Innovent
信达生物制药

年報 · 2020

ANNUAL REPORT

Innovent Biologics, Inc. 信達生物製藥 | Stock Code 股份代號:1801

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

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Company Profile

Overview

We are a global biopharmaceutical company committed to developing and commercialising high-quality innovative therapeutics that are affordable to ordinary people. Founded in 2011 by Dr. De-Chao Michael Yu, we have instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of R&D, chemistry, manufacturing and controls ("**CMC**"), clinical development and commercialisation capabilities.

We have developed a rich pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), spanning multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promising tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

During the Reporting Period and to the date of this annual report, our Company has continued to make significant achievements on the business operation with consistently strong execution. We have also kept improving the company organization structure toward cultivating our long-term strategic goals in launching potential global first-in-class product and realizing the globalization of our business.

We have continued successful commercial operation, with strong growth of the core product TYVYT® (sintilimab injection) and launch of three more antibody drugs. As a high quality PD-1 inhibitor, our core product TYVYT® (sintilimab injection) has become one of the leading brands in China PD-(L)1 market within less than two years since launched. For the year ended 31 December 2020, we achieved revenue of RMB2,289.8 million for sales of TYVYT® (sintilimab injection), an increase of approximately 125.4% as compared to the year ended 31 December 2019. During the year, we have leveraged our unique advantage as the only PD-1 inhibitor with NRDL coverage, to expedite the process of entering hospital channels, expanding coverage in both major cities and lower tier cities, and building up recognition from doctors and patients. Besides, during the Reporting Period and up to the date of this annual report, we have filed sNDA for TYVYT® (sintilimab injection) for four more indications, with the sNDA for 1L nsqNSCLC approved in February 2021, and the other three sNDA under regulatory review.

During the Reporting Period, we have successfully added three more antibody drugs to our commercial portfolio with the NMPA approval of BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar) and HALPRAZA® (rituximab biosimilar), making us the only biopharmaceutical company that successfully launched four antibody drugs in China in only nine-year's history since inception.

Company Profile

We have started registrational/pivotal clinical trials for five late stage assets. During the Reporting Period to the date of this annual report, we entered into registrational or pivotal clinical trials for five of our late stage assets, including (i) IBI-310 (CTLA-4) in combination with TYVYT® (sintilimab injection) in Phase 3 trial for adjuvant treatment of melanoma, pivotal Phase 2 trial for the second line or after of cervical cancer, and Phase 3 trial for the first line of HCC; (ii) IBI-376 (Parsaclisib, PI3Kδ inhibitor) in pivotal Phase 2 trial in China for recurrent or refractory follicular lymphoma ("**r/r FL**") and marginal zone lymphoma ("**MZL**"); (iii) IBI-375 (FGFR TKI) in pivotal Phase 2 trial in China for second-line advanced or metastatic cholangiocarcinoma ("**mCCA**"); (iv) IBI-306 (PCSK9 antibody) in Phase 3 trial in China for non-familial hypercholesterolemia; and (v) IBI-326 (BCMA CAR-T) in pivotal phase 2 for r/r MM.

We fast progressed our prioritized assets with exceptional clinical and commercial potential. For our oncology pipeline: (i) We completed Phase 1a dosage escalation for IBI-188 (CD47 antibody) in the U.S. and China, and have started Phase 1b for IBI-188 in 2020; (ii) we started Phase 1 of IBI-322 (PD-L1/CD47 bispecific antibody) in China in 2020, and started Phase 1 in the U.S. in February 2021; (iii) we completed Phase 1a dosage escalation for IBI-318 (PD-1/PD-L1 bispecific antibody), and entered multiple Phase 1b trials to explore the potential of IBI-318 across cancer indications in 2020; (iv) We started Phase 1a and Phase 1b study of IBI-939 (TIGIT antibody) in China in 2020, we received IND application approval for IBI-939 in the U.S.; (v) we completed patient enrolment for IBI-110 (LAG-3 antibody) in Phase 1b; (vi) we received IND approval for IBI-323 (PD-L1/LAG-3 bispecific antibody). For non oncology pipeline, (i) we have completed the Phase 1a study of IBI-302 (VEGF/compliment protein) with promising preliminary data presented for wet age-related macular degeneration ("**wet AMD**"); and (ii) we conducted Phase 1b/2 study of IBI-362 (OXM3) in both obesity objects and diabetes patients.

We have entered into collaborations with world-class partners, including the strategic collaborations with Lilly and Roche. We have made a series of collaborations with international and regional partners during the Reporting Period. In particular, the strategic expanded licensing out agreement with Lilly on the exclusive rights of TYVYT® (sintilimab injection) outside of China marks the first major step in bringing our innovative portfolio to the global market. Besides, our collaboration with Roche on the discovery and development of bispecific antibodies and multiple cell therapies shows the recognition of our drug discovery and R&D capabilities by a global top-tier pharmaceutical company, and could also further enrich our potential first-in-class pipeline down the road.

We expanded manufacturing capacity from 5,000L to 24,000L in 2020, and started new manufacturing facility construction. In 2020, we have expanded our manufacturing capacity from 5,000L to a total of 24,000L production capacity to support our production needs for both our commercial product and clinical stage candidates in the pipeline. The 24,000L production capacity consists of the first manufacturing facilities housing six 1,000L disposable bioreactors (M1a) and the second manufacturing facilities housing six 3,000L stainless steel bioreactors (M1b), both of which have received Good Manufacturing Practice ("**GMP**") certification from the NMPA for the manufacturing TYVYT® (sintilimab injection) and other varies of productions. The capacity expansion should ensure the sufficient supply of our near term production needs as well as strengthen the cost advantage of TYVYT® (sintilimab injection) by materially lowering the production cost. In 2020, we have also started the construction of a new manufacturing facility (the M2 site) that is designed to house additional twelve 3,000L production capacities, which once completed, will expand our production capacity to a total of 60,000L.

Company Profile

We kept increasing our talent pool, with the appointment of President of Dr. Yong Jun Liu for the Company's long term strategic development. In the Reporting Period, we have expanded our team from about 2,000 employees as at 31 December 2019 to more than 3,200 employees as at 31 December 2020, consisting of about 950 employees in R&D, 1,300 employees in commercialization, 750 employees in CMC and 300 employees in general and administrative functions. In particular, we appointed Dr. Yong Jun Liu, a renowned world class scientist and successful leader in biopharmaceutical industry as the president of the Company, responsible for our global R&D, portfolio strategy, business development as well as international operation. We believe the vision and leadership of our world-class senior management team, the continuously improving company structure and the enrolment of more talents has been laying a solid foundation for long term development of our company.

We have made fruitful capital market achievements. During the Reporting Period to the date of this annual report, we have successfully raised a total of approximately HK$9.8 billion, or US$1.3 billion fund from three rounds of new share placements, backed by strong subscription of well-known international and regional investors. As of the date of this annual report, we have approximately US$1.8 billion cash on hand, providing a strong support to our drug R&D, potential business collaboration, production facility expansion and increased international operation needs. In 2020, the "B" marker was also successfully removed from the Company's stock name, and stocks was also included in the Hang Seng Composite Index and the Stock Connect.

During the year of 2021, we will continue to make efforts to achieve milestones in various aspect in terms of commercialization, CMC, R&D, global expansion, etc. Besides, we will also strategically plan ahead to fulfill our company mission and strategy in the long term.

We will keep strengthen our commercial capability, with TYVYT® (sintilimab injection) remains as the strategic focus and three biosimilar products emerge as new growth drivers. In 2021, we are committed to maintain the leadership of TYVYT® (sintilimab injection) among China PD-(L)1 market. TYVYT® (sintilimab injection) has been approved for two indications and the sNDA for three more major cancer indications are currently under NMPA review, as of the date of this annual report. We believe the expansion of indications in 2021 will bring TYVYT® (sintilimab injection) to broader patient groups with unmet medical needs and support continued revenue growth of the product, backed by sufficient production capacity and competitive production cost under our large scale stainless steel bioreactor production lines. Meanwhile, we anticipate the three biosimilars products BYVASDA® (bevacizumab biosimilar), SULLINO® (adalimumab biosimilar) and HALPRAZA® (rituximab biosimilar) would also play as important growth drivers of our business in 2021.

We expect five NDA approvals in the rest of 2021 and early 2022. We expect to receive sNDA approval for TYVYT® (sintilimab injection) in the first line of sqNSCLC in the first half to the mid of 2021. We expect to receive sNDA approval for TYVYT® (sintilimab injection) and BYVASDA® (bevacizumab biosimilar) as combination therapy for the first line of HCC in the second half of 2021, respectively. We expect to receive sNDA approval for TYVYT® (sintilimab injection) for the second line of sqNSCLC by the end of 2021 to the early of 2022. We also expect to receive NDA approval in Taiwan market for IBI-375 (FGFR TKI) in the first half of 2021.

Company Profile

We expect nine NDA filings in 2021 to early 2022. In the year 2021 to early 2022, we expect four NDA filings for TYVYT® (sintilimab injection), including: (i) we plan to file sNDA to the NMPA for TYVYT® (sintilimab injection) for the first line treatment of esophageal squamous cell carcinoma ("**ESCC**") in the second half of 2021; (ii) we plan to file sNDA to the NMPA for TYVYT® (sintilimab injection) for post-TKI treatment of NSCLC patients with EGFR mutation between late 2021 to early 2022; (iii) we plan to file sNDA to the NMPA for TYVYT® (sintilimab injection) for the first line of gastric cancer ("**GC**") between late 2021 to early 2022; and (iv) our partner Lilly also anticipates the biologic license application ("**BLA**") filing for TYVYT® (sintilimab injection) in the U.S. for the treatment of NSCLC in 2021. In addition, we plan to file NDAs for IBI-375 (FGFR TKI) in both mainland China and Hong Kong around the mid of 2021, respectively. We also plan to file NDA for IBI-376 (Parsaclisib, PI3Kδ inhibitor) in China for r/r FL between late 2021 to early 2022. Our partner PT Etana Biotechnologies Indonesia ("**Etana**") anticipates to file NDA for BYVASDA® (bevacizumab biosimilar) in Indonesia in 2021. Between the end of 2021 to early 2022, we and Nanjing IASO Biotherapeutics ("**IASO Bio**") plan to file rolling submission of NDA to the NMPA for IBI-326 for the treatment of relapsed/refractory multiple myeloma ("**r/r MM**").

We expect multiple late stage and early stage data readouts or release in 2021 to early 2022. In 2021, we plan to present the results of TYVYT® (sintilimab injection) or read out data in Phase 3 studies including: (i) the second line treatment of sqNSCLC; (ii) the first line treatment of ESCC; (iii) the post-TKI treatment of NSCLC with EGFR mutation; and (iv) the first line treatment of GC. We also plan to announce pivotal Phase 2 data of: (i) the result of pivotal Phase 2 study of IBI-375 (FGFR TKI) in the second line treatment of mCCA; (ii) the result of pivotal Phase 2 study of IBI-376 (Parsaclisib, PI3Kδ inhibitor) in r/r FL between late 2021 to 2022. We also plan to read out data for IBI-306 in phase 3 for HeFH. We also plan to announce Phase 1 or Phase 2 clinical study data readouts for a series of clinical stage assets such as our IBI-310 (CTLA-4), IBI-362 (OXM3), IBI-302 (VEGF/compliment fusion protein), IBI-318 (PD1/PD-L1 bispecific antibody), IBI-322 (PD-L1/CD47 bispecific antibody), IBI-110 (LAG-3), IBI-939 (TIGIT) and IBI-315 (PD1/HER2 bispecific antibody), etc.

We will keep progressing our pipeline to further clinical studies in 2021. In addition to the undergoing clinical studies, we will keep advancing our pipelines. (i) We will keep prioritizing the development of our CD47 franchise. We will start Phase 3 or pivotal trial for IBI-188 (CD47 antibody) in China for the first line treatment of myelodysplastic syndrome ("**MDS**") in 2021. We will enter Phase 1b for IBI-322 (PD-L1/CD47 bispecific antibody) and get preliminary Proof-of-Concept ("**PoC**") data in 2021. (ii) We plan to start the China part of the Incyte-sponsored global Phase 3 trial for IBI-376 (Parsaclisib, PI3Kδ inhibitor) in the second line of MF in the first half of 2021. (iii) We will enter Phase 2 clinical study for IBI-362 (OXM3) for obesity and diabetes. (iv) We will enter Phase 2 clinical study for IBI-302 for wet AMD. (v) We will keep advancing the development of our other clinical stage assets such as IBI-326 (BCMA CAR-T), IBI-939 (TIGIT), IBI-110 (LAG-3), IBI-315 (PD-L1/HER2), IBI-319 (PD-1/4-1BB bispecific antibody), IBI-323 (LAG-3/PD-L1 bispecific antibody), etc. In addition, we plan to progress multiple preclinical stage new molecules into IND stage in 2021, for which the targets have not been disclosed yet.

