpopulation after nine months of treatment with NEFECON are in line with topline results from Part A of the pivotal global phase 3 clinical trial NeflgArd, which were reported in November 2020 by Calliditas Therapeutics AB (NASDAQ Global Select: CALT; NASDAQ Nordic: CALTX, “Calliditas”).
- Post-Reporting Period achievements and expected milestones:
  - On 15 July 2022, our partner Calliditas was granted conditional marketing authorization for Kinpeygo® (developed under the name NEFECON) by the European Commission for the treatment of IgAN in adults at risk of rapid disease progression with a urine protein-to-creatinine ratio (UPCR)  $\geq$  1.5 g/gram.
  - We expect to file an NDA for NEFECON in IgAN in China in the second half of 2022.

**Etrasimod**, a once-daily, oral, selective sphingosine 1-phosphate (“S1P”) receptor modulator for the treatment of moderately-to-severely active ulcerative colitis (“UC”).

- Clinical and regulatory development achievements during the Reporting Period:
  - On 24 May 2022, our licensing partner, Pfizer Inc. (NYSE: PFE, “Pfizer”), presented detailed results from two pivotal studies that make up the ELEVATE UC phase 3 registrational program evaluating etrasimod, a once-daily, oral, selective S1P receptor modulator for the treatment of moderately-to-severely active UC. Both Phase 3, multi-center, randomized, placebo-controlled trials achieved all primary and key secondary endpoints, with etrasimod demonstrating a safety profile consistent with previous studies. In the 52-week ELEVATE UC 52 study, clinical remission was 27.0% for patients receiving etrasimod compared to 7.4% for patients receiving placebo at week 12 (19.8% differential,  $P < .001$ ) and was 32.1% compared with 6.7% at week 52 (25.4% differential,  $P < .001$ ). In the 12-week ELEVATE UC 12 study, clinical remission was achieved among 24.8% of patients receiving etrasimod compared with 15.2% of patients receiving placebo (9.7% differential,  $P = .0264$ ). The data from ELEVATE UC 52 & UC 12 are expected to form the basis for planned future regulatory filings, which Pfizer expects to initiate later this year.
- Post-Reporting Period achievements and expected milestones:
  - We are conducting a phase 3 study for etrasimod for the treatment of moderate-severe UC, which is expected to complete enrollment in 2023.

**PTX-COVID19-B**, a potentially best-in-class lipid nanoparticle-formulated mRNA COVID-19 vaccine with strong immunogenicity and tolerability profiles.

- Clinical and regulatory development achievements during the Reporting Period:
  - On 7 April 2022, the Company entered into a memorandum of understanding (“MOU”) for a partnership with China Resources Pharmaceutical Group Limited (HKEX 3320.HK, “CR Pharma”) with the intention to establish an independent company (“the mRNA Co.”) focused on the discovery, development and commercialization of messenger RNA (“mRNA”) vaccines. Through this proposed partnership with CR Pharma, the mRNA Co. will be well-positioned to advance its potentially best-in-class mRNA vaccine candidates through Chinese regulatory pathways and into commercialization. Under the terms of the MOU, the mRNA Co. will be a fully functional, independent operating company, by assuming the rights under the existing collaboration with Providence Therapeutics Holdings Inc. (“Providence”), including the full technology platform, as well as the Company’s mRNA manufacturing infrastructure. The Company will be the majority and controlling shareholder of the mRNA Co.
- Post-Reporting Period achievements and expected milestones:
  - Providence will readout the data from the pivotal phase 2 trial of PTX-COVID19-B in 2022.
  - Providence and the Company will initiate a phase 3 trial of PTX-COVID19-B for booster indication in 2022.
  - Providence and the Company are working on an Omicron-containing bivalent booster candidate — EVER-COVID19-M1 and expect to file investigational new drug application (IND) for phase 3 registrational study in the first half of 2023.
  - Providence and the Company expect rolling regulatory submission of our mRNA COVID-19 vaccines starting in 2023 globally and anticipate approval and launch in 2023.

### **Other clinical-stage assets**

- Clinical and regulatory development achievements during the Reporting Period:
  - On 10 March 2022, our licensing partner, Venatorx Pharmaceuticals (“Venatorx”), reported positive results from its pivotal phase 3 study, CERTAIN-1 (Cefepime Rescue with Taniborbactam in cUTI), evaluating cefepime-taniborbactam, an investigational new drug, versus meropenem as a potential treatment for hospitalized adult patients with complicated urinary tract infections (“cUTI”), including acute pyelonephritis. The CERTAIN-1 trial enrolled 661 adult patients globally, including in China, who were randomized 2:1 to receive cefepime-taniborbactam 2.5g q8h or meropenem 1g q8h for seven days (up to 14 days for patients with bacteremia). Cefepime-taniborbactam met the primary efficacy endpoint of statistical non-inferiority (“NI”) to meropenem in the microbiological intent-to-treat (microITT) population at Test of Cure (“TOC”) with composite microbiologic and

## Business Highlights

clinical success occurring in 70.0% of cefepime-taniborbactam treated patients and 58.0% of meropenem treated patients (treatment difference 11.9; 95% CI, 2.4, 21.6). A prespecified superiority test following confirmation of NI demonstrated the statistical superiority of cefepime-taniborbactam for the composite endpoint at TOC. The superiority of cefepime-taniborbactam was sustained in the composite microbiologic and clinical response at the Late-Follow-Up (Day 28–35) visit. Venatorx plans to submit an NDA with the United States Food and Drug Administration for cefepime-taniborbactam for the treatment of cUTI in hospitalized adult patients later this year.

- Ralinepag is a next-generation, potent, selective oral IP receptor agonist being developed for the treatment of pulmonary arterial hypertension (“PAH”). We continue to progress our phase 3 registrational trial for PAH in China as part of a global phase 3 study conducted together with our partner, United Therapeutics.
- Post-Reporting Period achievements and expected milestones:
  - On 11 August 2022, the Company announced that the Taiwan Food and Drug Administration has accepted the submission of an NDA for Xerava™ (eravacycline) for the treatment of complicated intra-abdominal infections (“cIAI”). In addition, the Company has entered into an exclusive partnership agreement with TTY Biopharm (“TTY”) for commercialization of Xerava in Taiwan. TTY is one of the largest local pharmaceutical companies in Taiwan and has led the successful commercialization of other novel anti-infective products in the region, such as Brosym (cefoperazone+sulbactam), Colistin (colimycin) and Cubicin (daptomycin).
  - We expect NDA approval for eravacycline for the treatment in cIAI in China within 2022.
  - We expect phase 1 clinical trials of EDDC-2214, as an oral antiviral treatment against SAR-CoV-2 and its variants, to begin in 2023.

**Cautionary Statement required by Rule 18A.08(3) of the Listing Rules:** The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

### Business Development Updates

- In January 2022, we entered into a global licensing agreement with Singapore’s national platform for drug discovery and development, the Experimental Drug Development Centre (“EDDC”), for the exclusive worldwide rights to develop, manufacture and commercialize EDDC’s series of viral 3C-like (“3CL”) protease inhibitors as a potentially best-in-class oral antiviral treatment against SAR-CoV-2 (the virus causing COVID-19) and its variants. The Company has full rights to sub-license the drug further and will receive full technology transfer.

- On 14 March 2022, the Company entered into a license agreement with Calliditas to develop and commercialize NEFECON for the treatment of primary IgAN in South Korea, expanding its license in addition to rights held in Greater China and Singapore. The deal signals the Company's latest efforts to further enhance its international commercial footprint.
- On 16 August 2022, the Company announced that it has entered into an agreement with Immunomedics, Inc., ("Immunomedics") a wholly-owned subsidiary of Gilead Sciences, Inc. (Nasdaq: GILD), whereby Immunomedics will obtain exclusive rights to develop and commercialize Trodelvy® (sacituzumab govitecan) in Greater China, South Korea, Singapore, Indonesia, Philippines, Vietnam, Thailand, Malaysia and Mongolia (the "Agreement"). Under the terms of the Agreement, the Company will receive up to \$455 million in total considerations with \$280 million in upfront payments payable subject to, among other things, certain regulatory approvals, and up to \$175 million in potential future milestone payments. In addition, the Company will be released from payment obligations for up to \$710 million in remaining milestone payments under a licensing agreement entered into with Immunomedics in April 2019 to develop, register, and commercialize Trodelvy® in Greater China, South Korea and certain other countries and territories. Under the Agreement, the licensing agreement will be terminated.

For details of any of the foregoing, please refer to the rest of this report and, where applicable, the Company's prior announcements.

# Management Discussion and Analysis

## OVERVIEW

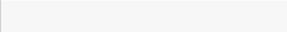
The Group is a biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of potentially novel or differentiated therapies to address critical unmet medical needs initially in the Asia Pacific markets and eventually around the world. Since the founding of the Company in July 2017, we have strategically built a portfolio of 10 promising clinical-stage drug candidates. Our track record to date has resulted in accelerated development timelines and meaningful benefits for patients.

Between January 2022 to June 2022, we have added one new drug to our portfolio through in-licensing, an early stage 3CL protease inhibitors to treat COVID-19, in respect of which we have obtained global rights. With the USD455 million cash we expect to receive from our transaction with Gilead on Trodelvy®, we will continue to focus on accelerating development of the ten clinical-stage assets in the pipeline, meanwhile actively pursue business development and drug discovery programs to further expand our pipeline. We aspire to advance novel therapies for the global market by leveraging our discovery and clinical expertise.

## PRODUCT PIPELINE

Our product pipeline includes 10 potentially first-in-class or best-in-class clinical-stage assets in therapeutics and mRNA vaccines.

The following table summarizes our pipeline and the development status of each drug candidate as of the Latest Practicable Date:

	Molecule (Modality)	Partner	Commercial Right (In-licensing time)	Indication	Everest Development Phase				BLA/NDA Application	Approval	Clinical Status
					Pre-clinical	Phase 1	Phase 2	Phase 3			Global
Therapeutics	Xerava (eravacycline)		Greater China, South Korea, SE Asia	cAI							NDA approved in US, EU, UK
				CABP							
	Tarpeyo (Nefecon)		Greater China, Singapore, South Korea	IgA nephropathy							NDA approved in US and EU
	Etrasimod		Greater China, South Korea	Ulcerative Colitis							Phase 3
				AD and CD							Phase 2/3 <sup>1</sup>
	Ralinepag		Greater China, South Korea	PAH							Phase 3
	Taniborbactam		Greater China, South Korea, SE Asia	cUTI							Phase 3
	FGF401		Worldwide	HCC							Phase 1/2
	XNW1011 (EVER-001)		Worldwide	Renal disease							Phase 1b/2
	SPR206		Greater China, South Korea, SE Asia	Gram negative infections							Phase 1
EDDC-2214 (3CL)		Worldwide	SARS-CoV-2 Infection							Phase 1 planning	
mRNA Platform	PTX-COVID19-B		Greater China, SE Asia, Pakistan	COVID -19 vaccine <sup>2</sup>							Phase 2 pivotal study enrollment completed
	EVER-COVID19-M1		Greater China, SE Asia, Pakistan	2 <sup>nd</sup> generation COVID -19 booster							Pre-clinical
	Pre-clinical Candidate 1		50% Worldwide rights	Infectious disease							Pre-clinical
	Pre-clinical Candidate 2		50% Worldwide rights	Infectious disease							Pre-clinical
	Pre-clinical Candidate 3	/	Worldwide	Infectious disease							Pre-clinical

# Management Discussion and Analysis

Abbreviations: HCC = hepatocellular carcinoma; CD = Crohn's disease; AD = atopic dermatitis; IgA = immunoglobulin A; PAH = pulmonary arterial hypertension; COVID-19 = coronavirus disease 2019; cIAI = complicated intra-abdominal infections; CABP = community-acquired bacterial pneumonia; cUTI = complicated urinary tract infections; IND = investigational new drug; NDA = new drug application; SE Asia = Southeast Asia; US = United States; Greater China = PRC, Hong Kong SAR, Macau SAR and Taiwan.

Note:

- (1) Pfizer is conducting a global Phase 2/3 pivotal program for CD and planning a Phase 3 program for AD.
- (2) Denotes the Company's trial in preparation or under planning.

## BUSINESS REVIEW

### Business Development

In January 2022, we entered into a global licensing arrangement to obtain exclusive worldwide rights to develop, manufacture and commercialize EDDC's series of viral 3CL protease inhibitors as a COVID-19 oral antiviral treatment, complementing our existing COVID-19 vaccine program, including PTX-COVID19-B.

On 14 March 2022, the Company entered into a license agreement with Calliditas expanding the license to South Korea in addition to rights held in Greater China and Singapore.

On 16 August 2022, the Company announced it entered into an agreement with Immunomedics, whereby Gilead/Immunomedics acquired the rights of Trodelvy® held by the Company.

The business development agreements we entered into in 2021 and 2022 reflect our growth strategy to license early-stage assets and secure global rights, allowing us to showcase our discovery efforts. We believe the Trodelvy® transaction will (i) maximize the value and impact of the Trodelvy® for patients and stakeholders; (ii) streamline resources and focus on more targeted therapeutic areas and position for future growth through acquisitions and internal discovery, while (iii) enabling the Company to pursue capital markets independence while right-sizing the Company. In the future, forming successful partnerships will continue to be an important component of the Company's growth strategy. The Company is in multiple active discussions on acquisition of first-in-class or best-in-class asset in different therapeutic areas.

### Discovery

We continued to build our discovery team by recruiting experienced talents in drug discovery and translational research. We have initiated more than 10 discovery projects across multiple therapeutic areas, such as oncology, renal disease and mRNA vaccine. Our new research laboratory in Zhangjiang, Shanghai is fully operational with 1,700 square meters of state-of-the-art facility including a BSL-2 lab.

## Management Discussion and Analysis

Our early stage pipeline will complement late stage assets to provide opportunities for sustainable growth of the Company in the long run. We expect some of the discovery projects will advance to IND filing in 2023.

### **Commercialization**

We have assembled an industry-leading commercial team with an extensive track record of successfully commercializing novel therapies and deep knowledge of sales, marketing and market access strategies across a range of therapeutical areas to support our anticipated commercial launch of multiple late-stage products. Our commercial team has been conducting key opinion leaders (KOL) engagements and medical education activities about IgAN and cIAI as planned, building advisory endorsement and unmet medical needs among target audience after launch.

### **Future Development**

Looking ahead, we will continue to drive progress toward our corporate goal of becoming a leading biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of globally innovative therapies to address critical unmet medical needs, initially in the Asia Pacific markets, and eventually around the world.

In the rest of 2022, we will endeavor to work on the 10 assets in the pipeline. We will file an NDA of Nefecon in IgAN in the second-half of 2022 with a view to launching it in 2023. In addition, in 2023, there is the potential launch of PTX-COVID19-B and second generation of our COVID vaccine — EVER-COVID19-M1 in China and Southeast Asia.

We will continue to grow our discovery capabilities and accelerate the development of our novel pre-clinical pipeline which have global potential. We believe our discovery efforts will enable us to achieve our long-term goal of generating a sustainable, internally discovered pipeline of new product candidates for patients around the world.

With a better capital position, we continue to actively explore business development opportunities and identify assets and technologies that complement our existing portfolio. We will consider potential strategic investors for out-licensing opportunities as well to maximize value for shareholders.

We will streamline our commercial resources and continue to develop commercial capabilities to support the launch of other near-commercial drug candidates.

We are building our own Good Manufacturing Practice/Good Supply Practice manufacturing facility in China for mRNA COVID-19 vaccine production and other molecules. The mRNA manufacturing facility is expected to begin production in the second half of 2022.

# Management Discussion and Analysis

## FINANCIAL REVIEW

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

	For the Six Months Ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
	<i>(RMB in thousands)</i>	
Revenue	1,044	—
Cost of revenue	(364)	—
<b>Gross profit</b>	<b>680</b>	<b>—</b>
General and administrative expenses	(118,909)	(107,428)
Research and development expenses	(345,512)	(250,774)
Distribution and selling expenses	(148,160)	(42,098)
Other income	1,036	2,213
Other losses — net	(28,785)	(8,175)
<b>Operating loss</b>	<b>(639,650)</b>	<b>(406,262)</b>
Finance (cost)/income — net	(5,613)	26,519
Fair value change in financial assets at fair value through profit or loss (“FVTPL”)	(20,964)	—
Fair value change in financial instruments issued to investors	(1,815)	(3,365)
<b>Loss before income tax</b>	<b>(668,042)</b>	<b>(383,108)</b>
Income tax expense	—	—
<b>Loss for the period attributable to the equity holders of the Company</b>	<b>(668,042)</b>	<b>(383,108)</b>
<b>Other comprehensive (loss)/income</b>	<b>(387,635)</b>	<b>567,256</b>
<b>Total comprehensive (loss)/income for the period attributable to the equity holders of the Company</b>	<b>(1,055,677)</b>	<b>184,148</b>
<b>Non-IFRS measure:</b>		
Adjusted loss for the period	(523,664)	(303,115)

### 1. Overview

For the six months ended 30 June 2022, the Group recorded a loss of RMB668.0 million. The general and administrative expenses were RMB118.9 million for the six months ended 30 June 2022 as compared with RMB107.4 million for the six months ended 30 June 2021. The R&D expenses of the Group were RMB345.5 million for the six months ended 30 June 2022, as compared with RMB250.8 million for the six months ended 30 June 2021. The distribution and selling expenses were RMB148.2 million for the six months ended 30 June 2022 as compared with RMB42.1 million for the six months ended 30 June 2021.

### 2. Revenue

For the six months ended 30 June 2022, the Group generated revenue of RMB1.0 million from sales of eravacycline in Singapore.

### 3. Research and Development Expenses

The Group's R&D expenses increased from RMB250.8 million for the six months ended 30 June 2021 to RMB345.5 million for the six months ended 30 June 2022. The increase was primarily attributable to (i) an increased number of clinical trials of our drug candidates; (ii) an expansion of our internal discovery team to build in-house R&D capabilities; and (iii) increased costs occurred in the process of technical transfer for our drug candidates.

The following table sets forth the components of our R&D expenses for the periods indicated:

	For the Six Months Ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
	<i>(RMB in thousands)</i>	
Employee benefit expenses	182,145	111,407
Clinical trial and research expenses	141,971	113,633
Depreciation and amortization	9,282	8,179
Professional expenses	7,798	7,525
Office and travelling expenses	2,096	3,290
Others	2,220	6,740
<b>Total</b>	<b>345,512</b>	250,774

### 4. Distribution and Selling Expenses

The Group's distribution and selling expenses increased from RMB42.1 million for the six months ended 30 June 2021 to RMB148.2 million for the six months ended 30 June 2022. The increase was primarily attributable to the expansion of commercial organization and pre-launch and launch activities carried out for products commercialization.

### 5. General and Administrative Expenses

The Group's general and administrative expenses increased from RMB107.4 million for the six months ended 30 June 2021 to RMB118.9 million for the six months ended 30 June 2022. The increase was primarily attributable to increased office expenses and infrastructure cost for expanded organization.

### 6. Other Income

Other income was RMB1.0 million for the six months ended 30 June 2022 compared with RMB2.2 million for the six months ended 30 June 2021. This was primarily attributable to a decrease in government grants received.

# Management Discussion and Analysis

## 7. Other Losses — Net

The Group's other losses was RMB28.8 million for the six months ended 30 June 2022, compared to other losses of RMB8.2 million for the six months ended 30 June 2021, primarily attributable to increased foreign exchange losses from operating activities.

## 8. Operating Loss

The operating loss of the Group increased from RMB406.3 million for the six months ended 30 June 2021 to RMB639.7 million for the six months ended 30 June 2022. The increase was primarily attributable to (i) employee remuneration increases in connection with organization expansion; (ii) expanded R&D activities; and (iii) increased commercial activities for launch and pre-launch activities.

## 9. Finance (Costs)/Income — Net

The Group's finance costs for the six months ended 30 June 2022 was RMB5.6 million, compared to finance income for the six months ended 30 June 2021 were RMB26.5 million. Such change was primary attributable to net exchange loss on foreign currency borrowings.

## 10. Fair Value Change in Financial Assets at Fair Value Through Profit or Loss

The Group recorded a loss from fair value change in financial assets at fair value through profit or loss of RMB21.0 million for the six months ended 30 June 2022 and nil for the six months ended 30 June 2021. The loss from fair value change in financial assets at fair value through profit or loss for the six months ended 30 June 2022 were due to the decrease in the fair value changes of investment in Venatorx.

## 11. Fair Value Change in Financial Instruments Issued to Investors

The Group recorded a loss from fair value change of financial instruments issued to investors of RMB1.8 million for the six months ended 30 June 2022 and RMB3.4 million for the six months ended 30 June 2021. The loss from fair value change of financial instruments issued to investors for the six months ended 30 June 2022 were due to fair value change of preferred shares issued by our subsidiary, EverNov Medicines Limited.

## 12. Income Tax Expense

For the six months ended 30 June 2022 and 2021, the Group did not incur any income tax expense as the Group did not generate any taxable income in both periods.

## 13. Loss for the Period Attributable to the Equity Holders of the Company

The loss for the six months attributable to equity holders of the Company increased from RMB383.1 million for the six months ended 30 June 2021 to RMB668.0 million for the six months ended 30 June 2022. Such change was primarily attributable to the increase in operating expenses and loss from fair value change in financial assets at fair value through profit or loss.

## Management Discussion and Analysis

### 14. Other Comprehensive (Loss)/Income

Other comprehensive loss for the six months ended 30 June 2022 was RMB387.6 million, compared with other comprehensive income of RMB567.3 million for the six months ended 30 June 2021, primarily attributable to fair value changes of investment in I-Mab Biopharm.

### 15. Total Comprehensive (Loss)/Income for the Period Attributable to the Equity Holders of the Company

As a result of the foregoing, the Group's loss for the six months ended 30 June 2022 was RMB1,055.7 million, compared to an income of RMB184.1 million for the six months ended 30 June 2021.

### 16. Non-IFRS Measure

In order to supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Group also uses adjusted loss for the six months period, which is not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted loss for the six months period provides useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

Adjusted loss for the six months represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value change in financial assets at fair value through profit or loss, loss on fair value changes in financial instruments issued to investors and share-based compensation expenses. The term adjusted loss for the six months period is not defined under 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 measure is a reflection 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.

The table below sets forth a reconciliation of the loss for the period attributable to the equity holders of the Company to adjusted loss for the period during the periods indicated:

	For the Six Months Ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
	<i>(RMB in thousands)</i>	
Loss for the period attributable to the equity holders of the Company	<b>(668,042)</b>	(383,108)
Added:		
Loss on fair value changes in financial assets at fair value through profit or loss	<b>20,964</b>	—
Loss on fair value changes in financial instruments issued to investors	<b>1,815</b>	3,365
Share-based compensation expenses	<b>121,599</b>	76,628
<b>Adjusted loss for the period</b>	<b>(523,664)</b>	(303,115)

# Management Discussion and Analysis

## 17. Liquidity and Source of Funding

As of 30 June 2022, the Group's cash and cash equivalents decreased to RMB1,956.8 million from RMB2,640.1 million as of 31 December 2021. The decrease primarily resulted from cash utilization in operating activities.

As of 30 June 2022, the current assets of the Group were RMB2,009.6 million, including bank balances and cash of RMB1,956.8 million and other current assets of RMB52.8 million. As of 30 June 2022, the current liabilities of the Group were RMB849.4 million, including trade and other payables of RMB425.3 million, lease liabilities of RMB29.9 million, and borrowings from Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe") of RMB394.2 million.

### *Operating Activities*

Net cash used in our operating activities for the six months ended 30 June 2022 was RMB515.4 million. Our net loss was RMB668.0 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) changes in the working capital; and (ii) offset by shared-based compensation to employees in the amount of RMB121.6 million.

Net cash used in our operating activities for the six months ended 30 June 2021 was RMB388.5 million. Our net loss was RMB383.1 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) changes in the working capital; and (ii) offset by share-based compensation to employees in the amount of RMB76.6 million.

### *Investing Activities*

Net cash used in investing activities for the six months ended 30 June 2022 was RMB184.4 million, primarily attributable to (i) purchase of property, plant and equipment of RMB140.8 million; (ii) payment of RMB16.1 million to EDDC to obtain exclusive worldwide rights to develop, manufacture and commercialize EDDC's series of viral 3CL protease inhibitors; (iii) payment of RMB19.5 million to Calliditas for expanding the license to South Korea in addition to rights held in Greater China and Singapore; and (iv) payment of RMB6.5 million to Tetrphase Pharmaceuticals, Inc. with respect to technology transfer.

Net cash used in investing activities for the six months ended 30 June 2021 was RMB83.1 million, primarily attributable to (i) purchase of intangible assets of RMB43.7 million mainly in connection with our milestone payment for eravacycline NDA submission in China and payment to Venatorx for taniborbactam patent and (ii) payment of RMB25.6 million to Tetrphase Pharmaceuticals, Inc. with respect to technology transfer.

### *Financing Activities*

Net cash used in financing activities for the six months ended 30 June 2022 was RMB14.4 million, primarily attributable to lease payments made during the period.

Net cash used in financing activities for the six months ended 30 June 2021 was RMB4.8 million, primarily attributable to lease payments made during the period.

## 18. Treasury Policy

Majority of our cash arises from equity funding. Such cash can only be invested in relatively liquid and low-risk instruments such as bank deposits or money market instruments. The primary objective of our investments is to generate finance income at a yield higher than the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

## 19. Key Financial Ratios

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

	As of 30 June	
	2022	2021
Current ratio <sup>(1)</sup>	2.37	30.22

Note:

1. Current ratio is calculated using current assets divided by current liabilities as of the same date.

Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%. As of 30 June 2022, the Group was in a net cash position and thus, gearing ratio is not applicable.

## 20. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as of 30 June 2022) during the six months ended 30 June 2022.

## 21. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 June 2022.

## 22. Future Plans for Material Investments or Capital Asset

The Group did not have detailed future plans for material investments or capital assets.

The construction of quality control building, production building, warehouse building and other facilities of Jiashan manufacturing site is ongoing and we will continue the build as well as equipment installation.

# Management Discussion and Analysis

## 23. Pledge of Assets

As of 30 June 2022, the land for our Jiashan manufacturing facility had been pledged to Jiashan Shanhe.

## 24. Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2022.

## 25. Foreign Exchange Exposure

The Company's functional currency is United States Dollars and the functional currency of the Company's subsidiaries in China is Renminbi. During the six months ended 30 June 2022, the Group mainly operated in China and the majority of the transactions were settled in RMB, the same as the functional currency of the operating entities. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. As of 30 June 2022, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2022.

## 26. Employees and Remuneration

As of 30 June 2022, we employed a total of 476 (as of 30 June 2021: 227) employees, with 452 based in Greater China, 12 based in the United States, 5 based in South Korea, 5 based in Singapore, 1 based in France and 1 based in Indonesia, including a total of 235 employees with a Ph.D. degree or an M.D. degree.

The following table sets forth a breakdown of our employees by function as of 30 June 2022:

Function	Number	% of Total
Business Development	8	1.7%
Clinical Development	127	26.7%
Commercialization	132	27.7%
Chemistry, Manufacturing, and Controls	31	6.5%
Discovery	31	6.5%
Operations, Administrative and Others	77	16.2%
Vaccine Business Unit	70	14.7%
<b>Total</b>	<b>476</b>	<b>100.0%</b>

The total remuneration cost incurred by the Group for the six months ended 30 June 2022 was RMB386.9 million, as compared to RMB212.6 million for the six months ended 30 June 2021.

## Management Discussion and Analysis

The remuneration of the employees of the Group comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have 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 our employees.

Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training, details of which are further set out in the 2021 environmental, social and governance report of the Company published on 25 May 2022.

The Company has also adopted the Pre-IPO MSOP, the Pre-IPO ESOP, the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme. Please refer to the sections headed "Pre-IPO Share Incentive Plans" and "Post-IPO Share Incentive Plans" in this interim report for further details.

Save as disclosed in this interim report, no other material changes on the remuneration policies, bonus and share option schemes and training schemes of the Group from those disclosed in the 2021 Annual Report.

# Corporate Governance and Other Information

The Board is committed to achieve 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.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with all the applicable code provisions of the Corporate Governance Code (the “Previous CG Code”) as set out 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, throughout the Reporting Period. The requirements under the New CG Code apply to corporate governance reports for financial year commencing on or after 1 January 2022 and the Company will report on its compliance with the New CG Code in its corporate governance report for the financial 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.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period and up to the Latest Practicable Date. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the Reporting Period and up to the Latest Practicable Date.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Yifan Li, Mr. Shidong Jiang and Mr. Bo Tan. Mr. Yifan Li is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 and has met with the independent auditor, PricewaterhouseCoopers. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters with senior management members of the Company.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company repurchased an aggregate of 1,615,500 Shares on the Stock Exchange for a total consideration of approximately HK\$70,963,275 on 4, 21, 22, 26, 27, 28, and 29 October 2021 and on 1, 2, 3 and 5 November 2021. The repurchased shares were cancelled on 10 June 2022. Details of the shares repurchased are set out in the section headed

## Corporate Governance and Other Information

“Purchase, Sale or Redemption of the Company’s Listed Securities” of the 2021 Annual Report.