Company Profile

We are strategically enhancing our R&D toward global innovation. In order to meet the Company's goal of growing into a global biopharmaceutical company, we are upgrading our R&D to a global innovation platform. With a clear strategy and execution plan, we are committed to building a world class R&D organization with deep understanding in science, cutting edge technology platform, international collaboration, and global professionals. We are upgrading our R&D to a fully functional structure with global scope, global talents and global vision. Our lab in the US is already under construction. We will recruit a bunch of world class scientists in China and the US to join our drug discovery engine Innovent Academy. We will keep adding global resources in our R&D. Meanwhile, we will fully leverage our strong execution in drug research and clinical development in China to accelerate the R&D for global innovation.

We will continue our global expansion footprint. We entered multiple out-license agreements in 2020 and early 2021 on our products TYVYT® (sintilimab injection) and BYVASDA® (bevacizumab biosimilar). As our partner Lilly plans to file BLA for TYVYT® (sintilimab injection) in the U.S. for the treatment of NSCLC in 2021, Etana plans to file NDA for BYVASDA® (bevacizumab biosimilar) in Indonesia in 2021, we anticipate our brands could be brought to global patients within the next two years.

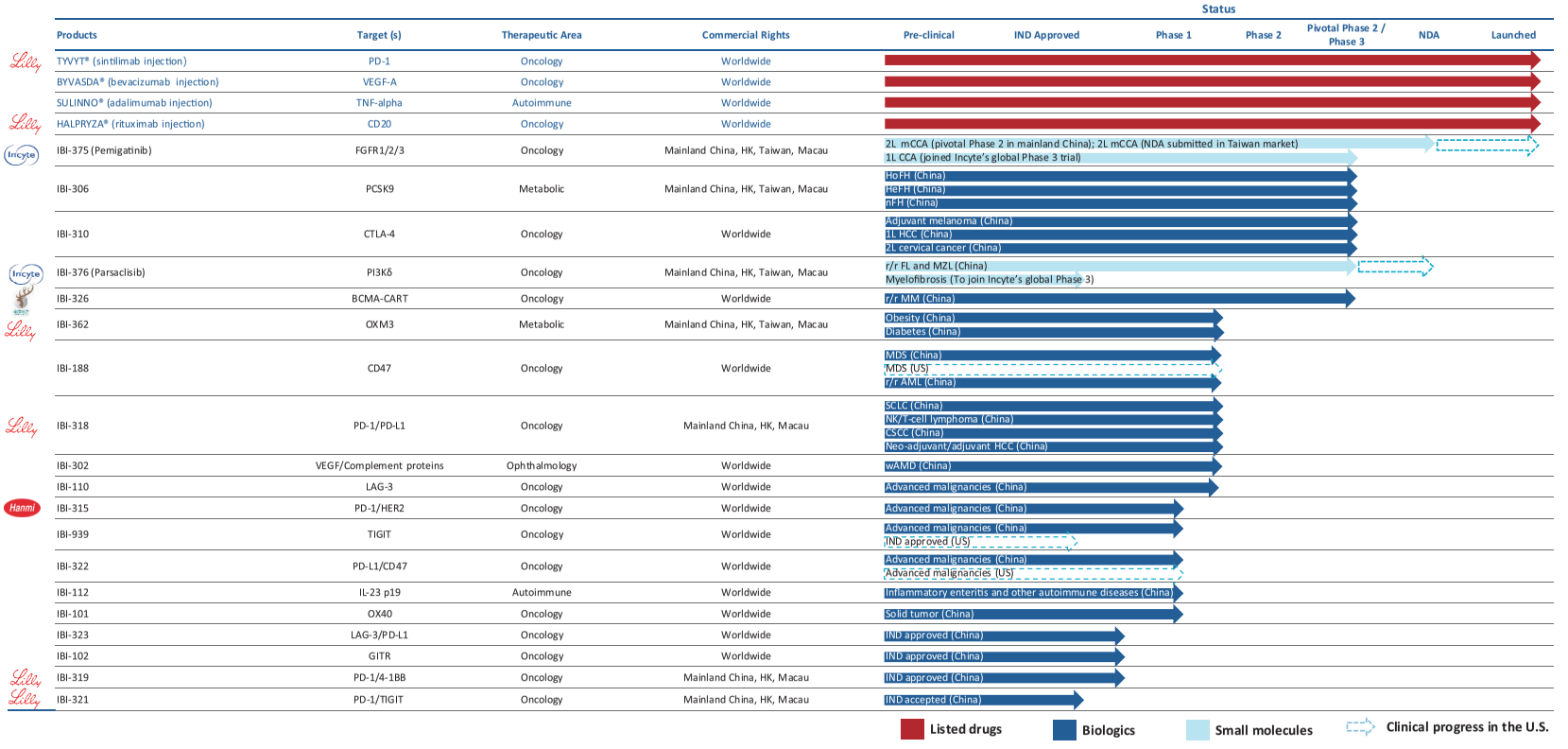
In 2021, we will keep the development of our global-potential pipeline candidates outside of China. With subsidiaries set up in both EU and the U.S., we will keep enlarging our overseas talent team in 2021 to fit the clinical operation needs. Meanwhile, we will keep looking for any potential collaboration opportunities with global partners that should strategically fit the development of the Company in any potential in-license/out-license, equity investment and M&As.

We plan to further expand our manufacturing facilities. We have started the construction of a new commercial facility (the M2 site) in Suzhou site that is designed to house additional twelve 3,000L production capacities. We anticipate to finish the M2 facility construction by the end of 2021 in order to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions.

Pipeline summary

Leveraging the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 23 valuable assets in a total of more than 50 ongoing clinical trials, as of the date of this annual report. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

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



Corporate Information

Board of Directors

Executive Directors

Dr. De-Chao Michael Yu
(Chairman of the Board and Chief Executive Officer)
Mr. Ronald Hao Xi Ede

Non-Executive Director

Mr. Shuyun Chen

Independent Non-Executive Directors

Dr. Charles Leland Cooney
Ms. Joyce I-Yin Hsu
Dr. Kaixian Chen

Audit Committee

Ms. Joyce I-Yin Hsu *(Chairman)*
Mr. Shuyun Chen
Dr. Kaixian Chen

Remuneration Committee

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

Nomination Committee

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

Strategy Committee

Dr. De-Chao Michael Yu *(Chairman)*
Mr. Ronald Hao Xi Ede
Mr. Shuyun Chen
Dr. Charles Leland Cooney

Joint Company Secretaries

Ms. Yanju Wang
Ms. Lok Yee Chan *(ACIS ACS)*

Authorised Representatives

Mr. Ronald Hao Xi Ede
Ms. Lok Yee Chan

Auditor

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Corporate Information

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Stock Code

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Chairman's Statement

Dr. De-Chao Michael Yu

Chairman of the Board, Executive Director
and Chief Executive Officer

Dear Shareholders,

Thank you for your continued support to Innovent.

2020 is a landmark year for Innovent. With the conclusion of the ninth year since incepted, we are now starting the final year of our first decade to continue our journey to excellence.

2020 was also a challenging and yet very rewarding year for Innovent. In the past year, despite the challenges of COVID-19, we minimized the impact on our business and achieved remarkable milestones. We ensured product supply with the non-stop operation of our production line even during the peak of pandemic in the beginning of 2020. Production capability expanded significantly from 5,000L to 24,000L, and another 36,000L capacity is already under construction.

In 2020, with the National Reimbursement Drug List (NRDL) coverage of TYVYT® (sintilimab injection), we more than doubled the sales of TYVYT® (sintilimab injection) from RMB1,015.9 million to RMB2,289.8 million. Beside, after TYVYT® (sintilimab injection)'s approval in 2018, BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar) and HALPRAZA® (rituximab biosimilar) were approved by the NMPA during 2020, making us the only biopharmaceutical company that successfully launched four antibody drugs in China in only nine years since inception.

We've kept advancing our valuable assets rapidly in China and globally. We have built up a highly differentiated and competitive pipeline consisting of 23 clinical stage valuable assets that are being developed globally, including four assets approved, five assets under Phase 3 or pivotal studies and 14 assets in other clinical stage. In particular, supported by our deep understanding in immunology (IO) and the unique strength in monoclonal antibody and bispecific antibody, we have built up a comprehensive pipeline covering most of the promising IO targets including PD-1, CD47, LAG-3, TIGIT etc. Our IO assets have high degree of differentiation and lead the development progress in China and some even in the global market. Besides, our featured pipeline in non-oncology cover high potential areas with unmet medical needs, including autoimmunity, metabolism, cardiovascular and ophthalmology. Our unique assets with Best-in-Class or First-in-Class potentials made significant progress in 2020, such as our IBI-302 (VEGF/complement fusion protein) and IBI-362 (OXM3).

Chairman's Statement

The company has continued to make a series of collaborations with international and regional partners during the year of 2020. The strategic expanded out licensing agreement with Eli Lilly and Company on the exclusive rights of TYVYT® (sintilimab injection) outside of China marked the first major step in bringing our innovative portfolio to the global market. The collaboration with Roche on the discovery and development of bispecific antibodies and multiple cell therapies shows the recognition of our drug discovery and R&D capabilities by a global top-tier pharmaceutical company, and could also further enrich our potential First-in-Class pipeline down the road.

We've also made fruitful achievements in capital market. In 2020, the "B" marker was successfully removed from the Company's stock name. The stock was also included in the Hang Seng Composite Index and the Stock Connect. During 2020 to year to the date of 2021, the Company has successfully raised a total of approximately US$1.3 billion fund from three rounds of new share placements, backed by strong subscription of well-known international and regional investors. As the end of February 2021, the Company has approximately US$1.8 billion cash on hand, providing a strong support to our drug R&D, potential business collaboration, production facility expansion and increased international operation needs.

Looking ahead, as we have determined the strategic goal of growing into a global biopharmaceutical company, we have higher requirements to grow our organization structure and talent capabilities. In the past year, we have expanded our headcount from 2,000 people to 3,200 people, including about 950 in R&D, 900 in CMC, and 1300 in commercial.

In particular, in order to better help the Company develop toward achieving our next level strategic goals, we appointed Dr. Yongjun Liu, a renowned world class scientist and successful leader in the industry as the president of the Company. Dr. Liu will be responsible for our global R&D, portfolio strategy, business development as well as international operation. We've mapped out a clear strategy and execution plan to grow our R&D into a global innovation platform, with the strategic focus on enhancing four key elements: deep understanding in science, cutting edge technology platform, international collaboration, and world class professionals.

With the conclusion of the ninth year since inception, we are now starting the final year of our first decade. Up to now we have built Innovent from a biotech start up to a biopharmaceutical company with a multiple functional platform. However, this is just a start. Our journey to excellence is still in the infancy stage. Heading into the next decade, we are committed to moving Innovent to become a global innovative biopharmaceutical company, capturing the substantial potential of the rising innovative drug market both in China and globally, as well as delivering tremendous value for our patients, employees, and shareholders.

Financial Highlights

IFRS Measure:

- **Total revenue** was RMB3,843.8 million for the year ended 31 December 2020, representing an increase of 266.9% from 1,047.5 million for the year ended 31 December 2019. Product revenue increased by 133.0% to RMB2,367.5 million for the year ended 31 December 2020, compared to RMB1,015.9 million in the prior year, mainly driven by the strong year-over-year growth of leading product TYVYT® (sintilimab injection) coupled with revenue contribution of three newly approved antibody drugs in the second half of 2020. License fee and service income, including upfront and milestone payments from our collaboration or out-licensing arrangements, were RMB1,476.3 million for the year ended 31 December 2020, as compared with RMB31.6 million for the year ended 31 December 2019, which also reinforced the growth of total revenue in the reporting period.

- **Gross profit margin** of product sales was 83.6% for the year ended 31 December 2020, decreasing slightly as compared with 87.7% for the year ended 31 December 2019, primarily due to the lowered effective price of TYVYT® (sintilimab injection) with the NRDL implementation but partially offset by significant volume increase and notable manufacturing efficiencies. Gross profit margin of product sales for the year ended 31 December 2020 increased by 3.7% as compared with 79.9% for the first half of 2020, mainly as the production line of TYVYT® (sintilimab injection) was moved from the smaller scale disposable bioreactors to the large scale stainless steel bioreactors in the fourth quarter of 2020.

- **Research and development expenses** increased by RMB556.8 million from RMB1,294.7 million for the year ended 31 December 2019 to RMB1,851.5 million for the year ended 31 December 2020. The steadily growing R&D expenses were mainly spent on progressing clinical trials of late-stage and prioritized assets towards our robust pipeline globally, and expanding collaboration and licensing programs to further enhance our all-rounded R&D capabilities.

- **Selling and marketing expenses** were RMB1,340.9 million, or 34.9% of total revenue, or 56.6% of product revenue for the year ended 31 December 2020, as compared with RMB692.5 million, or 66.1% of total revenue, or 68.2% of product revenue in the prior year. Such planned increase in spending was primarily due to broader commercialisation activities with respect to TYVYT® (sintilimab injection), BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar) and HALPRYZA® (rituximab biosimilar). Our sales and marketing team was also expanded from 688 members as at 31 December 2019 to 1,284 members as at 31 December 2020. The selling and marketing expense ratio was lowered due to the improved efficiency along with favorable revenue impacts from the rapid growth.

- **Loss and total comprehensive expenses** were RMB998.4 million for the year ended 31 December 2020, representing a decrease of 42.0% or RMB721.5 million from RMB1,719.9 million for the year ended 31 December 2019, primarily driven by increased revenue both in inspiring product sales and license fee income.

- **Net cash from financing activities** was RMB4,912.1 million for the year ended 31 December 2020, mainly attributable to proceeds generated from our successful placements in February 2020 and July 2020. As of 31 December 2020, the Company had approximately US$1,244.6 million cash on hand.

Financial Highlights

Non-IFRS Measure:

- **Adjusted loss and total comprehensive expenses**[1] were RMB595.9 million for the year ended 31 December 2020, representing a significant decrease from RMB1,571.8 million for the year ended 31 December 2019, primarily attributable to the significant increase of total revenue, partially offset by continuously investment in R&D and efforts on commercialisation.

[1] Adjusted loss and total comprehensive expenses for the year is not a financial measure defined under the IFRS. It represents the loss and total comprehensive expenses for the year excluding the effect brought by certain non-cash item, namely share-based compensation expenses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis – Financial Review – 10. Non-IFRS Measure".

Business Highlights

During the year ended 31 December 2020, our Company has continued to make significant achievements with consistently strong execution with respect to our drug pipeline and business operations, including the following major milestones and achievements:

- During the year of 2020, despite the challenges of COVID-19 pandemic, our Company have made great efforts to minimize the impact on our business operation with uninterrupted production supply, quick recovery of product sales and controllable clinical development progress.

- We generated product revenue of RMB2,367.5 million for the year ended 31 December 2020, an increase of 133.0% compared to RMB1,015.9 million in the prior year, mainly driven by the strong year-over-year growth of leading product TYVYT® (sintilimab injection) coupled with revenue contribution of three newly approved antibody drugs in the second half of 2020.

- The leading product TYVYT® (sintilimab injection) generated RMB2,289.8 million in revenue for the year ended 31 December 2020. This represents an increase of 125.4% from RMB1,015.9 million in the prior year, despite the lowered price of TYVYT® (sintilimab injection) after its inclusion in the NRDL effective from 1 January 2020.

- During the year of 2020, we have successfully expanded our manufacturing capacity from 5,000L to 24,000L, among which the 18,000L stainless bioreactor production line (the M1b site) has started commercial production since the fourth quarter of 2020. In 2020, we have started the construction of a new production facility (the M2 site) that's designed to house additional twelve 3,000L stainless bioreactor production capacities.

- In January 2020, we entered into a collaboration agreement with Coherus Biosciences, Inc. ("**Coherus**") to out-license commercial rights for our IBI-305 (bevacizumab biosimilar) in the United States ("**U.S.**") and Canada.

- In January 2020, we entered into a strategic collaboration with Sirnaomics Inc. ("**Sirnaomics**") to use TYVYT® (sintilimab injection) and Sirnaomics' RNAi drug candidate STP705 (cotsiranib) to conduct clinical studies for combination treatment in advanced cancers, such as Hepatocellular Carcinomas ("**HCC**"), with high unmet need in the U.S..

- In February 2020, we successfully raised approximately HK$2.3 billion through a placing of new shares.

- In March 2020, we entered into an in-licensing agreement with Alector Inc. ("**Alector**"), to develop and commercialize AL008, a first-in-class anti-signal regulatory protein ("**SIRP**") alpha antibody, for the treatment of oncology indications in China.

- In April 2020, the National Medical Products Administration of China (the "**NMPA**") accepted the supplemental new drug application ("**sNDA**") in China for TYVYT® (sintilimab injection), in combination with ALIMTA® (pemetrexed) and platinum chemotherapy as first-line therapy chemotherapy in non-squamous non-small cell lung cancer ("**nsqNSCLC**") without sensitizing epidermal growth factor receptor ("**EGFR**") mutation or anaplastic lymphoma kinase ("**ALK**") rearrangement.

- In May 2020, we entered into a strategic collaboration agreement with the University of Texas MD Anderson Cancer Center to co-develop TYVYT® (sintilimab injection) in rare cancers in the U.S..

Business Highlights

- In June 2020, we entered into a strategic collaboration with Roche Group ("**Roche**") that focuses on the discovery and development of bispecific antibodies and multiple cell therapies, which enables us to access certain Roche technologies in the discovery and development of specific 2:1 T-cell bispecific antibodies (TCB) as well as its universal CAR-T platform.

- In June 2020, BYVASDA® (bevacizumab biosimilar) was officially approved by the NMPA for patients with advanced non-small cell lung cancer ("**NSCLC**") and metastatic colorectal cancer in China, becoming the second approved product of our Company.

- In June 2020, the "B" marker was removed from the Company's stock name and stock short name.

- In July 2020, we successfully raised approximately HK$2.8 billion through a new placing of shares, mainly to fund our production facility expansion and increased international clinical trial needs.

- In August 2020, the NMPA accepted our sNDA for TYVYT® (sintilimab injection) in combination with GEMZAR® (gemcitabine for injection) and platinum chemotherapy as first-line therapy in squamous non-small cell lung cancer ("**sqNSCLC**").

- In August 2020, we entered into a strategic milestone expanding licensing agreement to license out the exclusive rights of TYVYT® (sintilimab injection) for geographies outside of China to Eli Lilly and Company ("**Lilly**"), which plans to pursue registration of TYVYT® (sintilimab injection) in the U.S. and other markets. We have recognised upfront payment income of US$200 million in 2020. We will also be eligible for up to US$825 million in potential development and commercial milestones, as well as tiered double-digit royalties on net sales.

- In September 2020, the Company's stock is included into the Hang Seng Composite Index and the Stock Connect.

- In September 2020, SULINNO® (adalimumab biosimilar) was firstly approved by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis. In November and December 2020, SULINNO® (adalimumab biosimilar) was granted new indication approvals by the NMPA for polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and non-infectious uveitis. SULINNO® (adalimumab biosimilar) is the third approved products of the Company.

- In September 2020, HALPRYZA® (rituximab biosimilar) was approved by the NMPA for patients with diffuse large B cell lymphoma ("**DLBCL**"), follicular lymphoma ("**FL**"), and chronic lymphocytic leukemia ("**CLL**") in China. HALPRYZA® (rituximab biosimilar) is the fourth approved products of the Company.

- In October 2020, the Company appointed Dr. Yong Jun Liu, a renowned world class scientist and successful leader in biopharmaceutical industry as president, responsible for the Company's global R&D, portfolio strategy, business development as well as international operation.

- During the year ended 31 December 2020, we entered into registrational or pivotal clinical trials for five of our assets, including IBI-310 (anti-cytotoxic T-lymphocyte-associated protein 4 ("**CTLA-4**")), IBI-375 (fibroblast growth factor receptor ("**FGFR**") tyrosine kinase inhibitor ("**TKI**"), IBI-376 (Parsaclisib, PI3Kδ inhibitor), IBI-306 (proprotein convertase substilisin/kexin type 9 enzyme ("**PCSK9**") antibody), and IBI-326 (BCMA CAR-T therapy).

Business Highlights

- During the year ended 31 December 2020, we have made significant progress on other clinical stage assets with exceptional clinical and commercial potential both in China and overseas, including IBI-188 (anti-cluster differentiation 47 ("**CD47**" antibody), IBI-322 (programmed cell death protein-Ligand 1 ("**PD-L1**")/CD47 bispecific antibody), IBI-318 (anti-programmed cell death protein 1 ("**PD-1**"/PD-L1 bispecific antibody), IBI-939 (T-cell immunoreceptor with Ig and ITIM domains ("**TIGIT**")) antibody), IBI-110 (LAG-3 antibody) in oncology areas, IBI-302 (anti-vascular endothelium growth "**VEGF**")/complement bispecific fusion protein) and IBI-362 ("**OXM3**") in non-oncology areas.

- During the year ended 31 December 2020, we received investigational new drug ("**IND**") approvals for seven new pipeline candidates, including IBI-322 (PD-L1/CD47), IBI-939 (TIGIT), IBI-362 (OXM3), IBI-112 (IL-23), IBI-102 (GITR), IBI-319 (PD-1/4-1BB) and IBI-323 (PD-L1/LAG3).

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

– In January 2021, the NMPA accepted the sNDA for TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab injection) as first-line therapy in HCC.

– In January 2021, the NMPA accepted the sNDA for TYVYT® (sintilimab injection) as second-line therapy in sqNSCLC.

– In January 2021, we entered into an agreement with PT Etana Biotechnologies Indonesia ("**Etana**") to out-license BYVASDA® (Bevacizumab Biosimilar)'s development and commercialization rights in Indonesia to Etana.

– In January 2021, the Company successfully raised approximately HK$4.7 billion through a placing of new shares, mainly to expedite the investment and development of various clinical programs for our leading innovative products globally, to fund potential product licensing and possible merger & acquisition ("**M&A**") activities, and to further expand the production capacity, etc.

– In February 2021, TYVYT® (sintilimab injection) was approved by the NMPA in combination with pemetrexed and platinum chemotherapy as first-line therapy for the treatment of nsqNSCLC.

For details of any of the foregoing, please refer to the rest of this annual report and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

Management Discussion and Analysis

Overview

We are a global biopharmaceutical company committed to developing and commercialising high-quality innovative therapeutics that are affordable to ordinary people. Founded in 2011 by Dr. De-Chao Michael Yu, we have instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of R&D, chemistry, manufacturing and controls ("**CMC**"), clinical development and commercialisation capabilities.

We have developed a rich pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), spanning multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promising tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

During the year of 2020 and to the date of this annual report, our Company has continued to make significant achievements on the business operation with consistently strong execution. We have also kept improving the company organization structure toward cultivating our long term strategic goals in launching potential global first-in-class product and realizing the globalization of our business.

We have continued successful commercial operation, with strong growth of the core product TYVYT® (sintilimab injection) and launch of three more antibody drugs. As a high quality PD-1 inhibitor, our core product TYVYT® (sintilimab injection) has become one of the leading brands in China PD-(L)1 market within less than two years since launched. For the year ended 31 December 2020, we achieved revenue of RMB2,289.8 million for sales of TYVYT® (sintilimab injection), an increase of approximately 125.4% as compared to the year ended 31 December 2019. During the year, we have leveraged our unique advantage as the only PD-1 inhibitor with NRDL coverage, to expedite the process of entering hospital channels, expanding coverage in both major cities and lower tier cities, and building up recognition from doctors and patients. Besides, during the year of 2020 and up to the date of this annual report, we have filed sNDA for TYVYT® (sintilimab injection) for four more indications, with the sNDA for 1L nsqNSCLC approved in February 2021, and the other three sNDA under regulatory review.

During the year of 2020, we have successfully added three more antibody drugs to our commercial portfolio with the NMPA approval of BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar) and HALPRAZA® (rituximab biosimilar), making us the only biopharmaceutical company that successfully launched four antibody drugs in China in only nine year's history since inception.

We have started registrational/pivotal clinical trials for five late stage assets. During the year ended 31 December 2020 to the date of this annual report, we entered into registrational or pivotal clinical trials for five of our late stage assets, including (i) IBI-310 (CTLA-4) in combination with TYVYT® (sintilimab injection) in Phase 3 trial for adjuvant treatment of melanoma, pivotal Phase 2 trial for the second line or after of cervical cancer, and Phase 3 trial for the first line of HCC; (ii) IBI-376 (Parsaclisib, PI3Kδ inhibitor) in pivotal Phase 2 trial in China with recurrent or refractory follicular lymphoma ("**r/r FL**") and marginal zone lymphoma ("**MZL**"); (iii) IBI-375 (FGFR TKI) in pivotal Phase 2 trial in China for second-line advanced or metastatic cholangiocarcinoma ("**mCCA**"); (iv) IBI-306 (PCSK9 antibody) in Phase 3 trial in China for non-familial hypercholesterolemia; and (v) IBI-326 (BCMA CAR-T) in pivotal phase 2 for r/r MM.

We fast progressed our prioritized assets with exceptional clinical and commercial potential. For our oncology pipeline: (i) We completed Phase 1a dosage escalation for IBI-188 (CD47 antibody) in the U.S. and China, and have started Phase 1b for IBI-188 in 2020; (ii) we started Phase 1 of IBI-322 (PD-L1/CD47 bispecific antibody) in China in 2020, and started Phase 1 in the U.S. in February 2021; (iii) we completed Phase 1a dosage escalation for IBI-318 (PD-1/PD-L1 bispecific antibody), and entered multiple Phase 1b trials to explore the potential of IBI-318 across cancer indications in 2020; (iv) We started Phase 1a and Phase 1b study of IBI-939 (TIGIT antibody) in China in 2020, we received IND application approval for IBI-939 in the U.S.; (v) we completed patient enrolment for IBI-110 (LAG-3 antibody) in Phase 1b; (vi) we received IND approval for IBI-323

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(PD-L1/LAG-3 bispecific antibody). For non oncology pipeline, (i) we have completed the Phase 1a study of IBI-302 (VEGF/compliment protein) with promising preliminary data presented for wet age-related macular degeneration ("**wet AMD**"); and (ii) we conducted Phase1b/2 study of IBI-362 (OXM3) in both obesity objects and diabetes patients.