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

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

At the annual general meeting of the Company held on 29 June 2022, the then Shareholders passed a special resolution in relation to the amendments of certain provisions of its sixth amended and restated articles of association of the Company (the “Articles”) by way of adoption of a new Articles to, among other matters, (i) allow a general meeting to be held as an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting; and (ii) bring the existing Articles in line with the amendments made to Appendix 3 to the Listing Rules which became effective on 1 January 2022 and the applicable laws of the Cayman Islands. The seventh amended and restated articles of association of the Company became effective on 29 June 2022. For further details of the said amendments to the Articles, please refer to the Company’s circular dated 24 May 2022.

### USE OF PROCEEDS FROM GLOBAL OFFERING

The Company’s Shares were listed on the Stock Exchange on 9 October 2020 with a total of 73,079,000 offer shares (including shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the Global Offering were approximately HK\$3,795 million. Save as disclosed in the note below, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus in the upcoming 20 months. This expected timeline was based on best estimation on future market conditions and business operations made by the Company, and remains subject to changes based on current and future development of market conditions and actual business needs.

Set out below is the status of use of proceeds from the Global Offering as of 30 June 2022.

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilised for the year ended 31 December 2021 (HK\$ million)	Unutilised amount as of 31 December 2021 (HK\$ million)	Utilised for the six months ended 30 June 2022 (HK\$ million)	Unutilised amount as of 30 June 2022 (HK\$ million)
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of eravacycline, one of our Core Drug Candidates	15%	569	159	388	72	316

## Corporate Governance and Other Information

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Utilised for the year ended 31 December 2021 (HK\$ million)	Unutilised amount as of 31 December 2021 (HK\$ million)	Utilised for the six months ended 30 June 2022 (HK\$ million)	Unutilised amount as of 30 June 2022 (HK\$ million)
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of etrasimod, one of our Core Drug Candidates	15%	569	118	438	26	412
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of sacituzumab govitecan-hziy <sup>(Note)</sup>	20%	759	402	344	260	84
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of Nefecon	10%	380	97	240	93	147
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of other drug candidates in our pipeline	15%	569	211	327	31	296
Funding our business development activities and the expansion of our drug pipeline. To further expand our portfolio, we will continue to bring in high value and differentiated innovative assets with attractive risk-return profiles for our four current core therapeutic areas	15%	569	569	–	–	–
Working capital and general and administrative purposes	10%	380	184	147	138	9
<b>Total</b>	<b>100%</b>	<b>3,795</b>	<b>1,740</b>	<b>1,884</b>	<b>620</b>	<b>1,264</b>

Note: As disclosed in the announcement of the Company dated 16 August 2022, (the "August Announcement"), in light of the entry into the termination and transition services agreement dated 15 August 2022 (the "Agreement") and the transactions contemplated thereunder (the "Transaction") and having considered the prospects that the Transaction may bring to the Group and the reasons for and benefits of the Transaction, the Board had reviewed the intended use of the unutilised net proceeds for this purpose (being HK\$37 million as at 31 July 2022) and resolved to reallocate such amount for working capital and general and administrative purposes if the Agreement and the Transaction are approved by the Shareholders at an extraordinary general meeting to be convened by the Company. Further details are set out in the August Announcement.

## Corporate Governance and Other Information

The Company expects to gradually apply the remaining unutilised proceeds in accordance with the intended purposes and fully utilise the proceeds by the second half of 2023.

### DIVIDENDS

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2022 (For the six months ended 30 June 2021: Nil).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of 30 June 2022, the interests and short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the 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 were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(8)</sup>	Long position/ Short position
Mr. Wei Fu <sup>(1)</sup>	Founder of a discretionary trust who can influence how the trustee exercises his discretion	133,992,652	44.69%	Long position
Dr. Kerry Levan Blanchard <sup>(2)</sup>	Beneficial owner	7,873,499	2.63%	Long position
Mr. Ian Ying Woo <sup>(3)</sup>	Beneficial owner	1,614,728	0.54%	Long position
Mr. Xiaofan Zhang <sup>(4)</sup>	Beneficial owner	3,858,630	1.29%	Long position
Mr. Shidong Jiang <sup>(5)</sup>	Beneficial owner	40,000	0.01%	Long position
Mr. Yifan Li <sup>(6)</sup>	Beneficial owner	40,000	0.01%	Long position
Mr. Bo Tan <sup>(7)</sup>	Beneficial owner	40,000	0.01%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd. while TF Capital, Ltd. and TF Capital II, Ltd. ("TF Capital II") jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by C-Bridge Healthcare Fund IV, L.P. ("CBH IV"). The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its General Partner C-Bridge Capital GP IV, Ltd. ("CBC IV"). The controlling shareholder of CBC IV is TF Capital IV

## Corporate Governance and Other Information

Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.

- (2) Dr. Kerry Levan Blanchard's entitlement to receive up to 3,250,000 Shares and 1,483,196 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and the Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 250,000 Shares), USD3.24 (up to 3,000,000 Shares) and HKD72.49 (up to 1,483,196 Shares). Upon the shareholders' approval on 29 June 2022, 160,075 Shares awards to Dr. Kerry Levan Blanchard under the Post-IPO Share Award Scheme were vested in July 2022, while the 480,228 Shares will be vested, subject to the conditions of those share awards and Mr. Blanchard is also entitled to receive up to 2,500,000 Shares under the Post-IPO Share Award Scheme, subject to the conditions of the performance target awards.
- (3) Mr. Ian Ying Woo's entitlement to receive up to 110,000 Shares and 338,403 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and the Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 110,000 Shares) and HKD72.49 (up to 338,403 Shares). Upon the shareholders' approval on 29 June 2022, 41,581 Shares awards to Mr. Ian Ying Woo under the Post-IPO Share Award Scheme were vested in July 2022, while the 124,744 Shares will be vested, subject to the conditions of those share awards and Mr. Woo is also entitled to receive up to 1,000,000 Shares under Post-IPO Share Award Scheme, subject to the conditions of those performance target awards.
- (4) Mr. Xiaofan Zhang's entitlement to receive up to 2,353,902 Shares and 338,403 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes and Post-IPO Share Option Scheme respectively, subject to the conditions of those options. The exercise prices of these options are USD0.18 (up to 2,353,902 Shares) and HKD72.49 (up to 338,403 Shares). Upon the shareholders' approval on 29 June 2022, 41,581 Shares awards to Mr. Xiaofan Zhang under the Post-IPO Share Award Scheme were vested in July 2022, while the 124,744 Shares will be vested, subject to the conditions of those share awards and Mr. Zhang is also entitled to receive up to 1,000,000 Shares under Post-IPO Share Award Scheme, subject to the conditions of those performance target awards.
- (5) Mr. Shidong Jiang's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).
- (6) Mr. Yifan Li's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).
- (7) Mr. Bo Tan's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares).
- (8) The calculation is based on the total number of 299,807,605 Shares in issue as of 30 June 2022.

Save as disclosed above, as of 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.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2022, so far as the Directors are aware, the interests or short positions of every person (other than Directors or chief executives of the Company) 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 or as otherwise notified to the Company and the Stock Exchange:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(4)</sup>	Long position/ Short position
VISTRA TRUST (SINGAPORE) PTE. LIMITED <sup>(1)</sup>	Trustee and other	133,992,652	44.69%	Long position
Nova Aqua Limited <sup>(1)</sup>	Interest in a controlled corporation	133,992,652	44.69%	Long position
C-Bridge Capital GP, Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
C-Bridge Healthcare Fund GP II, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
C-Bridge Healthcare Fund II, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
TF Capital II Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
TF Capital, Ltd. <sup>(2)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
Dan Yang <sup>(2)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
Kang Hua Investment Company Limited <sup>(2)</sup>	Interest in a controlled corporation	52,777,778	17.60%	Long position
C-Bridge Capital GP IV, Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	17.52%	Long position
C-Bridge Healthcare Fund GP IV, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	17.52%	Long position
C-Bridge Healthcare Fund IV, L.P. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	17.52%	Long position
TF Capital IV Ltd. <sup>(1)</sup>	Interest in a controlled corporation	52,522,482	17.52%	Long position
C-Bridge Investment Everest Limited <sup>(1)</sup>	Beneficial owner	50,000,000	16.68%	Long position
C-Bridge IV Investment Two Limited <sup>(1)</sup>	Beneficial owner	37,244,704	12.42%	Long position
Anna Inge Leonore Haas Kolchinsky <sup>(3)</sup>	Interest of spouse	26,973,311	9.00%	Long position

## Corporate Governance and Other Information

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(4)</sup>	Long position/ Short position
Peter Kolchinsky <sup>(3)</sup>	Beneficiary of a trust (other than a discretionary interest)	26,973,311	9.00%	Long position
RA Capital Management, L.P. <sup>(3)</sup>	Investment manager	26,973,311	9.00%	Long position
RA Capital Healthcare Fund GP, LLC <sup>(3)</sup>	Interest in a controlled corporation	24,245,533	8.09%	Long position
RA Capital Healthcare Fund, L.P. <sup>(3)</sup>	Beneficial owner	24,245,533	8.09%	Long position
C-Bridge Joint Value Creation Limited <sup>(1)</sup>	Interest in a controlled corporation	24,005,392	8.01%	Long position
Everest Management Holding Co., Ltd. <sup>(1)</sup>	Beneficial owner	24,005,392	8.01%	Long position
Janchor Partners Limited	Investment manager	17,421,444	5.81%	Long position
C-Bridge IV Investment Nine Limited <sup>(1)</sup>	Beneficial owner	15,277,778	5.10%	Long position

### Notes:

- (1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd. while TF Capital, Ltd. and TF Capital II jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its General Partner CBC IV. The controlling shareholder of CBC IV is TF Capital IV Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.
- (2) TF Capital, Ltd. has controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Company Limited has controlling interest in TF Capital, Ltd. Mr. Dan Yang is the sole shareholder of Kang Hua Investment Company Limited.
- (3) The investment manager of RA Capital Healthcare Fund, L.P. is RA Capital Management L.P. ("RAC Management"). Mr. Peter Kolchinsky has controlling interest in RAC Management. Ms. Anna Inge Leonore Kolchinsky is Mr. Peter Kolchinsky's spouse. RA Capital Healthcare Fund GP, LLC is the general partner of RA Capital Healthcare Fund, L.P..
- (4) The calculation is based on the total number of 299,807,605 Shares in issue as at 30 June 2022.

Save as disclosed above, as of the date 30 June 2022, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept under section 336 of the SFO.

## PRE-IPO SHARE INCENTIVE PLANS

### 1. Pre-IPO MSOP

The purpose of the Pre-IPO MSOP is to advance the interests of the Company by providing for the grant to participants of the options, and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO MSOP, which will be in the form of options, will enable the Company to recruit, incentivize and retain key employees.

Further details of the Pre-IPO MSOP are set out in the Prospectus and Note 27 to the consolidated financial statements.

### 2. Pre-IPO ESOP

The purpose of the Pre-IPO ESOP is to advance the interests of the Company by providing for the grant to participants of the awards, and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO ESOP, which will be in the form of options and RSU, will enable the Company to recruit, incentivize and retain key employees.

Further details of the Pre-IPO ESOP are set out in the Prospectus.

#### Outstanding Share Options and RSU under Pre-IPO Share Incentive Plans

As of 30 June 2022, the Company had share options outstanding under the Pre-IPO Share Schemes to subscribe for an aggregate of 18,323,732 shares granted to 65 grantees (including Directors, senior management, other connected persons of the Company and other employees of the Company). The exercise price of the share options under the Pre-IPO Share Schemes is between US\$0.18 to US\$3.24.

The table below shows the details of share options granted under the Pre-IPO Share Schemes as of 30 June 2022:

Name or category of grantee	Date of Grant	Vesting Period	Exercise Price (USD)	Number of Shares underlying options outstanding as of 1 January 2022	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of cancelled options during the Reporting Period and the exercise price	Number of Shares underlying option outstanding as of 30 June 2022
Kerry Levan Blanchard	16 July 2020	4 years <sup>(1)</sup>	2.26-3.24	3,250,000	–	–	–	3,250,000
Ian Ying Woo	16 July 2020	4 years <sup>(2)</sup>	2.26	110,000	–	–	–	110,000
Xiaofan Zhang	6 March 2020; 16 July 2020	4 years <sup>(1)</sup>	0.18	2,353,902	–	–	–	2,353,902
Other 62 individuals	Between 23 November 2017 and 31 July 2020	4 years <sup>(1)</sup>	0.18-3.24	13,651,855	700,670	341,355	–	12,609,830

Notes:

(1) A portion of options granted were subject to immediate vesting upon Listing.

(2) All options granted were subject to immediate vesting upon Listing.

## Corporate Governance and Other Information

As of 30 June 2022, the Company had RSU with an aggregate of underlying 4,914,407 Shares outstanding pursuant to the Pre-IPO Share Schemes. For further details of the RSU granted under the Pre-IPO ESOP during the Reporting Period, please refer to the announcements published by the Company on 22 June 2021, 15 July 2021 and 1 April 2022.

### POST-IPO SHARE INCENTIVE PLANS

#### 1. Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to provide eligible persons with the opportunity to acquire proprietary interests in our Company and to encourage the eligible person to work towards enhancing the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to eligible persons.

Further details of the Post-IPO Share Option Scheme are set out in the Prospectus.

The table below shows the details of share options granted under the Post-IPO Share Option Scheme as of 30 June 2022:

Name or category of grantees	Date of Grant	Vesting Period	Exercise Period	Exercise Price (HKD)	Number of Shares underlying options outstanding as of 1 January 2022	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period	Number of Shares underlying option outstanding as of 30 June 2022	Closing price of the Shares immediately before the date of grant (HKD)
Kerry Levan Blanchard	14 July 2021	4 years	7 years	72.49	1,483,196	–	–	–	–	1,483,196	72.30
Ian Ying Woo	14 July 2021	4 years	7 years	72.49	338,403	–	–	–	–	338,403	72.30
Xiaofang Zhang	14 July 2021	4 years	7 years	72.49	338,403	–	–	–	–	338,403	72.30
Shidong Jiang	14 July 2021	1 year	7 years	72.49	20,000	–	–	–	–	20,000	72.30
	1 April 2022	1 year	7 years	23.17	–	20,000	–	–	–	20,000	25.95
Yifan Li	14 July 2021	1 year	7 years	72.49	20,000	–	–	–	–	20,000	72.30
	1 April 2022	1 year	7 years	23.17	–	20,000	–	–	–	20,000	25.95
Bo Tan	14 July 2021	1 year	7 years	72.49	20,000	–	–	–	–	20,000	72.30
	1 April 2022	1 year	7 years	23.17	–	20,000	–	–	–	20,000	25.95
Other employees	Between 6 May 2021 and 1 April 2022	4 years	7 years	23.17–72.49	1,730,337	5,805,635	–	207,817	–	7,328,155	25.95–72.30

## Corporate Governance and Other Information

For further details of the share options granted under the Post-IPO Share Option Scheme during the Reporting Period, please refer to the announcements published by the Company on 7 May 2021, 14 July 2021 and 1 April 2022.

### 2. Post-IPO Share Award Scheme

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of our Group.

Further details of the Post-IPO Share Award Scheme are set out in the Prospectus.

The table below shows the details of RSU granted under the Post-IPO Share Award Scheme as of 30 June 2022:

Name or category of grantees	Date of Grant	Number of Shares underlying RSU outstanding as of 1 January 2022	Number of RSU granted during the Reporting Period	Number of RSU vested during the Reporting Period	Number of RSU lapsed during the Reporting Period	Number of Shares underlying RSU outstanding as of 30 June 2022
Kerry Levan Blanchard	14 July 2021	—	640,303 <sup>1</sup>	—	—	640,303 <sup>1</sup>
	1 April 2022	—	2,500,000	—	—	2,500,000
Ian Ying Woo	14 July 2021	—	166,325 <sup>1</sup>	—	—	166,325 <sup>1</sup>
	1 April 2022	—	1,000,000	—	—	1,000,000
Xiaofan Zhang	14 July 2021	—	166,325 <sup>1</sup>	—	—	166,325 <sup>1</sup>
	1 April 2022	—	1,000,000	—	—	1,000,000
Other individuals	Between 6 May 2021 to 1 April 2022	2,349,409	3,211,343	514,289	265,098	4,781,365

Note: (1) Granted in 2021 and approved at the Company's annual general meeting on 29 June 2022.

For further details of the RSU granted under the Post-IPO Share Award Scheme during the Reporting Period, please refer to the announcements published by the Company on 7 May 2021, 22 June 2021, 15 July 2021 and 1 April 2022.

## Corporate Governance and Other Information

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2022, none of our Directors control a business similar to principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

### CHANGES IN DIRECTORS' INFORMATION

Changes in a Director's information since the date of the 2021 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director	Details of Change
Mr. Bo Tan	appointed as chief executive officer, co-chief investment officer and director of Summit Healthcare Acquisition Corp. (NASDAQ: SMIH) on 3 June 2021

Save for the information disclosed herein, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 15 August 2022, the Company, Everest Medicines II Limited and Everest Medicines (Singapore) Pte. Ltd., each a wholly-owned subsidiary of the Company, entered into a termination and transition services agreement (the "Agreement") with Immunomedics, Inc., a wholly-owned subsidiary of Gilead Sciences, Inc, pursuant to which each of the parties has conditionally agreed to effectuate the transactions contemplated under the Agreement (the "Transaction") for the consideration in the aggregate amount of up to approximately US\$455 million (equivalent to approximately RMB3,067 million) comprising (i) an upfront payment of US\$280 million (equivalent to approximately RMB1,887 million) and (ii) milestone payments of up to US\$175 million (equivalent to approximately RMB1,180 million) in aggregate, subject to the terms and conditions of the Agreement. Further details are set out in the August Announcement.

In light of the Transaction and having considered the prospects that the Transaction may bring to the Group and the reasons for and benefits of the Transaction as set out in the August Announcement, in order to better allocate and utilize its financial resources, the Board resolved to change the use in net proceeds from the Global Offering and reallocate the unutilised net proceeds originally intended for funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of sacituzumab govitecan-hziy to working capital and general and administrative purposes subject to, among other things, the approval of the Transaction and the Agreement by the Shareholders at an extraordinary general meeting of the Company.

Save as disclosed in this interim report, no important events affecting the Company occurred since the end of the Reporting Period and up to the Latest Practicable Date.

# Report on Review of Interim Financial Information

## To the Board of Directors of Everest Medicines Limited

(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 83, which comprises the interim condensed consolidated statement of financial position of Everest Medicines Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of comprehensive (loss)/income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. 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”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information 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 International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information 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 International 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 interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 24 August 2022

# Interim Condensed Consolidated Statement of Comprehensive (Loss)/Income

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue		1,044	—
Cost of revenue	6	(364)	—
<b>GROSS PROFIT</b>		<b>680</b>	<b>—</b>
General and administrative expenses	6	(118,909)	(107,428)
Research and development expenses	6	(345,512)	(250,774)
Distribution and selling expenses	6	(148,160)	(42,098)
Other income	7	1,036	2,213
Other losses — net	8	(28,785)	(8,175)
<b>OPERATING LOSS</b>		<b>(639,650)</b>	<b>(406,262)</b>
Finance (costs)/income — net	10	(5,613)	26,519
Fair value change in financial assets at fair value through profit or loss (“FVTPL”)	17	(20,964)	—
Fair value change in financial instruments issued to investors	22	(1,815)	(3,365)
<b>LOSS BEFORE INCOME TAX</b>		<b>(668,042)</b>	<b>(383,108)</b>
Income tax expense	11	—	—
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		<b>(668,042)</b>	<b>(383,108)</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME: ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>			
Change in foreign currency translation adjustments		230,766	(61,035)
Change in fair value of financial assets at fair value through other comprehensive income (“FVOCI”)	17	(618,401)	628,291
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		<b>(387,635)</b>	<b>567,256</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		<b>(1,055,677)</b>	<b>184,148</b>
<b>BASIC LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>	13	<b>(2.26)</b>	<b>(1.31)</b>
<b>DILUTED LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>	13	<b>(2.26)</b>	<b>(1.31)</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	283,316	112,335
Right-of-use assets	15	138,683	150,304
Intangible assets	16	2,810,556	2,471,298
Investments	17	212,287	830,403
Other non-current assets	18	468,391	393,555
		<b>3,913,233</b>	3,957,895
<b>CURRENT ASSETS</b>			
Inventories		1,880	447
Prepayments and other current assets	20	50,275	47,379
Trade receivables		655	49
Cash and cash equivalents	21	1,956,826	2,640,053
		<b>2,009,636</b>	2,687,928
<b>TOTAL ASSETS</b>		<b>5,922,869</b>	6,645,823
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial instruments issued to investors	22	30,067	26,778
Lease liabilities	23	84,038	95,851
Other non-current liabilities	24	—	360,932
		<b>114,105</b>	483,561
<b>CURRENT LIABILITIES</b>			
Lease liabilities	23	29,925	28,251
Trade and other payables	25	425,330	241,433
Amounts due to related parties	31	—	582
Other current liabilities	24	394,182	—
		<b>849,437</b>	270,266
<b>TOTAL LIABILITIES</b>		<b>963,542</b>	753,827

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
EQUITY			
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY			
Share capital	26	203	202
Reserves	28	13,687,667	13,564,660
Accumulated deficit		(8,592,777)	(7,924,735)
Accumulated other comprehensive (loss)/income	29	(135,766)	251,869
<b>TOTAL EQUITY</b>		<b>4,959,327</b>	5,891,996
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,922,869</b>	6,645,823

The accompanying notes are an integral part of this interim condensed consolidated financial information.

The condensed consolidated interim financial information on page 34 to 83 were approved by the board of directors on 24 August 2022 and were signed on its behalf.

**Kerry Levan Blanchard**  
Chief Executive Officer

**Ian Ying Woo**  
President & Chief Financial Officer

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Share capital	Capital reserve	Treasury shares	FVOCI reserve	Exchange reserve	Accumulated deficit	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 26)	(Note 28)	(Note 28)	(Note 29)	(Note 29)		
Balance at 1 January 2022	202	13,623,367	(58,707)	581,064	(329,195)	(7,924,735)	5,891,996
COMPREHENSIVE LOSS							
Loss for the period	—	—	—	—	—	(668,042)	(668,042)
Foreign currency translation	—	—	—	—	230,766	—	230,766
	—	—	—	—	230,766	(668,042)	(437,276)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Issuance of ordinary shares to Share Scheme Trust	2	—	(2)	—	—	—	—
Restricted share units vested	—	(1)	1	—	—	—	—
Exercise of stock options	—	1,409	—	—	—	—	1,409
Cancellation of shares	(1)	(58,706)	58,707	—	—	—	—
Change in fair value of financial assets at FVOCI	—	—	—	(618,401)	—	—	(618,401)
Share-based compensation	—	121,599	—	—	—	—	121,599
	1	64,301	58,706	(618,401)	—	—	(495,393)
Balance at 30 June 2022 (Unaudited)	203	13,687,668	(1)	(37,337)	(98,429)	(8,592,777)	4,959,327

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 26)	Capital reserve RMB'000 (Note 28)	Treasury shares RMB'000 (Note 28)	FVOCI reserve RMB'000 (Note 29)	Exchange reserve RMB'000 (Note 29)	Accumulated deficit RMB'000	Total equity RMB'000
Balance at 1 January 2021	198	13,392,531	—	571,651	(207,293)	(6,916,016)	6,841,071
COMPREHENSIVE LOSS							
Loss for the period	—	—	—	—	—	(383,108)	(383,108)
Foreign currency translation	—	—	—	—	(61,035)	—	(61,035)
	—	—	—	—	(61,035)	(383,108)	(444,143)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Exercise of stock options	1	3,439	—	—	—	—	3,440
Change in fair value of financial assets at FVOCI	—	—	—	628,291	—	—	628,291
Share-based compensation	—	76,628	—	—	—	—	76,628
	1	80,067	—	628,291	—	—	708,359
Balance at 30 June 2021 (Unaudited)	199	13,472,598	—	1,199,942	(268,328)	(7,299,124)	7,105,287

The accompanying notes are an integral part of this interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2022	2021
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		<b>(668,042)</b>	(383,108)
Adjustments for:			
Depreciation of property, plant and equipment	14	<b>5,511</b>	2,876
Depreciation of right-of-use assets	15	<b>14,066</b>	11,109
Amortization of intangible assets	16	<b>1,265</b>	—
Fair value change in financial instruments issued to investors	22	<b>1,815</b>	3,365
Fair value change in financial assets at FVTPL	17	<b>20,964</b>	—
Share-based compensation	27	<b>121,599</b>	76,628
Interest income	10	<b>(13,947)</b>	(10,790)
Unrealized foreign exchange loss/(gain)		<b>44,102</b>	(30,177)
Interest expense	10	<b>3,013</b>	15,599
Changes in working capital:			
— Trade receivables		<b>(606)</b>	—
— Prepayments and other current assets		<b>(2,896)</b>	(16,439)
— Trade and other payables		<b>(52,219)</b>	(64,190)
— Amounts due to related parties		<b>(582)</b>	(4)
— Inventories		<b>(1,433)</b>	—
— Other non-current assets		<b>(1,979)</b>	(4,136)
Interest received	10	<b>13,934</b>	10,737
<b>Net cash used in operating activities</b>		<b>(515,435)</b>	(388,530)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(140,812)</b>	(13,813)
Prepayment for purchase of intangible assets	18	<b>(6,484)</b>	(25,585)
Purchase of intangible assets		<b>(37,144)</b>	(43,685)
<b>Net cash used in investing activities</b>		<b>(184,440)</b>	(83,083)

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease liabilities		(15,842)	(7,802)
Proceeds from exercise of stock options	28	1,409	2,974
Net cash used in financing activities		(14,433)	(4,828)
Effect of exchange rate changes on cash and cash equivalents		31,081	(33,703)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(683,227)	(510,144)
Cash and cash equivalents at the beginning of the period		2,640,053	4,481,122
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	1,956,826	3,970,978

The accompanying notes are an integral part of this interim condensed consolidated financial information.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 1 GENERAL INFORMATION

Everest Medicines Limited (the “Company” or “Everest”) was incorporated under the law of Cayman Islands as an exempted company with limited liability on 14 July 2017. The Company and its subsidiaries (collectively referred to as the “Group”) engages primarily in license-in, development and commercialization of innovative therapies in Greater China and other emerging Asia Pacific markets.

The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands.

The Company listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited on 9 October 2020 (the “Listing”).

As at 30 June 2022, the Company has direct or indirect interests in the following subsidiaries:

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued and paid up capital	Interests held by the Group		Principal activities
				At 30 June 2022	At 31 December 2021	
<b>Directly held by the Company</b>						
Everest Medicines (US) Limited	The United States of America	15 September 2017	USD500	100%	100%	Business development and administrative office
Everonc Medicines Inc.	British Virgin Islands	19 April 2017	USD50,000	100%	100%	Holding company
Everest Medicines (Singapore) Pte. Limited (“Everest SG”)	Singapore	22 November 2018	USD50,000	100%	100%	International activities
EverNov Medicines Limited (“EverNov”)	Cayman Islands	14 June 2018	USD50,000	92%	92%	Holding company
Everest Medicines II Limited (“Everest II”) <sup>(a)</sup>	Cayman Islands	25 November 2019	USD50,000	100%	100%	Holding company
EverRNA Medicines Limited	Cayman Islands	9 March 2022	USD50,000	100%	—	Holding company

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued and paid up capital	Interests held by the Group		Principal activities
				At 30 June 2022	At 31 December 2021	
<b>Indirectly held by the Company</b>						
Everonc Medicines Limited	Hong Kong	12 May 2017	HKD10,000	100%	100%	Holding company
Everstar Therapeutics Limited	Hong Kong	3 January 2018	HKD1	100%	100%	Holding company
EverNov Medicines (HK) Limited	Hong Kong	13 December 2018	HKD1	92%	92%	Holding company
Everest Medicines II (HK) Limited ("Everest II HK")	Hong Kong	25 November 2019	HKD1	100%	100%	Holding company
Everest Medicines (Suzhou) Inc. <sup>(b)</sup>	People's Republic of China ("PRC")	11 October 2017	USD5,000,000	62.96%	62.96%	Research and development of innovative therapies
EverID Medicines (Beijing) Limited <sup>(b)</sup>	PRC	30 March 2018	USD5,000,000	62.96%	62.96%	Research and development of innovative therapies
Everstar Medicines (Shanghai) Limited <sup>(b)</sup>	PRC	16 April 2018	USD5,000,000	62.96%	62.96%	Research and development of innovative therapies

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued and paid up capital	Interests held by the Group		Principal activities
				At 30 June 2022	At 31 December 2021	
<b>Indirectly held by the Company (continued)</b>						
EverNov Medicines (Zhuhai Hengqin) Limited <sup>(c)</sup>	PRC	13 February 2019	USD500,000	92%	92%	Research and development of innovative therapies
Everest Medicines Korea, LLC	Korea	12 July 2021	KRW200,000,000	100%	100%	International activities
Everest Medicines (China) Co., Ltd. <sup>(d)</sup>	PRC	3 April 2020	USD70,000,000	62.96%	62.96%	PRC holding company
EverRNA Medicines (Jiashan) Biopharmaceutical Co., Ltd. <sup>(b)</sup>	PRC	30 May 2022	RMB10,000,000	100%	—	Research and development of innovative therapies
EverRNA Medicines (Singapore) Pte. Limited	Singapore	24 March 2022	SGD10,000	100%	—	International activities

### Notes:

(a) On 25 November 2019, pursuant to an Agreement and Plan of Merger, the Company acquired Everest II by issuing certain preferred shares which were subsequently automatically converted to ordinary shares upon the Company's consummation of the Listing. Everest II did not qualify as a business under IFRS 3, and the purpose of the acquisition of Everest II is to obtain certain licenses held by Everest II. The acquisition of Everest II is considered an acquisition of assets in accordance with IFRS 3 Definition of a business. Refer to Note 16(d) for assets acquired.