We have entered into collaborations with world-class partners, including the strategic collaborations with Lilly and Roche. We have made a series of collaborations with international and regional partners during the year of 2020. In particular, the strategic expanded licensing out agreement with Lilly on the exclusive rights of TYVYT® (sintilimab injection) outside of China marks the first major step in bringing our innovative portfolio to the global market. Besides, our collaboration with Roche on the discovery and development of bispecific antibodies and multiple cell therapies shows the recognition of our drug discovery and R&D capabilities by a global top-tier pharmaceutical company, and could also further enrich our potential first-in-class pipeline down the road.

We expanded manufacturing capacity from 5,000L to 24,000L in 2020, and started new manufacturing facility construction. In 2020, we have expanded our manufacturing capacity from 5,000L to a total of 24,000L production capacity to support our production needs for both our commercial product and clinical stage candidates in the pipeline. The 24,000L production capacity consists of the first manufacturing facilities housing six 1,000L disposable bioreactors (M1a) and the second manufacturing facilities housing six 3,000L stainless steel bioreactors (M1b), both of which have received Good Manufacturing Practice ("**GMP**") certification from the NMPA for the manufacturing TYVYT® (sintilimab injection) and other varies of productions. The capacity expansion should ensure the sufficient supply of our near term production needs as well as strengthen the cost advantage of TYVYT® (sintilimab injection) by materially lowering the production cost. In 2020, we have also started the construction of a new manufacturing facility (the M2 site) that is designed to house additional twelve 3,000L production capacities, which once completed, will expand our production capacity to a total of 60,000L.

We kept increasing our talent pool, with the appointment of President of Dr. Yong Jun Liu for the Company's long term strategic development. In the year of 2020, we have expanded our team from about 2,000 employees as at 31 December 2019 to more than 3,200 employees as at 31 December 2020, consisting of about 950 employees in R&D, 1,300 employees in commercialization, 750 employees in CMC and 300 employees in general and administrative functions. In particular, we appointed Dr. Yong Jun Liu, a renowned world class scientist and successful leader in biopharmaceutical industry as the president of the Company, responsible for our global R&D, portfolio strategy, business development as well as international operation. We believe the vision and leadership of our world-class senior management team, the continuously improving company structure and the enrolment of more talents has been laying a solid foundation for long term development of our company.

We have made fruitful capital market achievements. During 2020 to the date of this annual report, we have successfully raised a total of approximately HK$9.8 billion, or US$1.3 billion fund from three rounds of new share placements, backed by strong subscription of well-known international and regional investors. As of the date of this annual report, we have approximately US$1.8 billion cash on hand, providing a strong support to our drug R&D, potential business collaboration, production facility expansion and increased international operation needs. In 2020, the "B" marker was also successfully removed from the Company's stock name, and stocks was also included in the Hang Seng Composite Index and the Stock Connect.

During the year of 2021, we will continue to make efforts to achieve milestones in various aspect in terms of commercialization, CMC, R&D, global expansion, etc. Besides, we will also strategically plan ahead to fulfill our company mission and strategy in the long term.

We will keep strengthen our commercial capability, with TYVYT® (sintilimab injection) remains as the strategic focus and three biosimilar products emerge as new growth drivers. In 2021, we are committed to maintain the leadership of TYVYT® (sintilimab injection) among China PD-(L)1 market. TYVYT® (sintilimab

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injection) has been approved for two indications and the sNDA for three more major cancer indications are currently under NMPA review, as of the date of this annual report. We believe the expansion of indications in 2021 will bring TYVYT® (sintilimab injection) to broader patient groups with unmet medical needs and support continued revenue growth of the product, backed by sufficient production capacity and competitive production cost under our large scale stainless steel bioreactor production lines. Meanwhile, we anticipate the three biosimilars products BYVASDA® (bevacizumab biosimilar), SULLINO® (adalimumab biosimilar) and HALPRAZA® (rituximab biosimilar) would also play as important growth drivers of our business in 2021.

We expect five NDA approvals in the rest of 2021 and early 2022. We expect to receive sNDA approval for TYVYT® (sintilimab injection) in the first line of sqNSCLC in the first half to the mid of 2021. We expect to receive sNDA approval for TYVYT® (sintilimab injection) and BYVASDA® (bevacizumab biosimilar) as combination therapy for the first line of HCC in the second half of 2021, respectively. We expect to receive sNDA approval for TYVYT® (sintilimab injection) for the second line of sqNSCLC by the end of 2021 to the early of 2022. We also expect to receive NDA approval in Taiwan market for IBI-375 (FGFR TKI) in the first half of 2021.

We expect nine NDA filings in 2021 to early 2022. In the year 2021 to early 2022, we expect four NDA filings for TYVYT® (sintilimab injection), including: (i) we plan to file sNDA to the NMPA for TYVYT® (sintilimab injection) for the first line treatment of esophageal squamous cell carcinoma ("**ESCC**") in the second half of 2021; (ii) we plan to file sNDA to the NMPA for TYVYT® (sintilimab injection) for post-TKI treatment of NSCLC patients with EGFR mutation between late 2021 to early 2022; (iii) we plan to file sNDA to the NMPA for TYVYT® (sintilimab injection) for the first line of gastric cancer ("**GC**") between late 2021 to early 2022; and (iv) our partner Lilly also anticipates the biologic license application ("**BLA**") filing for TYVYT® (sintilimab injection) in the U.S. for the treatment of NSCLC in 2021. In addition, we plan to file NDAs for IBI-375 (FGFR TKI) in both mainland China and Hong Kong around the mid of 2021, respectively. We also plan to file NDA for IBI-376 (Parsaclisib, PI3Kδ inhibitor) in China for r/r FL between late 2021 to early 2022. Our partner PT Etana Biotechnologies Indonesia ("**Etana**") anticipates to file NDA for BYVASDA® (bevacizumab biosimilar) in Indonesia in 2021. Between the end of 2021 to early 2022, we and Nanjing IASO Biotherapeutics ("**IASO Bio**") plan to file rolling submission of NDA to the NMPA for IBI-326 for the treatment of relapsed/refractory multiple myeloma ("**r/r MM**").

We expect multiple late stage and early stage data readouts or release in 2021 to early 2022. In 2021, we plan to present the results of TYVYT® (sintilimab injection) or read out data in Phase 3 studies including: (i) the second line treatment of sqNSCLC; (ii) the first line treatment of ESCC; (iii) the post-TKI treatment of NSCLC with EGFR mutation; and (iv) the first line treatment of GC. We also plan to announce pivotal Phase 2 data of: (i) the result of pivotal Phase 2 study of IBI-375 (FGFR TKI) in the second line treatment of mCCA; (ii) the result of pivotal Phase 2 study of IBI-376 (Parsaclisib, PI3Kδ inhibitor) in r/r FL between late 2021 to 2022. We also plan to read out data for IBI-306 in phase 3 for HeFH. We also plan to announce Phase 1 or Phase 2 clinical study data readouts for a series of clinical stage assets such as our IBI-310 (CTLA-4), IBI-362 (OXM3), IBI-302 (VEGF/compliment fusion protein), IBI-318 (PD1/PD-L1 bispecific antibody), IBI-322 (PD-L1/CD47 bispecific antibody), IBI-110 (LAG-3), IBI-939 (TIGIT) and IBI-315 (PD1/HER2 bispecific antibody), etc.

We will keep progressing our pipeline to further clinical studies in 2021. In addition to the undergoing clinical studies, we will keep advancing our pipelines. (i) We will keep prioritizing the development of our CD47 franchise. We will start Phase 3 or pivotal trial for IBI-188 (CD47 antibody) in China for the first line treatment of myelodysplastic syndrome ("**MDS**") in 2021. We will enter Phase 1b for IBI-322 (PD-L1/CD47 bispecific antibody) and get preliminary Proof-of-Concept ("**PoC**") data in 2021. (ii) We plan to start the China part of the Incyte-sponsored global Phase 3 trial for IBI-376 (Parsaclisib, PI3Kδ inhibitor) in the second line of MF in the first half of 2021. (iii) We will enter Phase 2 clinical study for IBI-362 (OXM3) for obesity and diabetes. (iv) We will enter Phase 2 clinical study for IBI-302 for wet AMD. (v) We will keep advancing the development of

Management Discussion and Analysis

our other clinical stage assets such as IBI-326 (BCMA CAR-T), IBI-939 (TIGIT), IBI-110 (LAG-3), IBI-315 (PD-L1/HER2), IBI-319 (PD-1/4-1BB bispecific antibody), IBI-323 (LAG-3/PD-L1 bispecific antibody), etc. In addition, we plan to progress multiple preclinical stage new molecules into IND stage in 2021, for which the targets have not been disclosed yet.

We are strategically enhancing our R&D toward global innovation. In order to meet the Company's goal of growing into a global biopharmaceutical company, we are upgrading our R&D to a global innovation platform. With a clear strategy and execution plan, we are committed to building a world class R&D organization with deep understanding in science, cutting edge technology platform, international collaboration, and global professionals. We are upgrading our R&D to a fully functional structure with global scope, global talents and global vision. Our lab in the US is already under construction. We will recruit a bunch of world class scientists in China and the US to join our drug discovery engine Innovent Academy. We will keep adding global resources in our R&D. Meanwhile, we will fully leverage our strong execution in drug research and clinical development in China to accelerate the R&D for global innovation.

We will continue our global expansion footprint. We entered multiple out-license agreements in 2020 and early 2021 on our products TYVYT® (sintilimab injection) and BYVASDA® (bevacizumab biosimilar). As our partner Lilly plans to file BLA for TYVYT® (sintilimab injection) in the U.S. for the treatment of NSCLC in 2021, Etana plans to file NDA for BYVASDA® (bevacizumab biosimilar) in Indonesia in 2021, we anticipate our brands could be brought to global patients within the next two years.

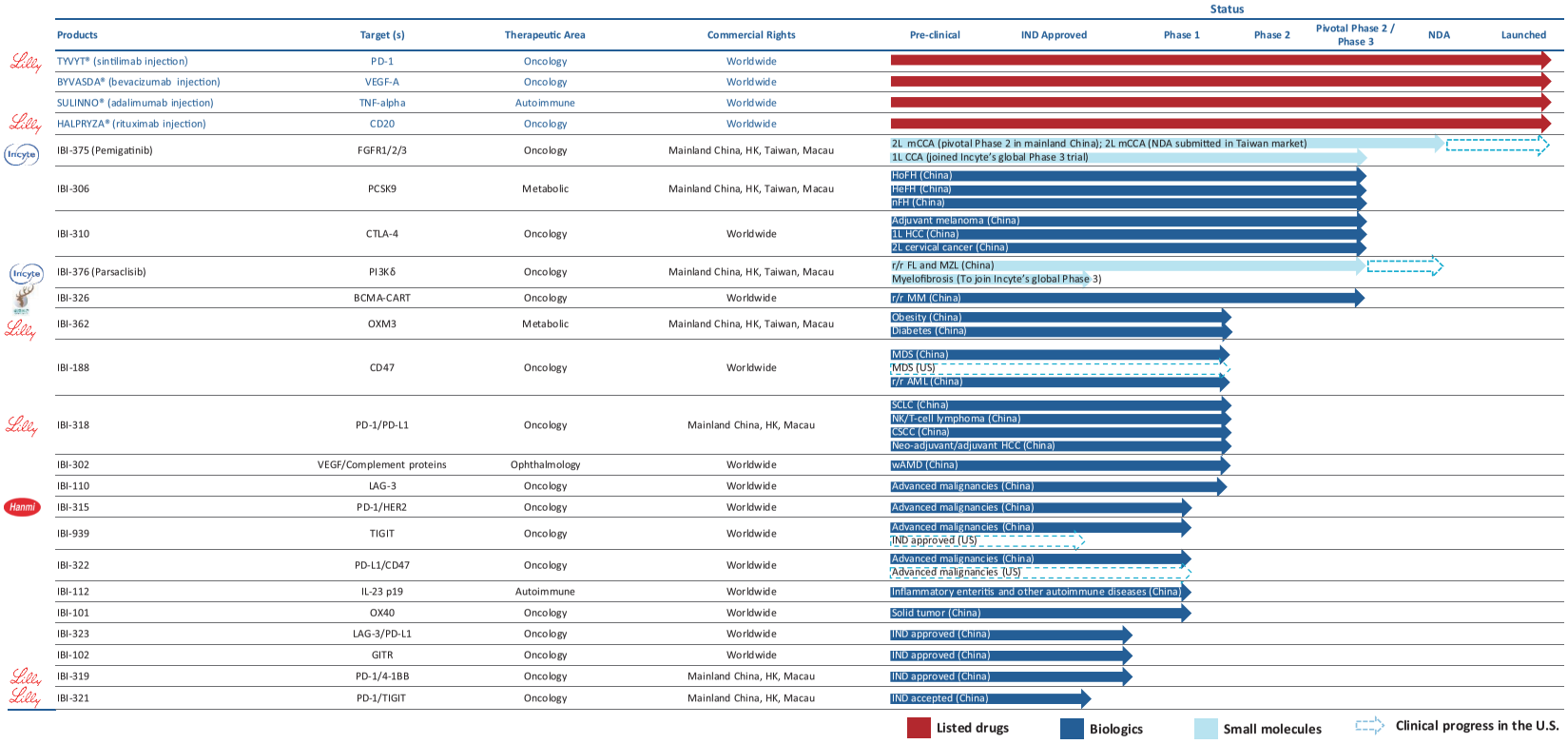
In 2021, we will keep the development of our global-potential pipeline candidates outside of China. With subsidiaries set up in both EU and the U.S., we will keep enlarging our overseas talent team in 2021 to fit the clinical operation needs. Meanwhile, we will keep looking for any potential collaboration opportunities with global partners that should strategically fit the development of the Company in any potential license in/license out, equity investment and M&As.