(b) These entities are PRC limited liability companies.

(c) This entity is a limited liability company (registered as wholly foreign owned enterprise under PRC law).

(d) This entity is a limited liability company (registered as sino-foreign equity joint venture under PRC law).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information (“Interim Financial Information”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ issued by the International Accounting Standards Board (“IASB”).

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2021 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) by the Group as set out in the 2021 annual report of the Company dated 28 March 2022 (the “2021 Financial Statements”).

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2021 Financial Statements, as described in annual financial statements, except for the estimation of income tax (see Note 11) and the adoption of new and amended standards as set out below.

### 3.1 New and amended standards adopted by the Group

The following new or amended standards became applicable for the current reporting period, which did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to IAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 3 ACCOUNTING POLICIES (CONTINUED)

### 3.2 New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to existing standards and interpretations that are relevant to the Group have been issued but are not yet effective and have not been early adopted by the Group. These new standards and amendments are set out below:

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information 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 this Interim Financial Information, 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 in the 2021 Financial Statements.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2021 Financial Statements.

There have been no changes in the risk management policies during the six months ended 30 June 2022.

#### (a) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. The Group historically financed its working capital requirements through issue of preferred shares and convertible notes and the Listing. After the Listing, the Group has alternative financing through new shares issuance.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group recognizes the financial instruments issued to investors at fair value through profit or loss. Accordingly, the financial instruments issued to investors are managed on a fair value basis rather than by maturing dates.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.1 Financial risk factors (continued)

#### (a) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 30 June 2022 (Unaudited)</b>					
Trade and other payables	425,330	—	—	—	425,330
Lease liabilities	30,753	30,630	60,885	3,921	126,189
	<b>456,083</b>	<b>30,630</b>	<b>60,885</b>	<b>3,921</b>	<b>551,519</b>
<b>At 31 December 2021 (Audited)</b>					
Trade and other payables	241,433	—	—	—	241,433
Amounts due to related parties	582	—	—	—	582
Lease liabilities	29,021	30,356	72,184	7,282	138,843
	<b>271,036</b>	<b>30,356</b>	<b>72,184</b>	<b>7,282</b>	<b>380,858</b>

### 5.2 Fair value estimation

There are judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards:

Level 1: The fair values of financial instruments traded in active markets (such as trading and available-for-sale securities) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

Level 2: The fair values of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (continued)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the financial assets and liabilities, which are measured at amortised cost, approximated their fair value as at 30 June 2022 and 31 December 2021.

The following table presents the Group's assets and liabilities that were measured at fair value at 30 June 2022:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>				
<b>Assets:</b>				
Investments (Note 17)	200,431	—	11,856	212,287
<b>Liabilities:</b>				
Preferred Shares (Note 22)	—	—	30,067	30,067

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2021:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Audited)</b>				
<b>Assets:</b>				
Investments (Note 17)	798,525	—	31,878	830,403
<b>Liabilities:</b>				
Preferred Shares (Note 22)	—	—	26,778	26,778

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (continued)

#### (a) Valuation techniques used to determine fair values

Valuation techniques used to value financial instruments include discounted cash flow analysis.

There were no changes in valuation techniques used during the six months ended 30 June 2022 and 2021.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2022 and 2021.

The changes in level 3 instruments for the six months ended 30 June 2022 and 2021 are presented in Notes 22.

## 6 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Employee benefit expenses (Note 9)	386,880	212,645
Clinical trial and research expenses	141,971	113,633
Professional expenses	46,511	38,421
Depreciation and amortization	20,842	13,985
Office and travelling expenses	12,942	14,071
Others	3,799	7,545
Total cost of revenue, general and administrative expenses, research and development expenses, distribution and selling expenses	612,945	400,300

## 7 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Government grants	1,036	2,198
Others	—	15
	1,036	2,213

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

### 8 OTHER LOSSES – NET

	Six months ended 30 June	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net foreign exchange losses on operating activities	28,788	8,024
Others	(3)	151
	<b>28,785</b>	8,175

### 9 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Salaries, wages and bonuses	242,068	126,376
Social security costs and housing benefits	23,213	9,641
Share-based compensation (Note 27)	121,599	76,628
	<b>386,880</b>	212,645

### 10 FINANCE COSTS/(INCOME) – NET

	Six months ended 30 June	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Bank interest income	(13,934)	(10,737)
Interest income from loan to a director (Note 18(b))	(13)	(53)
Interest expenses on lease liabilities	3,013	2,126
Net exchange losses/(gains) on foreign currency borrowings	16,547	(31,328)
Interest expenses on borrowings from Jiashan Shanhe (Note 24)	—	13,473
Finance costs/(income) – net	<b>5,613</b>	(26,519)

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 11 INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2022 is 0% (For 31 December 2021: 0%).

## 12 DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the periods presented.

## 13 LOSS PER SHARE

### Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2022 and 2021. In determining the weighted average number of ordinary shares in issue the unvested restricted shares are excluded:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	<b>(668,042)</b>	(383,108)
Weighted average number of ordinary shares in issue	<b>295,729,549</b>	293,514,910
Basic loss per share (in RMB)	<b>(2.26)</b>	(1.31)
Diluted loss per share (in RMB)	<b>(2.26)</b>	(1.31)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2022 and 2021, the Company's potential ordinary shares include share-based awards granted to employees (Note 27). For the six months ended 30 June 2022 and 2021, the potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2022 and 2021 are the same as basic loss per share.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 14 PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Furniture and fixtures	Leasehold improvement	Construction in progress	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>At 1 January 2022</b>					
Cost	3,418	2,304	15,913	102,908	124,543
Accumulated depreciation	(1,181)	(1,191)	(9,836)	—	(12,208)
<b>Net book amount</b>	<b>2,237</b>	<b>1,113</b>	<b>6,077</b>	<b>102,908</b>	<b>112,335</b>
<b>Six months ended 30 June 2022</b>					
Opening net book amount	2,237	1,113	6,077	102,908	112,335
Additions	—	2,433	75	173,942	176,450
CIP transfer out (Note (a))	—	—	21,542	(21,542)	—
Depreciation charge (Note 6)	(570)	(601)	(4,340)	—	(5,511)
Currency translation differences	—	1	41	—	42
<b>Closing net book amount</b>	<b>1,667</b>	<b>2,946</b>	<b>23,395</b>	<b>255,308</b>	<b>283,316</b>
<b>At 30 June 2022</b>					
Cost	3,418	4,772	37,978	255,308	301,476
Accumulated depreciation	(1,751)	(1,826)	(14,583)	—	(18,160)
<b>Net book amount</b>	<b>1,667</b>	<b>2,946</b>	<b>23,395</b>	<b>255,308</b>	<b>283,316</b>
<b>At 1 January 2021</b>					
Cost	734	912	9,983	5,924	17,553
Accumulated depreciation	(265)	(775)	(5,102)	—	(6,142)
<b>Net book amount</b>	<b>469</b>	<b>137</b>	<b>4,881</b>	<b>5,924</b>	<b>11,411</b>
<b>Six months ended 30 June 2021</b>					
Opening net book amount	469	137	4,881	5,924	11,411
Additions	852	957	1,070	17,056	19,935
CIP transfer out	1,832	306	4,179	(6,317)	—
Depreciation charge (Note 6)	(346)	(174)	(2,356)	—	(2,876)
Currency translation differences	—	(1)	(43)	—	(44)
<b>Closing net book amount</b>	<b>2,807</b>	<b>1,225</b>	<b>7,731</b>	<b>16,663</b>	<b>28,426</b>
<b>At 30 June 2021</b>					
Cost	3,418	2,168	15,146	16,663	37,395
Accumulated depreciation	(611)	(943)	(7,415)	—	(8,969)
<b>Net book amount</b>	<b>2,807</b>	<b>1,225</b>	<b>7,731</b>	<b>16,663</b>	<b>28,426</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive income as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
General and administrative expenses	1,273	756
Research and development expenses	2,454	1,682
Distribution and selling expense	1,784	438
	5,511	2,876

Note (a): During the period ended 30 June 2022, interest of RMB13.8 million (During the six months ended 30 June 2021: RMB0.2 million) from borrowing from Jiashan Shanhe (Note 24) was capitalized in construction in progress, in connection with the construction of plant in Jiashan, China.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 15 RIGHT-OF-USE ASSETS

	Leased equipment RMB'000 (Unaudited)	Leased properties RMB'000 (Unaudited)	Land use right(a) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2022</b>				
Cost	183	165,748	35,397	201,328
Accumulated depreciation	(101)	(50,097)	(826)	(51,024)
<b>Net book amount</b>	<b>82</b>	<b>115,651</b>	<b>34,571</b>	<b>150,304</b>
<b>Six months ended 30 June 2022</b>				
Opening net book amount	82	115,651	34,571	150,304
Additions	596	2,095	—	2,691
Depreciation charge (Note 6)	(88)	(13,978)	(354)	(14,420)
Currency translation differences	—	108	—	108
<b>Closing net book amount</b>	<b>590</b>	<b>103,876</b>	<b>34,217</b>	<b>138,683</b>
<b>At 30 June 2022</b>				
Cost	779	150,057	35,397	186,233
Accumulated depreciation	(189)	(46,181)	(1,180)	(47,550)
<b>Net book amount</b>	<b>590</b>	<b>103,876</b>	<b>34,217</b>	<b>138,683</b>
<b>At 1 January 2021</b>				
Cost	183	101,137	35,397	136,717
Accumulated depreciation	(64)	(25,972)	(118)	(26,154)
<b>Net book amount</b>	<b>119</b>	<b>75,165</b>	<b>35,279</b>	<b>110,563</b>
<b>Six months ended 30 June 2021</b>				
Opening net book amount	119	75,165	35,279	110,563
Additions	—	10,208	—	10,208
Depreciation charge (Note 6)	(18)	(11,091)	(354)	(11,463)
Currency translation differences	—	(87)	—	(87)
<b>Closing net book amount</b>	<b>101</b>	<b>74,195</b>	<b>34,925</b>	<b>109,221</b>
<b>At 30 June 2021</b>				
Cost	183	111,148	35,397	146,728
Accumulated depreciation	(82)	(36,953)	(472)	(37,507)
<b>Net book amount</b>	<b>101</b>	<b>74,195</b>	<b>34,925</b>	<b>109,221</b>

(a) As of 30 June 2022, the land use right for Jiashan manufacturing facility has been pledged to Jiashan Shanhe for its borrowings provided to the Group (Note 24).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 15 RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation of right-of-use assets has been charged to the consolidated statements of financial position and comprehensive income as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
General and administrative expenses	3,250	2,921
Research and development expenses	6,265	6,496
Distribution and selling expenses	4,551	1,692
Construction in progress	354	354
	<b>14,420</b>	<b>11,463</b>

## 16 INTANGIBLE-ASSETS

	In-licenses and In-Process Research and Development ("IPR&D") RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
	<b>At 1 January 2022</b>		
Cost	2,465,460	6,204	2,471,664
Accumulated amortisation and impairment	—	(366)	(366)
<b>Net book amount</b>	<b>2,465,460</b>	<b>5,838</b>	<b>2,471,298</b>
<b>Six months ended 30 June 2022</b>			
Opening net book amount	2,465,460	5,838	2,471,298
Additions	202,609	1,483	204,092
Depreciation charge (Note 6)	—	(1,265)	(1,265)
Currency translation differences	136,431	—	136,431
<b>Closing net book amount</b>	<b>2,804,500</b>	<b>6,056</b>	<b>2,810,556</b>
<b>At 30 June 2022</b>			
Cost	2,804,500	7,687	2,812,187
Accumulated amortisation and impairment	—	(1,631)	(1,631)
<b>Net book amount</b>	<b>2,804,500</b>	<b>6,056</b>	<b>2,810,556</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

	In-licenses and In-Process Research and Development ("IPR&D") RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>At 1 January 2021</b>			
Cost	2,006,056	—	2,006,056
Accumulated amortisation and impairment	—	—	—
<b>Net book amount</b>	<b>2,006,056</b>	<b>—</b>	<b>2,006,056</b>
<b>Six months ended 30 June 2021</b>			
Opening net book amount	2,006,056	—	2,006,056
Additions	43,685	—	43,685
Currency translation differences	(20,001)	—	(20,001)
<b>Closing net book amount</b>	<b>2,029,740</b>	<b>—</b>	<b>2,029,740</b>
<b>At 30 June 2021</b>			
Cost	2,029,740	—	2,029,740
Accumulated amortisation and impairment	—	—	—
<b>Net book amount</b>	<b>2,029,740</b>	<b>—</b>	<b>2,029,740</b>

Intangible assets included licensed-in and IPR&D which are not ready for use the Group is continuing research and development work, therefore, these intangible assets have not been amortised yet.

### (a) Collaboration and License Agreement with Arena Pharmaceuticals, Inc. ("Arena") and United Therapeutics

In December 2017, the Group entered into a collaboration and license agreement with Arena regarding the development and commercialization of its proprietary products Ralinepag and Etrasimod in the territories of Mainland China, Taiwan, Hong Kong, Macau and South Korea. Under the terms of the agreement, the Group made an upfront payment of USD12 million (equivalent to RMB78.4 million) to Arena and capitalized such payment. In January 2019, the Group and Arena entered into two separate agreements which superseded the previous agreement, one which relates to Ralinepag and the other relates to Etrasimod.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

### (a) Collaboration and License Agreement with Arena Pharmaceuticals, Inc. (“Arena”) and United Therapeutics (continued)

#### **Etrasimod**

The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to Arena.

In the fourth quarter of 2018 and in November 2019, the Group made the milestone payment of USD1 million (equivalent to RMB6.6 million) and USD5 million (equivalent to RMB34.5 million) to Arena, respectively. Such payments were capitalised.

#### **Ralinepag**

In January 2019, Arena assigned all of its rights and obligations with respect to the Ralinepag program under the agreement to United Therapeutics. The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to United Therapeutics.

In the fourth quarter of 2018, the Group made the milestone payment of USD1 million (equivalent to RMB6.6 million) to Arena (before the agreement was assigned to United Therapeutics) and capitalized such payment. After assigning the agreement to United Therapeutics, the Group paid milestone payment of USD2.5 million (equivalent to RMB17.2 million) to United Therapeutics in September 2019, which was capitalized.

### (b) License Agreement with Tetrphase Pharmaceuticals Inc.

#### **Eravacycline**

In February 2018, the Group entered into a license agreement with Tetrphase, pursuant to which Tetrphase granted the Group an exclusive license to develop and commercialize Eravacycline in Mainland China, Taiwan, Hong Kong, Macau, South Korea and Singapore.

Under the terms of the agreement, the Group made an upfront payment of USD7 million (equivalent to RMB46.4 million) to Tetrphase capitalized such payment. The Group agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Tetrphase.

In June 2018 and May 2019, the Group made the milestone payment of USD2.5 million (equivalent to RMB16.6 million) and USD3 million (equivalent to RMB20.7 million) to Tetrphase, respectively, and capitalised such payments.

In July 2019, the Group and Tetrphase entered into an amendment to the license agreement to expand the geographic coverage of the license to Malaysia, Thailand, Indonesia, Vietnam and the Philippines and paid an upfront payment of USD2 million (equivalent to RMB13.8 million) which was capitalised.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

### (b) License Agreement with Tetrphase Pharmaceuticals, Inc. (continued)

#### Eravacycline (continued)

In April 2021, the Group made the milestone payment of USD3 million (equivalent to RMB19.4 million) to Tetrphase, and capitalised such payment.

In May 2021, the Group and Tetrphase entered into an amendment to the license agreement, pursuant to which Tetrphase granted the Group the license to manufacture Eravacycline in the relevant territory.

### (c) Licensing Agreement with Novartis International Pharmaceutical Ltd. (“Novartis”)

#### FGF401

In June 2018, the Group entered into an exclusive global licensing agreement with Novartis to develop and commercialize FGF401. Under this agreement, Novartis granted EverNov an exclusive license to develop, manufacture and commercialize Novartis’ FGF4 inhibitor FGF401 and products containing FGF401 for all purposes worldwide.

Under the terms of the agreement, as discussed in Note 22, the total upfront fee was comprised of cash consideration of USD20 million (equivalent to RMB132.7 million) and 4,000,000 Series A-2 Convertible Preferred Shares issued by EverNov to Novartis Pharma AG, an affiliate entity of Novartis. The Group capitalised a total amount of USD22.4 million (equivalent to RMB148.3 million) based on cash payment and the fair value of the Series A-2 Convertible Preferred Shares. The Group also agreed to pay Novartis clinical development milestone payments, commercial milestone payments, as well as tiered royalties on worldwide net sales to Novartis.

### (d) Licenses acquired from Everest II

Upon the consummation of the Group’s acquisition of Everest II in 2019, the Group acquired four licenses held by Everest II. The amount in relation to the acquisition of those licenses were recognised as intangible assets based on its fair value upon consummation of the acquisition, with the total amount of RMB1,265,971 thousand.

#### Taniborbactam

In September 2018, Everest II entered into an agreement with Venatorx, pursuant to which Venatorx granted Everest II an exclusive license to exploit for all uses in humans Venatorx’s proprietary BLI, taniborbactam (formerly VNRX-5133), in combination with a  $\beta$ -lactam, initially cefepime, in Mainland China, Macau, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

### (d) Licenses acquired from Everest II (continued)

#### Taniborbactam (continued)

Under the terms of this agreement, Everest II paid an upfront cash payment of USD5.0 million (equivalent to RMB33.2 million) and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Venatorx.

In January 2020, after the acquisition of Everest II, the Group made the milestone payment of USD2 million (equivalent to RMB13.8 million) to Venatorx and such payment was capitalised.

In June 2021, the Group entered into an amendment to the license agreement with Venatorx, pursuant to which Venatorx has relevant taniborbactam patents to the Group. The Group paid USD3 million (equivalent to RMB19.4 million) in June 2021 and USD7 million (equivalent to RMB44.6 million) in August 2021 to Venatorx and such payment was capitalised.

#### SPR206

In January 2019, Everest II entered into a license agreement with Spero Therapeutics, Inc. ("Spero") through its wholly owned subsidiaries New Pharma License Holdings Limited, or NPLH, and Spero Potentiator, Inc., or Potentiator and NPLH has since assigned its assets to Spero. Pursuant to this agreement, NPLH granted Everest II an exclusive license to develop, manufacture and commercialize SPR206 in Mainland China, Hong Kong, Macau, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

Everest II paid NPLH an upfront payment of USD2 million (equivalent to RMB13.8 million) as partial consideration for rights to SPR206 and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Spero.

In November 2020, the Group made the milestone payment of USD2 million (equivalent to RMB13.8 million) to Spero and such payment was capitalised.

In January 2021, the Group entered into an amended agreement with Spero for which Spero has assigned relevant SPR206 patents to the Group.

In June and September 2021, the Group made the milestone payment of USD0.75 million (equivalent to RMB4.9 million) and USD0.5 million (equivalent to RMB3.2 million) to Spero, respectively and such payments were capitalised.

In June 2022, the Group made the milestone payment of USD0.75 million (equivalent to RMB4.9 million) and such payment was capitalised.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

### (d) Licenses acquired from Everest II (continued)

#### **IMMU 132 (Sacituzumab Govitecan)**

In April 2019, Everest II entered into a license agreement with Immunomedics under which Immunomedics granted Everest II an exclusive license to develop and commercialize sacituzumab govitecan in Mainland China, Taiwan, Hong Kong, Macau, Indonesia, Philippines, Vietnam, Thailand, South Korea, Malaysia, Singapore or Mongolia.

In consideration for entering into this agreement, Everest II made a one-time, upfront payment to Immunomedics in the amount of USD65 million (equivalent to RMB448.2 million) and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Immunomedics which is now merged by Gilead.

In June 2020, after the acquisition of Everest II, the Group made a milestone payment of USD60 million (equivalent to RMB413.9 million) to Immunomedics and such payment was capitalised.

In June 2022, the Group made the milestone payment of USD20 million (equivalent to RMB129.7 million) and USD5 million (equivalent to 32.4 million), respectively, and capitalised such payments.

On 15 August 2022, pursuant to a termination and transition services agreement, the Group and Immunomedics agreed (i) to terminate the above license agreement and certain ancillary agreements entered into by the relevant parties in connection with the development of the drug candidates; (ii) for the Group to assign to Immunomedics all of its intellectual property, regulatory materials and other assets related to the drug candidates; and (iii) for the Group to perform transition services to enable Immunomedics or its affiliates to assume the development and commercialization of the drug candidates. The consideration was equivalent to the aggregate amount of up to approximately USD455 million, including an upfront payment of USD280 million and milestone payments up to USD175 million, consisting of (i) regulatory milestone payments of up to USD50 million in aggregate, and (ii) commercial milestone payments of up to USD125 million in aggregate.

#### **Nefecon**

On 10 June 2019, Everest II entered into a license agreement with Calliditas who granted Everest II exclusive rights to develop and commercialize Nefecon in Mainland China, Hong Kong, Macau, Taiwan and Singapore.

Under the terms of the agreement, Everest II made an initial upfront payment of USD15 million (equivalent to RMB103.4 million) to Calliditas at signing of the agreement and capitalised such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Calliditas.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

### (d) Licenses acquired from Everest II (continued)

#### **Nefecon (continued)**

After the acquisition of Everest II, the Group made the milestone payment of USD5 million (equivalent to RMB34.5 million) in January 2020 and USD3 million (equivalent to RMB18.9 million) in December 2021 to Calliditas and such payment was capitalised.

In March 2022, the Group and Calliditas entered into an amendment to the license agreement to expand the geographic coverage of the license to South Korea, and paid an upfront payment of USD3 million (equivalent to RMB19.5 million) which was capitalised.

### (e) License Agreement with Providence Therapeutics Holdings Inc. (“Providence”)

#### **mRNA COVID-19 Vaccines**

In September 2021, the Group entered into a license agreement with Providence, pursuant to which Providence granted the Group exclusive rights to develop, manufacture and commercialize mRNA vaccines against COVID-19, including PTX-COVID19-B in Mainland China, Hong Kong, Macau, and certain Asian countries.

Under the terms of the agreement, the Group made an initial upfront payment of USD50 million (equivalent to RMB322.6 million) to Providence in September 2021 and capitalised such payment. The Group also agreed to make payments for profit sharing, as well as royalties on net sales to Providence.

### (f) License Agreement with Sinovent Pharmaceuticals, Co., Ltd. (“Sinovent”) and SinoMab BioScience Limited. (“SinoMab”)

#### **XNW-1011**

In September 2021, the Group entered into a license agreement with Sinovent and SinoMab. Pursuant to which, Sinovent and SinoMab granted the Group an exclusive worldwide rights to develop, manufacture and commercialize XNW1011.

Under the terms of the agreement, the Group made an initial upfront payment of USD12 million (equivalent to RMB77.4 million) to Sinovent and SinoMab in September 2021 and capitalised such payment. The Group also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Sinovent and SinoMab.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 16 INTANGIBLE-ASSETS (CONTINUED)

### (g) License Agreement with Singapore's Experimental Drug Development Centre ("EDDC")

#### **EDDC-2214**

In January 2022, the Group entered into a License Agreement with EDDC, pursuant to which EDDC granted the Group an exclusive worldwide rights to develop, manufacture and commercialize COVID-19 oral antiviral treatments.

Under the terms of the agreement, the Group made an upfront payment of USD2.5 million (equivalent to RMB16.1 million) to EDDC in January 2022 and capitalised such payment. The Group also agreed to pay clinical and commercial milestone payment, as well as royalties on net sales of products.

### (h) Impairment test

The Group did not perform quantitative impairment test for above intangible assets as at 30 June 2022, because the Group's policy is to perform impairment test annually at 31 December, or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with IAS 36 Impairment of assets. The Group did not identify any indication that the intangible assets would be impaired as at 30 June 2022.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 17 INVESTMENTS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Investments in I-Mab — at FVOCI (a)	200,431	798,525
Investments in Venatorx — at FVTPL (b)	11,856	31,878
	<b>212,287</b>	830,403

- (a) Investments in I-Mab represents the Group's investments in 6,078,571 ordinary shares issued by I-Mab upon I-Mab's initial public offering on 17 January 2020. The Group subsequently measures this investment at fair value and has elected to present fair value gains and losses on equity investment in other comprehensive income.

As at 30 June 2022, based on quoted market share price of I-Mab, the fair value of this investment was USD29.8 million (equivalent to RMB200.4 million), which is USD95.4 million (equivalent to RMB618.4 million) lower than the carrying value of USD125.2 million as of 31 December 2021, and the difference of RMB618.4 million was recorded as a loss in other comprehensive income for the six months ended 30 June 2022 (For the six months ended 30 June 2021: RMB628.3 million was recorded as a income in other comprehensive income).

- (b) The Group acquired the investment in Venatorx Pharmaceuticals, Inc. ("Venatorx") through the acquisition of Everest II. Everest II invested in 141,553 Series B convertible preferred stock (Series B Preferred Stock) issued by Venatorx in October 2018. The Series B Preferred Stock is a debt instrument from issuer's perspective as Venatorx cannot prevent deemed liquidation event from happening. Thus, the investment in Venatorx is classified as investment at fair value through profit or loss. No significant changes were noticed to the fair value of this investment till 31 December 2021.

As at 30 June 2022, the fair value of this investment was determined by reference to the recent transaction price in March 2022, when Venatorx completed another round of financing. Based on the Group's assessment, the fair value of this investment in Venatorx was USD1.8 million (equivalent to RMB11.9 million) which is USD3.2 million (equivalent to RMB21.0 million), lower than the carrying value of USD5 million as of 31 December 2021, and the difference of RMB21.0 million was recorded in profit or loss for the six months ended 30 June 2022 (For the six months ended 30 June 2021: RMB nil). No significant changes were noticed to the fair value of this investment from March 2022 to June 2022.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 18 OTHER NON-CURRENT ASSETS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayment for purchase of intangible assets (Note (a))	369,839	344,288
Prepayment for purchase of equipments	78,250	25,727
Deposit	13,878	15,059
Loan to a director (Note (b))	2,236	2,111
Prepayments to suppliers	1,258	3,586
Others	2,930	2,784
	<b>468,391</b>	<b>393,555</b>

- (a) In May 2021, the Group entered into a commercial supply agreement with Tetrphase, pursuant to which Tetrphase agreed to transfer the manufacturing know-how to the group for the purpose of enabling the continued manufacturing of Eravacycline. The Group made prepayments of USD4 million (equivalent to RMB25.8 million) in May 2021 and USD1 million (equivalent to RMB6.5 million) in January 2022 to Tetrphase.

In September 2021, the Group entered into a collaboration and license agreement with Providence, pursuant to which Providence agreed to transfer the platform technology mainly related to the manufacturing of mRNA vaccine products, and the Group made a prepayment of USD50 million (equivalent to RMB322.6 million).

As of 30 June 2022, the transfer of above manufacture know-how and platform technology are still in the process and not completed yet.

- (b) On 2 July 2020, the Company provided a loan to one director of the Company, at the total amount of USD325 thousand. The loan has term of three years and a simple interest rate of 5.0% per annum. The principal and accrued interest will be paid on maturity date. In 2021, pursuant to an amendment agreement with this director, the interest rate decreased from 5.0% per annum to 1.25% per annum.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets	
	As at 30 June	As at 31 December
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Assets as per statements of financial position</b>		
<i>Amortised cost:</i>		
Other non-current assets, excluding non-financial assets	19,044	19,954
Prepayments and other current assets, excluding non-financial assets	1,233	1,454
Trade receivables(a)	655	49
Cash and cash equivalents	1,956,826	2,640,053
<i>Fair value through profit and loss:</i>		
Investments in Venatorx	11,856	31,878
<i>Fair value through other comprehensive income:</i>		
Investments in I-Mab	200,431	798,525
	<b>2,190,045</b>	<b>3,491,913</b>

(a) As of 30 June 2022 and 31 December 2021, the ageing of trade receivables is within one year from the invoice date.