We plan to further expand our manufacturing facilities. We have started the construction of a new commercial facility (the M2 site) in Suzhou site that is designed to house additional twelve 3,000L production capacities. We anticipate to finish the M2 facility construction by the end of 2021 in order to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions.

Pipeline summary

Leveraging the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 23 valuable assets in a total of more than 50 ongoing clinical trials, as of the date of this annual report. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

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



Management Discussion and Analysis

Business Review

Our Commercial Stage Products

TYVYT® (sintilimab injection): *an innovative fully human anti-PD-1 monoclonal antibody co-developed with Lilly; accepted into the National Major New Drugs Innovation and Development Program; approved in China*

Commercial Development Milestones and Achievements

- During the year of 2020, our core product TYVYT® (sintilimab injection) generated RMB2,289.8 million in revenue, representing an increase of 125.4% over the same period of last year, despite the lowered effective price since the implementation of NRDL effective from 1 January 2020.

- As a high quality PD-1 inhibitor, TYVYT® (sintilimab injection) has become leading brand in China PD-(L)1 market within less than two years since launched, in terms of both the revenue share and volume share that the product has achieved in 2020.

- During the year of 2020, we have fully leveraged our unique advantage as the first and only PD-1 inhibitor with NRDL coverage. We have expedited the process of entering hospital channels, expanding and deepening our coverage in both major cities and lower tier cities, and building up recognition from doctors and patients.

- Our sales and marketing team of TYVYT® (sintilimab injection) has expanded from about 700 employees as of 31 December 2019 to over 1,200 employees as of 31 December 2020.

- Our coverage of TYVYT® (sintilimab injection) has expanded from about 2,000 hospitals and 500 Direct-To-Patient ("**DTP**")/pharmacies at the end of 2019 to about 4,000 hospitals and 900 DTP/ pharmacies across more than 300 cities as of 31 December 2020.

Post-Reporting Period (Expected) Commercial Development Plans

- In 2021, we will continue to strategically focus on the commercialisation of TYVYT® (sintilimab injection). We will keep leveraging our early mover advantage in NRDL to enter more hospital channels for TYVYT® (sintilimab injection). We will also further expand our commercial team to broaden and deepen the coverage of TYVYT® (sintilimab injection) in different tiers of cities and hospitals. Meanwhile, we will provide more comprehensive academic marketing supported by the potential sNDA approval of TYVYT® (sintilimab injection) in multiple major cancer indications in 2021 to early 2022, including the first-line of nsqNSCLC (approved in February 2021), the first-line of sqNSCLC, the first-line of HCC and the second-line of sqNSCLC. We anticipate TYVYT® (sintilimab injection) could benefit broader patient group in 2021.

Clinical Development Milestones and other Major Achievements during Reporting Period

We are executing a broad clinical development program for TYVYT® (sintilimab injection) and are currently conducting over 20 clinical studies to evaluate its efficacy and safety in a wide variety of cancer indications, including 12 registrational or pivotal clinical trials ongoing or completed, both as a monotherapy and as part of a combination therapy, and both in China and in the U.S..

The following chart summarizes the clinical development programs on-going for TYVYT® (sintilimab injection) as of the date of this annual report.

INDICATION	MONO-/COMBO-THERAPY (OTHER COMPONENTS)	STATUS					
		PHASE 1					
		1A	1B	PHASE 2	PHASE 3	NDA FILED	NDA APPROVED
China							
r/r Classical Hodgkin's Lymphoma	Mono						●
1L Non-squamous NSCLC	Combo (pemetrexed and cisplatin)						●
1L Squamous NSCLC	Combo (gemcitabine and platinum)					●	
2L Squamous NSCLC	Mono					●	
1L Hepatocellular Carcinoma	Combo (IBI-305 /biosimilar to bevacizumab)					●	
EGFR+ TKI Failure NCSLC *(MRCT)*	Combo (IBI-305 /biosimilar to bavecizumab)				◐		
1L Gastric Cancer	Combo (capecitabine and oxaliplatin)				◐		
1L Gastric Cancer (CPS ≥10)	Combo (Ramucizumab)				◐		
1L Esophageal Carcinoma *(MRCT)*	Combo (paclitaxel and cisplatin/5-FU and cisplatin)				◐		
2L Classical Hodgkin's Lymphoma	Combo (ICE)				◐		
Melanoma (adjuvant)	Combo (IBI-310/CTLA-4 mAb)				◐		
1L Hepatocellular Carcinoma	Combo (IBI-310/CTLA-4 mAb)				◐		
2L Hepatocellular Carcinoma	Combo (IBI-310/CTLA-4 mAb)			◐			
2L/+ Cervical cancer	Combo (IBI-310/CTLA-4 mAb)			◐			
2L ESCC	Mono			●			
r/r NK/T-cell Lymphoma	Mono			●			
3L CRC	Combo (IBI-310/CTLA-4 mAb)			●			
Refractory Gastrointestinal Cancer	Mono		●				
1L Gastric Cancer	Combo (capecitabine and oxaliplatin)		●				
2L NSCLC	Mono		●				
1L/2L Melanoma	Mono		●				
1L Squamous NSCLC	Combo (gemcitabine and cisplatin)		●				
1L/2L Neuroendocrine Tumor	Combo (EP/IP)		●				
Solid Tumors/colorectal cancer	Combo (Fruquintinib)		◔				
Solid Tumors/cholangiocarcinoma	Combo (Surufatinib)		◐				
3L colorectal cancer	Combo (Chidamide)		◐				
2L Hepatocellular Carcinoma	Combo (siRNA)		◔				
U.S.							
1L Esophageal Carcinoma *(MRCT)*	Combo (paclitaxel and cisplatin/5-FU and cisplatin)				◐		
Solid Tumors	Mono		●				
Late Stage Endometrial Carcinoma	Mono		●				

Symbols: ● = completed; ◔ = completed patient enrollment; ◐ = in progress; ◔ = to be initiated within next quarter.

Note： r/r: relapsed/refractory; 2L: second-line; 1L: first-line; NSCLC: non-small cell lung cancer; EGFR+TKI: epidermal growth factor receptor-tyrosine kinase inhibitor; ESCC: esophageal squamous cell carcinoma.

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During the reporting period for the year ended December 31, 2020, we have achieved major milestones for TYVYT® (sintilimab injection) including:

- Two sNDA for TYVYT® (sintilimab injection) accepted in China by the NMPA:
  - In April 2020, NMPA accepted the sNDA for TYVYT® (sintilimab injection) in China in combination with pemetrexed and platinum chemotherapy as the first-line therapy in nsqNSCLC without sensitizing EGFR mutation or ALK rearrangement; and
  - In August 2020, the NMPA accepted the sNDA for TYVYT® (sintilimab injection) in combination with GEMZAR® (gemcitabine) and platinum chemotherapy as first-line therapy in sqNSCLC.
- Met primary endpoint in major clinical studies including:
  - the Phase 3 ORIENT-12 study to evaluate TYVYT® (sintilimab injection) in combination with gemcitabine and platinum chemotherapy in first-line sqNSCLC;
  - the Phase 2/3 study to evaluate TYVYT® (sintilimab injection) in combination with our BYVASDA® (bevacizumab biosimilar), as a first-line treatment for patients with advanced HCC in China (ORIENT-32); and
  - the Phase 2 ORIENT-2 study in China to evaluate TYVYT® (sintilimab injection) as a monotherapy as a second-line treatment for patients with advanced or metastatic ESCC.
- Completed the patient enrollment in major clinical trials including:
  - the Phase 3 trial for TYVYT® (sintilimab injection) in combination with capecitabine and oxaliplatin in the treatment of first line GC (ORIENT-16);
  - the China part of the global Phase 3 study of TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line ESCC (ORIENT-15); and
  - the Phase 1b trial of TYVYT® (sintilimab injection) in combination with fruquitinib (developed by Hutchison China MediTech Limited) in advanced solid tumors.
- Continued the patient enrollment in major clinical trials including:
  - the Phase 3 for trial for TYVYT® (sintilimab injection) with BYVASDA® (bevacizumab biosimilar) and pemetrexed and cisplatin in the treatment of NSCLC patients with EGFR mutation after the failure of TKI treatment (ORIENT-31).
- Initiated patient enrollment in major clinical trials including:
  - the initiation of a global Phase 3 ORIENT-15 study in the U.S. for TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line ESCC.
- Submitted IND application for major clinical trials including:
  - the Phase 3 study for TYVYT® (sintilimab injection) in combination with Lilly's Cyramza® (ramucirumab) in the first line treatment of advanced GC in China;
- Presented five key late stage results from clinical studies of TYVYT® (sintilimab injection) by online posters/abstracts at multiple major conferences, including:
  - In June 2020, we presented the results of the pivotal Phase 2 study ORIENT-2 in China to evaluate TYVYT® (sintilimab injection) as a monotherapy as a second-line treatment for patients with advanced or metastatic ESCC;

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- In August 2020, we presented the interim analysis data of the phase 3 trial ORIENT-11 to evaluate TYVYT® (sintilimab injection) in combination with ALIMTA® (pemetrexed) and platinum chemotherapy as first-line therapy in nsqNSCLC at the 2020 World Conference on Lung Cancer Virtual Presidential Symposium;

- In September 2020, we presented the biomarker data of the Phase 3 ORIENT-11 study to evaluate TYVYT® (sintilimab injection) in combination with pemetrexed and platinum chemotherapy in first-line nsqNSCLC at the virtual annual meeting of European Society for Medical Oncology ("**ESMO**");

- In September 2020, we presented the interim data of the Phase 3 ORIENT-12 study to evaluate TYVYT® (sintilimab injection) in combination with gemcitabine and platinum chemotherapy in first-line sqNSCLC at the virtual annual meeting of ESMO; and

- In November 2020, we presented the interim data of the Phase 2/3 ORIENT-32 study to evaluate TYVYT® (sintilimab injection) in combination with our BYVASDA® (bevacizumab biosimilar) as the first-line treatment for patients with advanced HCC at the annual meeting of ESMO Asia Congress.

- Entered into major collaborations with strategic partners to maximize the potential of TYVYT® (sintilimab injection), including:

  - In January 2020, the collaborations with Sirnaomics to conduct clinical studies combining TYVYT® (sintilimab injection) and Sirnaomics' RNAi drug candidate STP705 (cotsiranib), for combination treatment in advanced cancers, such as HCC, with high unmet need in the U.S.;

  - In May 2020, we entered the collaboration with University of Texas MD Anderson Cancer Center to co-develop TYVYT® (sintilimab injection) in rare cancers in the U.S.. The collaboration will provide us with opportunities to pursue approval of TYVYT® (sintilimab injection) by the U.S. Food and Drug Administration ("**FDA**") for multiple rare cancer indications in addition to larger cancer indications for TYVYT® (sintilimab injection) that are being independently pursuing for approval;

  - In August 2020, we entered into a strategic milestone expanded licensing agreement to license out the exclusive rights of TYVYT® (sintilimab injection) for geographies outside of China to Lilly, which plans to pursue registration of TYVYT® (sintilimab injection) in the U.S. and other markets. We have recognised upfront payment income of US$200 million in the second half of 2020. We will also be eligible for up to US$825 million in potential development and commercial milestones, as well as tiered double-digit royalties on net sales.

Post-Reporting Period (Expected) Milestones and Achievements

- In 2021 to early 2022, we expect five sNDAs applications accepted by the NMPA for TYVYT® (sintilimab injection), including:

  - In January 2021, the sNDA for TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab injection) as first-line therapy in HCC has been accepted by the NMPA and is under priority review by Center for Drug Evaluation ("**CDE**");

  - In January 2021 the sNDA for TYVYT® (sintilimab injection) as second-line therapy in sqNSCLC has been accepted by the NMPA;

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  - In the second half of 2021, we plan to submit the sNDA of TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin chemotherapy as first-line therapy in ESCC;
  - Between the late of 2021 to early 2022, we plan to submit the sNDA of TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab biosimilar) and pemetrexed and cisplatin in the treatment of NSCLC patients with EGFR mutation after the failure of TKI treatment; and
  - Between the late of 2021 to early 2022, we plan to submit the sNDA of TYVYT® (sintilimab injection) in combination with capecitabine and oxaliplatin in the treatment of first-line GC.
- In 2021 to early 2022, we expect to receive four sNDA approval by NMPA for TYVYT® (sintilimab injection) in China:
  - In February 2021, TYVYT® (sintilimab injection) was already approved by the NMPA in combination with pemetrexed and platinum chemotherapy as first-line therapy for the treatment of nsqNSCLC;
  - In the first half to the mid of 2021, we expect to receive sNDA approval by the NMPA for TYVYT® (sintilimab injection) in combination with GEMZAR® (gemcitabine) and platinum chemotherapy as first-line therapy in sqNSCLC;
  - In the second half of 2021, we expect sNDA approval by the NMPA for TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab injection) as first-line therapy in HCC; and
  - Between the late of 2021 to early 2022, we expect sNDA approval by the NMPA for TYVYT® (sintilimab injection) as second-line therapy in sqNSCLC.
- In 2021, our partner Lilly anticipates to submit BLA application for TYVYT® (sintilimab injection) to the U.S. FDA for the treatment of NSCLC.
- In 2021, we plan to complete the patient enrolment of the clinical trial for TYVYT® (sintilimab injection) including:
  - the ex-China part of the global Phase 3 ORIENT-15 study for TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line esophageal carcinoma.
- In 2021, we plan to continue the clinical trial for TYVYT® (sintilimab injection) including:
  - the Phase 3 study for TYVYT® (sintilimab injection) in combination with Cyramza (ramucirumab) in the first line treatment of advanced GC in China.
- We plan to present results of three Phase 3 trials for TYVYT® (sintilimab injection) at medical meetings in 2021, including:
  - the interim result of the Phase 3 study to evaluate TYVYT® (sintilimab injection) as a monotherapy in second-line sqNSCLC in China (ORIENT-3);
  - the interim result of the Phase 3 study to evaluate TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin chemotherapy as first-line therapy in ESCC; and
  - the interim result of the Phase 3 study to evaluate TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab biosimilar) and pemetrexed and cisplatin in the treatment of NSCLC patients with EGFR mutation after the failure of TKI treatment.

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

Milestones and Achievements during Reporting Period

- In January 2020, we entered into an out-license agreement with Coherus, a leading biosimilar company, to commercialise our IBI-305 (bevacizumab biosimilar) in the U.S. and Canada.
- In June 2020, BYVASDA® (bevacizumab biosimilar) was firstly approved by the NMPA for patients with advanced NSCLC and metastatic colorectal cancer. BYVASDA® (bevacizumab biosimilar) is the second approved products of the Company.
- In December 2020, BYVASDA® (bevacizumab biosimilar) was granted new indication approval by the NMPA for adult recurrent glioblastoma.
- By the end of 2020, we have largely completed the NRDL listing for BYVASDA® (bevacizumab biosimilar) in most provinces and made significant progress in hospital channel entrance, which have laid a solid foundation for the subsequent commercialisation of BYVASDA® (bevacizumab biosimilar).

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2021, the NMPA accepted the sNDA for BYVASDA® (bevacizumab injection) in combination with TYVYT® (sintilimab injection) as first-line therapy in HCC. This is the fourth indication that the Company seeks for BYVASDA® (bevacizumab injection) in China.
- In January 2021, we reached an agreement with Etana to out-license BYVASDA® (bevacizumab biosimilar)'s development and commercialization rights in Indonesia to Etana.
- Supported by the solid foundation of provincial NRDL listing and hospital channel entrance in 2020, we will leverage the rich promotion experience of our oncology sales and marketing team in the promotion of BYVASDA® (bevacizumab biosimilar) in 2021.
- Our partner Etana anticipates to file NDA for BYVASDA® (bevacizumab biosimilar) in Indonesia in 2021.

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

Milestones and Achievements during Reporting Period

- In September 2020, SULINNO® (adalimumab biosimilar) was firstly approved by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis. SULINNO® (adalimumab biosimilar) is the third approved product of the Company.
- In November 2020, SULINNO® (adalimumab biosimilar) was granted new indication approval by the NMPA for the treatment of polyarticular juvenile idiopathic arthritis.
- In December 2020, SULINNO® (adalimumab biosimilar) was granted new indication approvals by the NMPA for the treatment of pediatric plaque psoriasis and non-infectious uveitis.

Post-Reporting Period Expected Milestones and Achievements

- We have been actively working on provincial NDRL listing and hospital channel access of SULINNO® (adalimumab biosimilar) since the approval in September 2020. Besides, as SULINNO® (adalimumab biosimilar) is the first approved non-oncology product in our pipeline, we have established a professional and experienced marketing and sales team responsible for the commercialisation of the product. We will continue to work on the market access and academic marketing promotion of SULINNO® (adalimumab biosimilar) in 2021.

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

Milestones and Achievements during Reporting Period

- In September 2020, HALPRYZA® (rituximab biosimilar) was approved by the NMPA for patients with DLBCL, FL, and CLL in China. HALPRYZA® (rituximab biosimilar) is the fourth approved products of the Company.

Post-Reporting Period Expected Milestones and Achievements

- We have been actively working on provincial NDRL listing and hospital channel access for HALPRAZA® (rituximab biosimilar) since approval in late September 2020. We will continue to leverage the rich promotion experience of our oncology sales and marketing team in the commercialisation of HALPRAZA® (rituximab biosimilar) in 2021.

Our Late Clinical Stage Drug Candidate

IBI-375 (pemigatinib): *a novel FGFR inhibitor in-licensed from Incyte Biosciences International Sarl ("**Incyte**", a subsidiary of Incyte Corporation (Nasdaq ticker symbol: INCY))*

Milestones and Achievements during Reporting Period

- In January 2020, Incyte announced that the European Medicines Agency validated the Incyte's marketing authorization application for pemigatinib for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with FGFR2 fusion or rearrangement that is relapsed or refractory after at least one line of systemic therapy.

- In April 2020, Pemazyre® (pemigatinib) was approved by the U.S. FDA as the first targeted therapy for the treatment of adults with previously treated, unresectable locally advanced mCCA with an FGFR2 fusion or other rearrangement.

- In the first half of 2020, we submitted an NDA application in Taiwan for IBI-375 (pemigatinib) for the treatment of patients with second-line mCCA with FGFR2 fusions or rearrangements.

- In 2020, we have completed the patient enrollment of the Phase 2 trial of IBI-375 (pemigatinib) as treatment for patients with second-line mCCA with FGFR2 fusions or rearrangements in mainland China.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2021, Incyte announced that the European Medicines Agency's Committee for Medicinal Products for Human Use issued a positive opinion recommending the conditional marketing authorization of pemigatinib for the treatment of adults with unresectable locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("**FGFR2**") fusion or rearrangement that is relapsed or refractory, after at least one line of systemic therapy.

- We joined the Incyte-sponsored global Phase 3 clinical trial (FIGHT-302) evaluating the efficacy and safety of IBI-375 (pemigatinib) versus gemcitabine plus cisplatin chemotherapy in first-line treatment of mCCA with FGFR2 rearrangement. FIGHT-302 has started patient recruitment globally.

- In the first half of 2021, we expect to receive NDA approval for IBI-375 from Taiwan FDA for the treatment of patients with second-line mCCA with FGFR2 fusions or rearrangements.

- Around the mid of 2021, we plan to file NDA for IBI-375 for the treatment of patients with second-line mCCA with FGFR2 fusions or rearrangements in both mainland China and Hong Kong.

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IBI-376 (parsaclisib), *a novel PI3Kδ inhibitor in-licensed from Incyte*

Milestones and Achievements during Reporting Period

- In April 2020, we started the patient enrolment in a pivotal Phase 2 trial in China evaluating the efficacy and safety of IBI-376 in patients with r/r FL and MZL in China.

- In end 2020, we filed IND application for IBI-376 in China for the Incyte-sponsored global Phase 3 clinical study evaluating IBI-376 in combination with ruxolitinib for the second line treatment of myelofibrosis.

Post-Reporting Period Expected Milestones and Achievements

- In 2021, we plan to start the patient enrolment of IBI-376 in China for the Incyte-sponsored global Phase 3 clinical study evaluating IBI-376 in combination with ruxolitinib for the second line treatment of myelofibrosis.

- We plan to complete the patient enrolment of IBI-376 for the pivotal Phase 2 trial of IBI-376 for r/r FL and MZL in China.

- Between late 2021 to early 2022, we plan to submit NDA to the NMPA for IBI-376 (Parsaclisib, PI3Kδ inhibitor) for r/r FL.

IBI-310, *an anti-CTLA-4 monoclonal antibody*

Milestones and Achievements during Reporting Period

- We initiated two registrational and/or pivotal trials for IBI-310 in 2020:

  – In April 2020, we have started the patient enrolment for the Phase 3 clinical study in China evaluating IBI-310 in combination with TYVYT® (sintilimab injection) in the adjuvant treatment of melanoma; and

  – In December 2020, we have started the patient enrolment for the pivotal Phase 2 clinical study in China evaluating IBI-310 in combination with TYVYT® (sintilimab injection) for the treatment of patients with second-line or above advanced cervical cancer.

- In June 2020, we announced the preliminary results of a Phase 1 clinical study of IBI-310 and its combination with TYVYT® (sintilimab injection) in the form of online publication at the 56th annual meeting of American Society of Clinical Oncology ("**ASCO**").

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2021, we have started the patient enrolment for the Phase 3 clinical study in China evaluating IBI-310 in combination with TYVYT® (sintilimab injection) for the treatment of patients with first-line advanced HCC.

- In 2021, we plan to complete the patient enrolment for the above-mentioned Phase 3 study for first-line HCC and pivotal Phase 2 study for second-line or above cervical cancer.

- In 2021, we plan to present the Phase 1b study data of IBI-310 in HCC.

IBI-306, *a novel anti-PCSK9 monoclonal antibody; accepted into the National Major New Drugs Innovation and Development Program*

Milestones and Achievements during Reporting Period

- In 2020, we have completed the patient enrolment for a Phase 3 clinical trial in China for heterozygous familial hypercholesterolemia ("**HeFH**").

- During 2020, we have kept patient enrolment for the pivotal Phase 2 clinical trial for homozygous familial hypercholesterolemia.

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Post-Reporting Period Expected Milestones and Achievements

- In January 2021, we have completed the patient enrolment for a Phase 3 clinical trial in China evaluating IBI-306 for the treatment of non-familial hypercholesterolemia.

- We plan to have data read out for the Phase 3 study of IBI-306 in HeFH in 2021.

IBI-326, *a novel fully-human anti-BCMA CAR-T therapy, co-developed with IASO Bio*

Milestones and Achievements during Reporting Period

- In September 2019, we received IND approval from the NMPA to evaluate IBI-326 in hematology. During 2020, we and IASO Bio have kept been enrolling patients for the ongoing Phase 1/2 clinical trial for the treatment of r/r MM.

Post-Reporting Period (Expected) Milestones and Achievements

- In January 2021, the clinical study results of IBI-326 were published in Blood, a leading journal in the field of hematology, with the title of "A Phase 1 Study of a Novel Fully Human BCMA-targeting CAR (CT103A) in Patients with Relapsed/Refractory Multiple Myeloma."

- In February 2021, IBI-326 received breakthrough therapy designation from the NMPA for the indication of r/r MM, based on the results observed in ongoing Phase 1/2 study for the treatment of adults with r/r MM being conducted in China.

- Between end 2021 to early 2022, we and IASO Bio plan to file rolling submission of NDA to the NMPA for IBI-326 for the treatment of r/r MM.

Other Selected Clinical Stage Drug Candidate

IBI-188, *a novel fully human anti-CD47 monoclonal antibody; with best-in-class potential*

Milestones and Achievements during Reporting Period

- In June 2020, we completed the Phase 1a dosage escalation study to evaluate IBI-188 in advanced malignant tumors and lymphoma in the U.S., and we are finalizing the Phase 1a trial to evaluate IBI-188 in advanced malignant tumors in China with exploration on expanded dosage.

- In November 2020, we presented the results of the phase 1a study to evaluate IBI-188 in advanced malignant tumors and lymphomas in the U.S. at the annual meeting of Society for Immunotherapy of Cancer.

- In the second half of 2020, we have further initiated trials for IBI-188 including:

  - the Phase 1b/2 trial in China for IBI-188 in relapsed/refractory acute myeloid leukemia ("**r/r AML**") with patient enrolment of the Phase 1b study started in the second half of 2020;

  - the Phase 1b/3 trial in China for IBI-188 in MDS with patient enrolment of the Phase 1b study started in the second half of 2020; and

  - a Phase 1b trial in the U.S. for MDS in the second half of 2020.

Post-Reporting Period Expected Milestones and Achievements

- In 2021, we plan to start Phase 3 or pivotal trial in China for IBI-188 in MDS.

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

Milestones and Achievements during Reporting Period

- In January 2020, we received IND approvals from the NMPA and the U.S. FDA, respectively.

- In August 2020, we started the patient enrolment of IBI-322 in a Phase 1a/1b clinical study to evaluate IBI-322 in the treatment of patients with advanced malignancies in China.

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Post-Reporting Period (Expected) Milestones and Achievements

- In early 2021, we have started the patient enrolment for the Phase 1 study for IBI-322 in the U.S..
- In 2021, we plan to publish the preliminary Phase 1a study result of IBI-322 for advanced malignancies at academic conference.
- In 2021, we plan to enter Phase1b trial for IBI-322 in China and get preliminary PoC data.