	Financial liabilities	
	As at 30 June	As at 31 December
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Liabilities as per statements of financial position</b>		
<i>Amortised cost:</i>		
Trade and other payables	425,330	241,433
Lease liabilities	113,963	124,102
Amounts due to related parties	—	582
Other non-current liabilities	—	360,932
Other current liabilities	394,182	—
<i>Fair value through profit and loss:</i>		
Financial instruments issued to investors	30,067	26,778
	<b>963,542</b>	<b>753,827</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 20 PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments to suppliers	33,952	26,355
Value-added tax recoverable	14,966	19,520
Deposits	1,233	1,454
Others	124	50
	<b>50,275</b>	47,379

None of the above assets is past due or impaired. The financial assets included in the above balances related to deposits for which there was no history of default and the expected credit losses are considered minimal.

## 21 CASH AND CASH EQUIVALENTS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cash at bank	1,956,826	2,640,053
Cash and bank balances denominated in:		
– HKD	27,033	22,936
– KRW	1,968	883
– USD	582,223	806,365
– RMB	1,345,508	1,809,815
– SGD	94	54
	<b>1,956,826</b>	2,640,053

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current</b>		
Preferred Shares issued by EverNov	<b>30,067</b>	26,778

On 20 June 2018, the Company's subsidiary EverNov entered into a license agreement with Novartis International Pharmaceutical Ltd. ("Novartis") and obtained the right to research, develop and commercialize one compound FGF401. The total upfront fee paid for the license included cash consideration of USD20 million (equivalent to RMB133 million) and 4,000,000 Series A-2 Convertible Preferred Shares issued by EverNov (See Note 16 (c) for details). On the same date, EverNov issued 21,000,000 Series A-1 Convertible Preferred Shares to the Company, at the purchase price of USD1.00 per share for an aggregate purchase price of USD21 million (equivalent to RMB139 million) in cash.

Pursuant to the Memorandum of Articles of Association of EverNov, Novartis has the option to request EverNov to redeem its equity interests at USD4 million (equivalent to RMB27 million) upon certain deemed liquidation events. Therefore, the Company designated the Series A-2 Convertible Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value.

With the assistance of an independent valuer, the fair value of the preferred shares are estimated by using discounted cash flow method first to determine the total equity value of EverNov, and then option pricing model was adopted to allocate the equity value to the preferred share. The key assumptions are summarized as follows:

	As at 30 June 2022	As at 31 December 2021
Discount rate	<b>17.0%</b>	16.5%
Discount of lack of marketability	<b>27%</b>	27%
Risk-free interest rate	<b>3.0%</b>	1.0%
Expected volatility	<b>81.0%</b>	81.0%

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For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

### 22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

EverNov's preferred share activities during the six months ended 30 June 2022 and 2021 are summarized below:

	EverNov Series A-2 Convertible Preferred Shares RMB'000 (Unaudited)
<b>Balance as of 1 January 2022</b>	<b>26,778</b>
Fair value change	1,815
Currency translation differences	1,474
<b>Balance as of 30 June 2022</b>	<b>30,067</b>
<b>Balance as of 1 January, 2021</b>	20,880
Fair value change	3,365
Currency translation differences	(213)
<b>Balance as of 30 June 2021</b>	24,032

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 23 LEASE LIABILITIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Minimum lease payments due		
– Within 1 year	30,753	29,021
– Between 1 and 2 years	30,630	30,356
– Between 2 and 5 years	60,885	72,184
– Over 5 years	3,921	7,282
	<b>126,189</b>	138,843
Less: future finance charges	(12,226)	(14,741)
Present value of lease liabilities	<b>113,963</b>	124,102
Portion classified as current liabilities	29,925	28,251
Portion classified as non-current liabilities	<b>84,038</b>	95,851
Present value of lease liabilities due		
– Within 1 year	29,925	28,251
– Between 1 and 2 years	28,434	28,182
– Between 2 and 5 years	52,555	62,073
– Over 5 years	3,049	5,596
	<b>113,963</b>	124,102

The following table sets forth the discount rate of our lease liabilities as the dates indicated:

	As at 30 June 2022 % (Unaudited)	As at 31 December 2021 % (Audited)
Lease liabilities	<b>0.2%–13.71%</b>	0.2%–13.71%

The Group leases various properties for operation and these liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

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(Expressed in thousands of RMB unless otherwise stated)

### 23 LEASE LIABILITIES (CONTINUED)

The statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	(14,066)	(11,463)
Interest expense (included in finance costs)	(3,013)	(2,126)
Expense relating to short-term leases (included in general and administrative expenses)	(564)	(2,744)

The total cash outflow for leases for the six months ended 30 June 2022 were RMB15,842 thousand (For the six months ended 30 June 2021: RMB7,802 thousand).

Information about right-of-use assets is set out in Note 15.

As of 31 December 2021, the contract of Group's lease of office in Hong Kong and Singapore from CBC Group Investment Management, Ltd, has been expired.

As at 30 June 2022 and 31 December 2021, the Group leases some office and equipment under irrevocable lease contracts with lease term less than one year and leases of low value assets that have been exempted from recognition of right-of-use assets as permitted under IFRS16. The future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts are as follows:

	As at 30 June	As at 31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
No later than 1 year	562	825

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 24 OTHER CURRENT/NON-CURRENT LIABILITIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Borrowings from Jiashan Shanhe — current	394,182	—
Borrowings from Jiashan Shanhe — non-current	—	360,932

On 17 March 2020, the Company entered into an investment agreement and a supplemental agreement with Jiashan Shanhe Equity Investment Company (“Jiashan Shanhe”), pursuant to which Jiashan Shanhe subscribed 37% of equity interest in Everest Medicines (China) Co., Ltd. (“Everest China”), a subsidiary established under the Company’s wholly owned subsidiary Everest Medicines II (HK) Limited (“Everest II HK”), by making cash contribution in RMB equivalent to USD50 million. In addition, the Company transferred all its equity interests in Everest Medicines (Suzhou) Inc., EverID Medicines (Beijing) Limited and Everstart Medicines (Shanghai) Limited to Everest China.

According to the supplemental agreement, right starting in the fourth year of the date of the investment agreement, Jiashan Shanhe has the right to require that the Company or Everest China to redeem all of its investment in Everest China with the redemption price of original investment amount plus a 8% simple rate of return per annum. At the same time, the Company also has a call option to repurchase Jiashan Shanhe’s investment in Everest China at any time and from time to time on the third (3rd) anniversary of Jiashan Shanhe’s investment in Everest China at the investment amount plus 8% simple interest rate per annum. Furthermore, Jiashan Shanhe was not entitled to the right to appoint board of directors, voting right in a shareholders’ meeting and dividend right but only retained the information right and right to appoint an observer to attend board meetings. Therefore the Company classified the investment from Jiashan as borrowings in non-current liabilities, which are subsequently measured at amortised cost using the effective interest rate method.

As of 30 June 2022, the Company reclassified the carrying value of borrowings from Jiashan Shanhe with the amount of RMB394.2 million in current liabilities to reflect the early redemption right by Jiashan Shanhe on April 2023.

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### 25 TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables (a)	200,845	53,669
Payables for property, plant and equipment	84,472	15,307
Salary and staff welfare payables	62,008	82,498
Accrued service fees to Contract Research Organizations ("CROs")	54,978	50,713
Payables for service suppliers (a)	16,331	31,989
Payables for individual income tax	6,131	4,977
Others	565	2,280
	<b>425,330</b>	<b>241,433</b>

As at 30 June 2022 and 31 December 2021, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

(a) As at 30 June 2022 and 31 December 2021, the ageing analysis of trade payables and payables for service suppliers based on invoice date are as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
— Within 1 year	217,176	85,658

# Notes to the Interim Condensed Consolidated Financial Information

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(Expressed in thousands of RMB unless otherwise stated)

## 26 SHARE CAPITAL

### Share capital of the Company

	Number of shares	Nominal value of shares in USD
<b>Authorized</b>		
Authorized shares upon incorporation and as at 30 June 2022 and 31 December 2021 (a)	500,000,000	50,000

	Number of shares	Nominal value of shares in USD	Nominal value of shares in RMB
<b>Issued</b>			
As at 1 January 2022	298,522,435	29,853	202,269
Issuance of ordinary shares to Share Scheme Trusts (b)	2,200,000	220	1,426
Cancellation of shares (c)	(1,615,500)	(162)	(1,047)
Exercise of stock options	700,670	70	453
As at 30 June 2022 (Unaudited)	299,807,605	29,981	203,101
As at 1 January 2021	293,222,389	29,323	198,849
Exercise of stock options	777,962	78	504
As at 30 June 2021 (Unaudited)	294,000,351	29,401	199,353

(a) The authorized share capital of USD50,000 is divided into 500,000,000 ordinary shares of a par value of USD0.0001 each.

(b) The Company issued ordinary shares with respect to the restricted share units and stock options under the employees share-based compensation arrangements to be vested or exercised by certain grantees of the Company to the trusts, which were established to hold the shares for and on behalf of the grantees ("Share Scheme Trusts").

The Company has the power to direct the relevant activities of the Share Scheme Trusts and it has the ability to use its power over the Share Scheme Trusts to affect its exposure to returns. Therefore, the Company has consolidated the Share Scheme Trusts. Before the release of shares to grantees upon the vesting and exercise of their awards, the ordinary shares held by Share Scheme Trust were regarded as treasury shares and presented as a deduction in equity (Note 28).

(c) During the year ended 31 December 2021, the Company repurchased 1,615,500 shares in the market. These shares were subsequently cancelled on 10 June 2022.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 27 SHARE-BASED COMPENSATION

### (i) Restricted share units

The restricted share units issued to employees shall be released in accordance with the following schedule: (A) one-fourth (1/4) of such restricted share units shall be released on the first anniversary of the commencement date; (B) the remainder of such restricted shares shall be released in thirty-six (36) equal monthly instalments, twelve (12) equal quarterly instalment, or upon the second, third and fourth anniversaries of the commencement date.

The following table summarizes the Group's restricted shares activities:

	Numbers of shares	Weighted average grant date fair value USD
Non-vested shares at 1 January 2022	7,363,550	7.11
Forfeited	(423,656)	5.96
Vested	(1,824,085)	6.89
Granted	9,463,759	2.08
Non-vested shares at 30 June 2022 (Unaudited)	14,579,568	3.91
Non-vested shares at 1 January 2021	3,328,000	2.99
Forfeited	(68,456)	2.99
Vested	(74,397)	3.05
Granted	3,404,033	8.83
Non-vested shares at 30 June 2021 (Unaudited)	6,589,180	6.01

On 1 April 2022, as approved by the Company's board of directors, a total of 4,500,000 restricted shares were granted to certain management executives with service and performance conditions. Performance conditions included non-market or market performance conditions and the assessment period for these performance conditions ends on 1 May 2023. The non-market performance condition included specified performance targets of the Group's operations; The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 30 consecutive trading days higher than pre-determined share prices.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 27 SHARE-BASED COMPENSATION (CONTINUED)

### (i) Restricted share units (continued)

For restricted share units with non-market performance condition, the Company adjusted the number of restricted share units expected to vest at each reporting period. As of 30 June 2022, the Company believed all these restricted share units are expected to vest; For restricted share units with market performance conditions, the Company used Monte Carlo Simulation model to simulate the share price trend in the future to determine the time when such market performance conditions are met, then share-based compensation expenses is recognized over the vesting terms irrespective of whether that market performance conditions are achieved subsequently. Share-based compensation expenses for these restricted share units were measured using the fair value of USD0.43 at the grant date and were recognised in the consolidated statements of comprehensive loss by using graded vesting method over the vesting term.

Except for the restricted share units with market performance vesting conditions, the share-based compensation expenses for the restricted share units granted in 2022 were measured using the fair value of the Company's ordinary shares of USD2.92 at the grant date and were recognised in the consolidated statements of comprehensive loss by using graded vesting method over the vesting term.

The share-based compensation expenses for the restricted shares recognized for the six months ended 30 June 2022 were RMB86,295 thousand (For the six months ended 30 June 2021: RMB47,777 thousand), respectively.

As of 30 June 2022, there was RMB177,661 thousand (As of 31 December 2021: RMB165,301 thousand) of unrecognized share-based compensation expenses related to restricted shares, which is expected to be recognized over a weighted-average period of 2.04 years (As of 31 December 2021: 1.96 years).

### (ii) Stock option

On 23 November 2017, the board of directors adopted a Stock Option Plan for Management Shareholders for issuance of stock options to Management Shareholders ("Stock Option Plan for Management Shareholders"). Such Plan has a contractual term of ten (10) years from the adoption date, and grants under the Plan vest over a period of three years of continuous service, with one-third (1/3) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 24 months.

On 25 December 2018, and amended on 17 February 2020, the board of directors adopted a Stock Option Plan for Employees for issuance of stock options to employee, officer, director, contractor, advisor or consultant of the Group with the maximum aggregate number of 8,080,489 shares reserved. ("Stock Option Plan for Employees"). According to the Stock Option Plan for Employees, a contractual term of ten (10) years from adoption date, and grants under the Plan vest over a period of four years of continuous service, with one-fourth (1/4) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 12 quarters.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

### 27 SHARE-BASED COMPENSATION (CONTINUED)

#### (ii) Stock option (continued)

On 21 September 2020, the Company's shareholders approved the Post-IPO Share Option Scheme, which was effective upon completion of the Listing. The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company is 28,369,038, being no more than 10% of the shares in issue on the date the shares commence trading on the Stock Exchange assuming the Over-allotment Option is not exercised and no shares are issued under the share schemes.