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

Milestones and Achievements during Reporting Period

- In the first half of 2020, we have completed Phase 1a study of IBI-302 for wet AMD.
- In the second half of 2020, we have completed patient enrolment of a Phase 1b study in China to evaluate IBI-302 for wet AMD.
- We presented the clinical results of the Phase 1 study at the annual meeting of American Academy of Ophthalmology in November 2020.

Post-Reporting Period Expected Milestones and Achievements

- In the first half of 2021, we plan to start the Phase 2 trial of IBI-302 for wet AMD.
- In 2021, we plan to start a Phase 1b/2 trial of IBI-302 for the treatment of diabetic macular edema.
- We plan to present the clinical results of the Phase 1b study in wet AMD at academic meeting in the second half of 2021.

IBI-362, *an oxyntomodulin analog (OXM3) in-licensed from Lilly, potential global best-in-class clinical-stage diabetes drug candidate*

Milestones and Achievements during Reporting Period

- In 2020, we completed the patient enrolment of Phase 1b clinical trial in China to evaluate the safety and tolerability of IBI-362 in overweight or obese subjects.
- In 2020, we received IND approval and have started the patient enrolment of Phase 1b clinical trial in China to evaluate the safety and tolerability of IBI-362 in diabetic patients, with last patient enrolment completed in January 2021.

Post-Reporting Period Expected Milestones and Achievements

- In June 2021, we plan to present the Phase1b study data of IBI-362 in obesity at the annual meeting of American Diabetes Association.
- Around the end of 2021, we plan to present the Phase1b study data of IBI-362 in diabetic patients at academic meetings.
- In 2021, we plan to start Phase 2 clinical study of IBI-362 in obesity subjects.
- In 2021, we plan to start Phase 2 clinical study of IBI-362 in diabetic patients.

IBI-318, *a first-in-class anti-PD-1/PD-L1 bispecific antibody co-developed with Lilly*

Milestones and Achievements during Reporting Period

- In the first half of 2020, we have completed dosage escalation of the Phase 1a study of IBI-318 in advanced malignancies in China.
- In June 2020, we presented the preliminary results of the Phase 1a study of IBI-318 in patients with advanced tumors at the 56th annual meeting of ASCO.
- In the second half of 2020, we initiated Phase1b/2 trials for IBI-318 across multiple malignancies:
  - We started the Phase1b part of the Phase1b/2 trial for IBI-318 in Nasal natural killer /T-cell lymphoma patients;

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- We started the Phase1b part of the Phase1b/2 trial for IBI-318 in cutaneous squamous cell carcinoma patients;
- We started the Phase1b trial for IBI-318 in the neoadjuvant/adjuvant treatment of HCC patients; and
- We started the Phase 1b part of the Phase1b/3 trial for IBI-318 in small cell lung cancer patients.

Post-Reporting Period Expected Milestones and Achievements

- We plan to complete the above mentioned Phase1b trials of IBI-318 in 2021.

***IBI-939**, a novel anti-TIGIT monoclonal antibody*

Milestones and Achievements during Reporting Period

- In January 2020, we received IND approval from the NMPA for IBI-939 in the treatment of advanced solid tumors and hematological malignancies.
- In May 2020, we started the patient enrolment in a Phase 1a clinical study conducted in China to evaluate IBI-939 in the treatment of patients with advanced malignancies.
- We submitted IND application for a Phase 1 study of IBI-939 in the U.S. in December 2020, with IND approval received in Jan 2021.

Post-Reporting Period Expected Milestones and Achievements

- We plan to complete patient enrolment for the Phase 1a study of IBI-939 in first half of 2021.
- We started enrolling patients for Phase 1b of IBI-939 in combination with TYVYT® (sintilimab injection) for advanced lung cancer in early 2021 and we plan to complete Phase 1b study in 2021.
- We plan to publish the preliminary Phase 1 study result of IBI-939 for advance solid tumors at academic conferences in 2021.

***IBI-112**, a novel anti-IL-23 (p19 subunit) monoclonal antibody*

Milestones and Achievements during Reporting Period

- In 2020, we received IND approval from the NMPA and we have started Phase 1 study for IBI-112 in inflammatory enteritis and other autoimmune diseases in China.

Post-Reporting Period Expected Milestones and Achievements

- In 2021, we plan to complete Phase 1 and start Phase 2 clinical study for IBI-112 in patients with psoriasis.

***IBI-315**, a first-in-class anti-PD-1/Human epidermal growth factor receptor 2 bispecific antibody co-developed with Hanmi Pharmaceutical Co., Ltd.*

Milestones and Achievements during Reporting Period

- Since the first patient was dosed in November 2019 for the Phase 1a trial in patients with advanced malignancies in China, we have been enrolling patients for the trial in 2020.

Post-Reporting Period (Expected) Milestones and Achievements

- We plan to publish the preliminary Phase 1a study result of IBI-315 for advanced malignancies at academic conference around the end of 2021.
- We plan to enter Phase1b trial for IBI-315 in China and get preliminary PoC data in 2021.

***IBI-110**, a novel anti-LAG-3 monoclonal antibody*

Milestones and Achievements during Reporting Period

- In 2020, we have completed the patient enrolment for the Phase 1a study to evaluate IBI-110 in advanced solid tumors.
- In Jan 2021, we completed the patient enrolment for the Phase 1b study for IBI-110 in combination with sintilimab injection for advanced malignancies.

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Post-Reporting Period Expected Milestones and Achievements

- We plan to publish the Phase 1 study data of IBI-110 for advanced solid tumors at medical conference in 2021.
- We will continue the clinical development of IBI-110 to get PoC data in 2021.

IBI-319, *a novel PD-1/4-1BB bispecific antibody*

Milestones and Achievements during Reporting Period

- In the second half of 2020, we submitted and received IND application approval by the NMPA for IBI-319 in advanced cancer.

Post-Reporting Period Expected Milestones and Achievements

- In the first half of 2021, we plan to start the patient enrolment of Phase 1 clinical study of IBI-319.

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

Milestones and Achievements during Reporting Period

- We submitted and received IND application approval for IBI-323 in advanced cancer in the second half of 2020.

Post-Reporting Period Expected Milestones and Achievements

- We plan to start the patient enrolment of Phase 1 clinical study of IBI-323 in 2021.

IBI-321, *a novel PD-1/TIGIT bi-specific antibody co-developed with Lilly*

Post Reporting Period Expected Milestones and Achievements

- We submitted IND application for IBI-321 in early 2021. We anticipate to received IND approval in 2021.

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 products in its pipeline successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Our strategic collaboration with domestic and overseas partners

- In January 2020, we entered a strategic collaboration with Sirnaomics to use our TYVYT® (sintilimab injection) and Sirnaomics' RNAi drug candidate STP705 (cotsiranib) to conduct clinical studies for combination treatment in advanced cancers, such as HCC, with high unmet need in the U.S..
- In January 2020, we entered into an out-license agreement with Coherus to commercialise IBI-305 (bevacizumab biosimilar) in the U.S. and Canada.
- In March 2020, the Company entered into an in-licensing agreement with Alector to develop and commercialize AL008, a first-in-class anti-SIRP-alpha antibody targeting CD47-SIRP-alpha pathway, a potent survival pathway co-opted by tumors to evade the innate immune system, for the treatment of oncology indications in China. AL008 has a unique dual mechanism of action that non-competitively antagonizes the CD47-SIRP-alpha pathway by inducing the internalization and degradation of the inhibitory receptor on macrophages to relieve immune suppression (a "**don't eat me signal**") while also engaging FcγR2A, an activating IgG Fc receptor, to promote immuno-stimulatory pathways that drive anti-tumor immunity.
- In May 2020, we entered into a strategic collaboration agreement with the University of Texas MD Anderson Cancer Center to co-develop TYVYT® (sintilimab injection) in rare cancers in the U.S..

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- In June 2020, we announced a strategic collaboration with Roche that focuses on the discovery, clinical development and commercialization of bispecific antibodies and multiple cell therapies. The collaboration enables us to access certain Roche technologies in the discovery and development of specific 2:1 T-cell bispecific antibodies (TCB) as well as its universal CAR-T platform. We believe the collaboration with Roche significantly enhances our R&D capability in cell therapy, and also extends our cross-company collaboration one step ahead from drug clinical development and commercialization to the core drug discovery stage across technology platforms, which shows the recognition of global top-tier pharmaceutical company on our drug discovery and R&D capability.

- In August 2020, we entered into a strategic milestone agreement to license out the exclusive rights of TYVYT® (sintilimab injection) outside of China to Lilly, which plans to pursue registration of TYVYT® (sintilimab injection) in the U.S. and other markets. We have recognised upfront payment income of US$200 million in the second half of 2020. We will also be eligible for up to US$825 million in potential development and commercial milestones, as well as tiered double-digit royalties on net sales. In December 2020, Lilly has disclosed the plan to file BLA for TYVYT® (sintilimab injection) in the U.S. for the treatment of NSCLC.

- In September 2020, we entered a worldwide licensing agreement with the University of Zurich to develop and commercialize a preclinical novel HER2-targeted antibody for the treatment of cancer globally.

- In January 2021, we entered into an agreement with Etana to out-license BYVASDA® (Bevacizumab Biosimilar)'s development and commercialization rights in Indonesia to Etana. Etana is committed to launch BYVASDA® in the local market. In return, the Company will receive milestones for development and commercialization as well as double-digit royalties on net sales.

Our Manufacturing Facilities

- In 2020, we have significantly expanded our manufacturing capacity from 5,000L to a total of 24,000L production capacity to support our production needs for both our commercial product and clinical stage candidates in the pipeline. The 24,000L production capacity is consisted of the first manufacturing facilities housing six 1,000L disposable reactors and the second manufacturing facilities housing six 3,000L stainless steel bioreactors, both of which have received GMP certification from the NMPA the manufacturing TYVYT® (sintilimab injection) and other varies of productions. We believe the capacity expansion should ensure the sufficient supply of our near term production needs as well as strengthen the cost advantage of TYVYT® (sintilimab injection) by materially lowering the production cost.

- Besides, we plan to further expand our manufacturing facilities to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. In 2020, we have started the construction of a new commercial facility in Suzhou site that is designed to house additional twelve 3,000L production capacities.

Management Discussion and Analysis

Other Corporate Development

- In February 2020, in support of our solid business and commercial operations, we drew strong financial backing and raised approximately HK$2.3 billion through a placing of new shares, with overwhelming subscription from well-known international and local investors.

- In June 2020, the Stock Exchange approved the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules given we have satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. As a result of the approval by the Stock Exchange, the "B" marker was removed from the Company's stock name and stock short name.

- In July 2020, the Company successfully raised approximately HK$2.8 billion through a placing of new shares mainly to fund our production facility expansion and increased international clinical trial needs.

- In September 2020, the Company's stock was successfully included in the Hang Seng Composite Index and the Stock Connect.

- In October 2020, the Company appointed Dr. Yong Jun Liu, a renowned world class scientist and successful leader in biopharmaceutical industry as president, responsible for the Company's global R&D, portfolio strategy, business development as well as international operation.

- In January 2021, the Company successfully raised approximately HK$4.7 billion through a placing of new shares. The proceeds are planned to be used to expedite the investment and development of various clinical programs for our leading innovative products globally, fund potential product licensing and possible M&A activities, further expand the production capacity, and for working capital and other general corporate use.

- We have substantially expanded our patent portfolio. As of 31 December 2020, we owned 30 issued patents and 149 patent applications in China, 5 issued patents and 21 patent applications in the U.S., and 35 issued patents and 196 patent applications in the rest of the world relating to our products and technologies. These patent applications included 56 international patent applications under the Patent Cooperation Treaty.

Management Discussion and Analysis

Financial Review

Year Ended 31 December 2020 Compared to Year Ended 31 December 2019

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers	**3,843,819**	1,047,525
Cost of sales	**(387,761)**	(124,878)
Gross profit	**3,456,058**	922,647
Other income	**246,787**	144,081
Other gains and losses	**(479,965)**	15,075
Research and development expenses	**(1,851,453)**	(1,294,724)
Administrative and other expenses	**(436,872)**	(255,299)
Selling and marketing expenses	**(1,340,861)**	(692,515)
Royalties and other related payments	**(384,057)**	(499,725)
Finance costs	**(68,350)**	(59,490)
Loss before tax	**(858,713)**	(1,719,950)
Income tax expense	**(139,708)**	–
Loss and total comprehensive expenses for the year	**(998,421)**	(1,719,950)
Non-IFRS measure:		
Adjusted loss and total comprehensive expenses for the year	**(595,921)**	(1,571,876)

Note: Comparative figures of royalties and other related payments have been split from selling and marketing expenses to conform to the current year's presentation as the Directors consider that the new presentation is more relevant and appropriate to the consolidated financial statements.