The following table summarizes the Group's stock option activities:

	Number of Options Outstanding	Weighted Average Exercise Price USD	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value RMB'000
<b>Outstanding at 1 January 2022</b>	<b>23,316,096</b>	<b>2.44</b>	<b>8.54</b>	<b>259,469</b>
Granted	5,460,922	2.96		
Forfeited	(885,892)	3.23		
Exercised	(700,670)	0.31		
<b>Outstanding at 30 Jun 2022 (Unaudited)</b>	<b>27,190,456</b>	<b>2.57</b>	<b>8.38</b>	<b>67,093</b>
<b>Outstanding at 1 January 2021</b>	21,381,170	1.03	8.87	1,078,491
Granted	776,518	8.75		
Forfeited	(335,300)	1.99		
Exercised	(777,962)	0.68		
<b>Outstanding at 30 Jun 2021 (Unaudited)</b>	21,044,426	1.32	8.42	1,173,684

In February and July 2020, as approved by the Company's board of directors, a total of 17,100,788 stock options were granted with vesting conditions of service and performance. The non-market performance condition requires that certain shares will immediately vest upon an IPO in accordance with the Plans and will become restricted to a three-year lock-up period post the IPO. The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 90 consecutive trading days after the IPO and the listing is higher than pre-determined share prices. Certain milestones of the market condition have been reached in the year of 2021 and the related expense was trued up. For the six months ended 30 June 2022, no further milestone of the market condition was reached.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 27 SHARE-BASED COMPENSATION (CONTINUED)

### (ii) Stock option (continued)

The weighted-average grant date fair value for options granted during the six months ended 30 June 2022 was USD2.96 (equivalent to RMB19.19), computed using Black-Scholes model to determine the fair value as of the grant date, with the assumptions summarized as follows:

	Six months ended 30 June 2022
Risk-free interest rate	2.56%–2.58%
Expected dividend yield	0%
Expected volatility	60%

The weighted-average grant date fair value for stock options granted during the six months ended 30 June 2021 was USD3.33 (equivalent to RMB21.57), computed using the Black Scholes model to determine the fair value as of the grant date, with the assumptions summarized as follows:

	Six months ended 30 June 2021
Risk-free interest rate	0.02%–1.58%
Expected dividend yield	0%
Expected volatility	60%

The share-based compensation expenses for the stock options recognized for the six months ended 30 June 2022 were RMB35,132 thousand (For the six months ended 30 June 2021: RMB28,093 thousand), respectively.

As of 30 June 2022 there were unrecognized share-based compensation expenses of RMB85,957 thousand (As of 31 December 2021: RMB38,658 thousand) related to stock options, respectively.

### (iii) Other share-based compensation arrangements

On 6 March 2020, Everest Management Holding Co., Ltd (“Manco”), the shareholder of the Company, granted its restricted shares to the Group’s directors for their services provided to the Group. The share-based compensation expenses for such restricted shares for the six months ended 30 June 2022 were RMB172 thousand and were pushed down to the Group accordingly ( For the six months ended 30 June 2021: RMB758 thousand).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 28 RESERVES

	Capital reserve (a) RMB'000	Treasury shares (b) RMB'000	Total RMB'000
<b>(Unaudited)</b>			
<b>At 1 January 2022</b>	<b>13,623,367</b>	<b>(58,707)</b>	<b>13,564,660</b>
Share-based compensation	121,599	—	121,599
Issuance of ordinary shares to Share Scheme Trust (Note 26(b))	—	(2)	(2)
Restricted share units vested	(1)	1	—
Exercise of stock options	1,409	—	1,409
Cancellation of shares	(58,706)	58,707	1
<b>At 30 June 2022</b>	<b>13,687,668</b>	<b>(1)</b>	<b>13,687,667</b>
<b>(Unaudited)</b>			
<b>At 1 January 2021</b>	13,392,531	—	13,392,531
Share-based compensation	76,628	—	76,628
Exercise of stock options	3,439	—	3,439
<b>At 30 June 2021</b>	13,472,598	—	13,472,598

(a) Capital reserve includes share premium arising from the issuance of shares at a price in excess of their par value.

### (b) Treasury shares

For the six months ended 30 June:

	Number of shares		RMB'000	
	2022	2021	2022	2021
<b>(Unaudited)</b>				
<b>At beginning of the period</b>	<b>4,109,928</b>	—	<b>58,707</b>	—
Cancellation of shares (i)	(1,615,500)	—	(58,707)	—
Issuance of ordinary shares to Share Scheme Trust (Note 26(b))	2,200,000	—	2	—
Restricted share units vested (ii)	(1,851,585)	—	(1)	—
<b>At end of the period</b>	<b>2,842,843</b>	—	<b>1</b>	—

(i) For the year ended 31 December 2021, the Company conducted shares buy-back pursuant to a general mandate granted by the shareholders to the Board during the Annual General Meeting held on 1 June 2021 and resolutions of the Board adopted on 30 August 2021. During the year ended 31 December 2021, the Company purchased 1,615,500 shares in the market. The shares were acquired, with prices ranging from HKD36.65 to HKD48.15, including buy-back transaction costs of RMB186 thousand. These shares were held by BOCI Securities Limited for the Company. A total of 1,615,500 ordinary shares were cancelled on 10 June 2022.

(ii) Included 27,500 restricted share units vested in 2021 but legally registered with the trusts in 2022.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 29 ACCUMULATED OTHER COMPREHENSIVE INCOME

	FVOCI reserve RMB'000	Exchange reserve RMB'000	Total RMB'000
<b>(Unaudited)</b>			
<b>At 1 January 2022</b>	<b>581,064</b>	<b>(329,195)</b>	<b>251,869</b>
Change in fair value of financial assets at FVOCI	<b>(618,401)</b>	—	<b>(618,401)</b>
Foreign currency translation	—	<b>230,764</b>	<b>230,764</b>
<b>At 30 June 2022</b>	<b>(37,337)</b>	<b>(98,431)</b>	<b>(135,768)</b>
<b>(Unaudited)</b>			
<b>At 1 January 2021</b>	571,651	(207,293)	364,358
Change in fair value of financial assets at FVOCI	628,291	—	628,291
Foreign currency translation	—	(61,035)	(61,035)
<b>At 30 June 2021</b>	1,199,942	(268,328)	931,614

## 30 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### (i) Major non-cash transactions

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cancellation of shares	<b>58,707</b>	—
Fair value change in financial assets at fair value through profit or loss	<b>20,964</b>	—
Net addition of right-of-use assets	<b>2,691</b>	10,208
Fair value change in financial instruments issued to investors	<b>1,815</b>	3,365
Exercise of stock options	—	466
	<b>84,177</b>	14,039

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

### 30 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

#### (ii) Financial liabilities from financing cash flow

	Other current/non-current liabilities RMB'000	Preferred shares RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>At 1 January 2022</b>	<b>360,932</b>	<b>26,778</b>	<b>124,102</b>	<b>511,812</b>
Financing cash flows out	—	—	(15,842)	(15,842)
Interest expenses	13,762	—	3,013	16,775
Non-cash transactions	—	1,815	2,691	4,506
Foreign currency translation	19,488	1,474	(1)	20,961
<b>At 30 June 2022</b>	<b>394,182</b>	<b>30,067</b>	<b>113,963</b>	<b>538,212</b>
<b>(Unaudited)</b>				
<b>At 1 January 2021</b>	369,438	20,880	77,893	468,211
Financing cash flows out	—	—	(7,802)	(7,802)
Interest expenses	13,660	—	2,126	15,786
Non-cash transactions	—	3,365	10,208	13,573
Foreign currency translation	(31,327)	(213)	(91)	(31,631)
<b>At 30 June 2021</b>	<b>351,771</b>	<b>24,032</b>	<b>82,334</b>	<b>458,137</b>

### 31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The equity holders, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 31 RELATED PARTY TRANSACTIONS (CONTINUED)

- (i) Name and relationship with related parties are set out below:

CBC Group, mainly comprises C-Bridge Healthcare Fund II, L.P., C-Bridge Investment Everest Limited, C-Bridge II Investment Eight Limited, C-Bridge Healthcare Fund IV, L.P., C-Bridge IV Investment Two Limited, C-Bridge IV Investment Nine Limited Ltd., C-Bridge Capital Investment Management, Ltd. ("C-Bridge Capital"), CBC Group Investment Management, Ltd, C-Bridge Value Creation Limited and Everest Management Holding Co., Ltd. As at 30 June 2022, C-Bridge Healthcare Fund II, L.P. and C-Bridge Healthcare Fund IV, L.P., own 45% of shares in the Group on a collective basis.

Name of related party	Relationship
Affamed Therapeutics Limited ("Affamed")	Entity controlled by CBC Group

Save as disclosed elsewhere in the Notes in this report, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 2022 and 2021.

### (ii) Transactions

These transactions were conducted in the normal course of business at prices and terms mutually agreed among the parties.

#### (a) Management consultancy services provided by related parties

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Affamed	—	427

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 31 RELATED PARTY TRANSACTIONS (CONTINUED)

### (iii) Balances

#### (a) Amounts due to related parties

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
CBC Group Investment Management, Ltd.	—	582

The above balances with related parties were mainly denominated in USD. They were unsecured, trade in nature and non-interest bearing. These balances were due within 30 days. Their fair values approximated their carrying amounts due to their short maturities.

### (iv) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, wages and bonuses	32,762	40,839
Contributions to pension plans	456	265
Housing funds, medical insurance and other social insurance	1,109	980
Share-based payments	59,458	30,453
	<b>93,785</b>	72,537

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

(Expressed in thousands of RMB unless otherwise stated)

## 31 RELATED PARTY TRANSACTIONS (CONTINUED)

### (v) Loan to a director:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Loan to a director (Note 18)	2,236	2,111

## 32 COMMITMENTS

Other than disclosed in Note 23, the Group did not have operating lease commitments.

### Capital expenditure commitments

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	316,593	229,547

## 33 SUBSEQUENT EVENTS

On 15 August 2022, the Group entered into a Termination and Transition Services Agreement with Immunomedics. Refer to Note 16(d) for details.

# Definitions

<b>“2021 Annual Report”</b>	the annual report for the year ended 31 December 2021 of the Company published on 8 April 2022
<b>“associate(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Audit Committee”</b>	the audit committee of the Company
<b>“Board” or “Board of Directors”</b>	the board of Directors
<b>“China” or the “PRC”</b>	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 People’s Republic of China and Taiwan
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Company”, “our Company”, “the Company” or “Everest”</b>	Everest Medicines Limited, an exempted company with limited liability incorporated in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1952)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“connected transactions”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Controlling Shareholder(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“ELEVATE UC”</b>	a global phase 3 clinical program for etrasimod in patients with ulcerative colitis
<b>“ELEVATE UC 12”</b>	the second registrational trials within the phase 3 ELEVATE UC registrational program with a 12-week induction period trial

<b>“ELEVATE UC 52”</b>	a 2:1 randomized, double-blind, placebo-controlled one-year trial to assess the efficacy and safety of etrasimod 2 mg once-daily on clinical remission after both 12 and 52 weeks, the first of two registrational trials within the phase 3 ELEVATE UC registrational program
<b>“FGF19”</b>	fibroblast growth factor 19, a specific ligand, for the FGF receptor 4. FGF19-FGFR4 signaling is implicated in many cellular processes, including cell proliferation, migration, metabolism and differentiation
<b>“FGF401”</b>	a small molecule competitive inhibitor of FGFR4, that was discovered by Novartis AG. FGF401 is a potential new treatment for HCC and other solid tumors with activation of the FGF19-FGFR4 pathway. It is one of our drug candidates
<b>“FGFR4”</b>	a receptor for FGF19, which requires KLB as a co-receptor. FGFR4 serves as a target for treatment of cancer because activation of the FGF19-FGFR4 pathway occurs in liver tumors and other solid tumors. Knockdown of FGF19, FGFR4 and KLB in liver cancer cell lines inhibits proliferation, and FGF19 expressed by non-tumor cells can lead to tumor formation in the liver. Fibroblast growth factor receptors (FGFRs) play a key role in regulating cell survival and proliferation, and a growing body of evidence suggest they also play a role in cancer progression
<b>“Global Offering”</b>	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
<b>“Group”, “our Group”, “the Group”, “we”, “us” or “our”</b>	the Company and its subsidiaries from time to time
<b>“HER2”</b>	human epidermal growth factor receptor 2, a protein involved in normal cell growth which may be made in than normal amounts by some types of cancer cells, including breast, ovarian, bladder, pancreatic, and stomach cancers. This may cause cancer cells to grow more quickly and spread to other parts of the body
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Hong Kong dollars” or “HK dollars”, “HKD” or “HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“IFRS”</b>	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
<b>“IND”</b>	investigational new drug or investigational new drug application, also known as clinical trial application in China

## Definitions

<b>“IPO”</b>	initial public offering
<b>“KLB”</b>	Klotho beta, a co-receptor required for the activation of FGFR4 by FGF19
<b>“Latest Practicable Date”</b>	24 August 2022, being the latest practicable date for ascertaining certain information in this interim report before its publication
<b>“Listing”</b>	the listing of the Shares on the Main Board of the Stock Exchange
<b>“Listing Rules”</b>	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
<b>“Main Board”</b>	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
<b>“NDA”</b>	new drug application
<b>“Post-IPO Share Award Scheme”</b>	the post-IPO share award scheme adopted by the Company on 21 September 2020
<b>“Post-IPO Share Option Scheme”</b>	the post-IPO share option scheme adopted by the Company on 21 September 2020

<b>“Pre-IPO ESOP”</b>	the employee equity plan approved and adopted by our Company on 25 December 2018 as amended and restated on 17 February 2020
<b>“Pre-IPO MSOP”</b>	the employee stock option plan approved and adopted by our Company on 23 November 2017
<b>“Pre-IPO Share Schemes”</b>	the Pre-IPO ESOP and Pre-IPO MSOP
<b>“Prospectus”</b>	the prospectus of the Company dated 25 September 2020
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of PRC
<b>“Reporting Period”</b>	the six months ended 30 June 2022
<b>“SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.0001 each
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“SPR206”</b>	SPR206 is a polymyxin derivative compound being clinically developed for treating serious infections caused by Gram-negative organisms. SPR206 is being developed as a treatment for high-risk patients with suspected or known Gram-negative infections, such as carbapenem-resistant Enterobacteriaceae, Carbapenem-resistant Acinetobacter baumannii and multi-drug resistant Pseudomonas aeruginosa to prevent mortality and reduce the length of stay in the hospital setting. It is one of our drug candidates
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary” or “subsidiaries”</b>	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
<b>“substantial shareholder”</b>	has the meaning ascribed to it in the Listing Rules
<b>“TROP-2”</b>	human trophoblast cell-surface antigen 2, which is a membrane antigen that is frequently over-expressed in many common solid tumors
<b>“TROPiCS-02”</b>	an open-label, randomized, multi-center phase 3 study to compare the efficacy and safety of sacituzumab govitecan versus the treatment of physician’s choice in subjects with metastatic or locally recurrent inoperable hormone receptor positive, HER2 negative metastatic breast cancer, after failure of at least two, and no more than four, prior chemotherapy regimens for metastatic disease

## Definitions

**“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

**“%”** per cent



EVEREST MEDICINES

云顶新耀