Management Discussion and Analysis

1. Revenue

For the year ended 31 December 2020, the Group generated revenue from contracts with customers of RMB3,843.8 million. The Group generates revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D services provided to its customers. The following table sets forth the components of the revenue from contracts with customers for the years presented:

As of 31 December 2020, the Group recorded revenue from sales of pharmaceutical products of RMB2,367.5 million, of which revenue from sales of TYVYT® (sintilimab injection) was RMB2,289.8 million, as compared with RMB1,015.9 million for the year ended 31 December 2019.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Timing of revenue recognition:		
A point in time		
Sales of pharmaceutical products	**2,367,531**	1,015,871
License fee income	**1,397,077**	10,000
	3,764,608	1,025,871
Overtime		
Research and development service fee income	**175**	3,786
License fee income	**79,036**	17,868
	79,211	21,654
Total revenue from contracts with customers	**3,843,819**	1,047,525

During the year ended 31 December 2020, the Group recorded one-time license fee income of RMB1,397.1 million, of which RMB1,344.6 million was generated from expanded licensing agreement for TYVYT® (sintilimab injection) with Lilly for geographies outside of China during the second half of 2020.

The Group recorded over-time license fee income under the Exclusive License and Collaboration Agreement for China and Co-Development Agreement entered into between the Group and Lilly in March 2015 (the "**Lilly China Agreement**") on the products of TYVYT® (sintilimab injection) and HALPRYZA® (rituximab biosimilar). The group received collaboration payments and started to recognise revenue at the commercialisation stage of relevant products. During the years ended 31 December 2020 and 31 December 2019, such license fee income recorded for TYVYT® (sintilimab injection) was RMB79.0 million and RMB17.9 million, respectively.

In addition, the Group continued to provide R&D services to customers. During the year ended 31 December 2020, the Group generated R&D service revenue of approximately RMB0.2 million, as compared with RMB3.8 million for the year ended 31 December 2019.

Management Discussion and Analysis

2. Cost of Sales

The Group's cost of sales consists of cost of raw material, direct labor, manufacturing cost and manufacturing overhead related to the production of the products sold. For the year ended 31 December 2020, the Group recorded cost of sales of RMB387.8 million, as compared with RMB124.9 million for the year ended 31 December 2019.

3. Other Income

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

For the year ended 31 December 2020, other income of the Group increased by RMB102.7 million to RMB246.8 million, from RMB144.1 million for the year ended 31 December 2019. The increase was primarily due to (i) interest earned from three placements of new shares in October 2019, February 2020 and July 2020, of which total proceeds were approximately RMB6,736.6 million; and (ii) recognition and continuous support from government to the Group.

4. Other Gains and Losses

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

For the year ended 31 December 2020, other gains and losses of the Group was a loss of RMB480.0 million, as compared with a gain of RMB15.1 million for the year ended 31 December 2019, which included losses of RMB509.7 million as a result of the weakening of certain major currency USD against the RMB, partially offset by a gain of approximately RMB31.0 million related to the investment on other financial assets.

5. Research and Development Expenses

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

For the year ended 31 December 2020 and 31 December 2019, the group incurred R&D expenses of RMB1,851.5 million and RMB1,294.7 million, respectively. The increase was mainly driven by (i) increased expense of clinical trials and other associated R&D activities; and (ii) increased staff costs accompanied with expanding of relative R&D departments.

6. Administrative and Other Expenses

For the year ended 31 December 2020, administrative and other expenses of the Group increased to RMB436.9 million from RMB255.3 million for the year ended 31 December 2019. The significant increase was caused by new hiring of administrative staff, increased share-based compensation, increased donations to various charitable organizations and other expenses in relation to our operations.

Management Discussion and Analysis

7. Selling and Marketing Expenses

Selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities. Selling and marketing expenses were RMB1,340.9 million for the year ended 31 December 2020, as compared with RMB692.5 million for the year ended 31 December 2019. The Group continuously devotes commercialisation efforts to build sales channels and explore potential markets to maximize the commercial value of our products.

8. Royalties and Other Related Payments

Royalties and other related payments were RMB384.1 million for the year ended 31 December 2020, as compared with RMB499.7 million for the year ended 31 December 2019. This represents the royalties, sales based milestones, profit sharing, as well as other related payments to the third parties for various co-development and licensing-in products.

9. Income Tax Expense

Income tax expense was RMB139.7 million for the year ended 31 December 2020, which represented the withholding tax paid for out-license income generated from ex-China. The Group had no provision for taxation for the year ended 31 December 2019.

10. Non-IFRS Measure

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

Adjusted loss and total comprehensive expenses for the year represents the loss and total comprehensive expenses for the year excluding the effect of certain non-cash item, namely share-based compensation expenses. The table below sets forth a reconciliation of the loss and total comprehensive expenses for the year to adjusted loss and total comprehensive expenses for the year during the years indicated:

Management Discussion and Analysis

Non-IFRS measure

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss and total comprehensive expenses for the year	**(998,421)**	(1,719,950)
Added:		
Share-based compensation expenses	**402,500**	148,074
Adjusted loss and total comprehensive expenses for the year	**(595,921)**	(1,571,876)

Selected Data from Statement of Financial Position

	As at 31 December 2020	As at 31 December 2019
	RMB'000	RMB'000
Total current assets	**9,466,681**	5,455,423
Total non-current assets	**2,368,315**	1,775,106
Total assets	**11,834,996**	7,230,529
Total current liabilities	**1,485,851**	1,043,556
Total non-current liabilities	**1,569,375**	1,430,842
Total liabilities	**3,055,226**	2,474,398
Net current assets	**7,980,830**	4,411,867

11. Liquidity and Source of Funding and Borrowing

As at 31 December 2020, the Group's bank balances and cash and current portion of other financial assets increased to RMB8,121.1 million from RMB4,695.2 million as at 31 December 2019. The increase primarily resulted from the placement of new shares for approximately RMB4,613.9 million in February 2020 and July 2020, partly offset by investment in ongoing R&D projects, commercialisation activities and capacity expansion.

As at 31 December 2020, the current assets of the Group were RMB9,466.7 million, including bank balances and cash of RMB7,763.8 million and other financial assets of RMB357.3 million. As at 31 December 2020, the current liabilities of the Group were RMB1,485.9 million, including trade payables of RMB120.6 million, other payables and accrued expenses of RMB973.7 million, contract liabilities of RMB120.4 million, borrowings of RMB255.0 million and lease liabilities of RMB16.2 million. As at 31 December 2020, the Group had available unutilized long-term bank loan facilities of approximately RMB593.8 million.

Management Discussion and Analysis

12. Key Financial Ratios

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

	As at 31 December 2020	As at 31 December 2019
Current ratio[2]	**6.4**	5.2
Quick ratio[3]	**5.9**	4.9
Gearing ratio[4]	**NM[4]**	NM[4]

13. Significant Investments

The Group did not hold any significant investments that accounted for 5% or more of the Company's total assets during the year ended 31 December 2020.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2020.

15. Pledge of Assets

As at 31 December 2020, the Group had a total of RMB527.5 million of property, plant and equipment, RMB51.6 million of land use rights, RMB133.0 million of bank deposits and other financial assets pledged to secure its loans and banking facilities.

16. Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities.

17. Foreign Exchange Exposure

During the year ended 31 December 2020, the Group mainly operated in China and a majority of its transactions were settled in Renminbi (RMB), the functional currency of the Company's primary subsidiaries. As at 31 December 2020, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 31 December 2020. We currently do not have a foreign currency hedging policy as our Directors consider that our foreign exchange risk exposure is minimal. We will consider hedging significant foreign currency exposure if such need arises.

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

3 Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

4 Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%. Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative.

Report of Directors

The Board of the Company is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended 31 December 2020.

Directors

The Directors who held office during the year ended 31 December 2020 and up to the date of this annual report are:

Executive Directors:

Dr. De-Chao Michael Yu
(Chairman of the Board and Chief Executive Officer)
Mr. Ronald Hao Xi Ede

Non-Executive Director:

Mr. Shuyun Chen

Independent Non-Executive Directors:

Dr. Charles Leland Cooney
Ms. Joyce I-Yin Hsu
Dr. Kaixian Chen

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 64 to 67 of this annual report.

General Information

The Company was incorporated in the Cayman Islands on 28 April 2011 as an exempted limited liability company under the Companies Law, Cap 22 (Law 3 of 1961, as amended or supplemented from time to time) of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on 31 October 2018.

Principal Activities

The Company's mission is to create a world-class biopharmaceutical company that develops and commercialises high quality drugs that are affordable to ordinary people. The Group was founded in 2011 by Dr. De-Chao Michael Yu, a highly accomplished scientist, innovator and entrepreneur. The Company is committed to innovation in drug development and have complied with global quality standards for every aspect of the Company's business and operations.

To capitalise on the tremendous market opportunity both in China and beyond, the Group has developed a fully-integrated multi-functional platform consisting of advanced research, discovery, development, manufacturing and commercialisation capabilities. These capabilities have enabled the Group to build a robust pipeline of innovative and commercially promising monoclonal antibodies and other drug assets in the fields of oncology, ophthalmology, and autoimmune and metabolic diseases. The full integration of our platform enables smooth collaboration between different functional groups at key points in the lifecycle of a drug candidate with the aim of increasing both the speed of development and the likelihood of success while at the same time reducing the cost of development.

Results

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 85 of this annual report.

Report of Directors

Business Review

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. All the review, discussions and analysis mentioned above form part of this report. Events affecting the Company that have occurred since the end of the financial year is set out in the sections headed "Post-Reporting (Expected) Milestones and Achievements" under "Management Discussion and Analysis" and "Important Events After the Reporting Period" in this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report" to be published within 3 months from the publication of this annual report.

Principal Risks and Uncertainties

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control:

- Impact of COVID-19 on its sales, clinical development and business operations;
- its financial position;
- its ability to obtain additional financing to fund its operations;
- its ability to development and commercialise its drug candidates, all of which are in pre-clinical or clinical development, except sintilimab with its approval indication;
- its ability to identify additional drug candidates;
- its success in demonstrating safety and efficacy of its drug candidates to the satisfaction of regulatory authorities or produce positive results in its clinical trials;
- material aspects of the research, development and commercialisation of pharmaceutical products being heavily regulated;
- lengthy, time-consuming and inherently unpredictable regulatory approval processes of the regulatory authorities for its drug candidates;
- competition in the pharmaceutical industry where the Group serves; and
- its ability to obtain and maintain patent protection for its drug candidates.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

Environmental Policies and Performance

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

Compliance with the Relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2020, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

Report of Directors

Employee and Remuneration Policies

As at 31 December 2020, the Group had 3,279 (2019: 1,982) employees. The following table sets forth the total number of employees by function as of 31 December 2020:

Function	Number of employees	% of total
Research and Development	947	29
Manufacturing	764	23
Selling and Marketing	1,284	39
General and Administrative	284	9
Total	3,279	100

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

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

The Company has also adopted the Pre-IPO Share Incentive Plan, the Post-IPO ESOP, the 2018 RS Plan and the 2020 RS Plan to provide incentives for the Group's employees. Please refer to the section headed "Equity Plans" in this report for further details of the Pre-IPO Share Incentive Plan, the Post-IPO ESOP and the 2018 RS Plan and the circular of the Company dated 28 May 2020 for further details of the 2020 RS Plan, the termination of the 2018 RS Plan and the survival of the restricted shares granted or earmarked pursuant to the 2018 RS Plan. The 2020 RS Plan succeeds the 2018 RS Plan.

The total remuneration cost incurred by the Group for the year ended 31 December 2020 was RMB1,360.3 million, as compared to RMB796.6 million for the year ended 31 December 2019.

During the year ended 31 December 2020, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

Report of Directors

Major Customers and Suppliers

Major Customers

During the year ended 31 December 2020, the Group derived revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) research and development services provided to its customers. For the year ended 31 December 2020, revenue from the five largest customers accounted for 95.2% (2019: 95.3%) of the Group's total revenue and the Group's largest customer for the year ended 31 December 2020 accounted for approximately 90.9% (2019: 89.2%) of the Group's total revenue amount for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers.

Major Suppliers

Our major suppliers include (i) third-party developers of human antibody discovery platforms; (ii) several reputable third-party suppliers of cell culture media; and (iii) contract research organisations and consultants that manage, conduct and support our clinical trials and pre-clinical studies globally. For the year ended 31 December 2020, purchases from the Group's five largest suppliers accounted for approximately 20.9% (2019: 39.8%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended 31 December 2020 accounted for approximately 5.0% (2019: 10.9%) of the Group's total purchase amount for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

During the year ended 31 December 2020, the Group did not experience any significant disputes with its customers or suppliers.

Financial Summary

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 163 of this annual report. This summary does not form part of the audited consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 17 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2020 are set out in Note 14 to the consolidated financial statements.

Report of Directors

Share Capital and Shares Issued

On 20 February 2020, the Company completed a placing of an aggregate of 78,000,000 new Shares at a placing price of HK$30.20 per placing Share to not less than six placees who and whose ultimate beneficial owner(s) are independent third parties.

On 30 July 2020, the Company completed a placing of an aggregate of 56,200,000 new Shares at a placing price of HK$50.00 per placing Share to not less than six placees who and whose ultimate beneficial owner(s) are independent third parties.

Details of movements in the share capital of the Company for the year ended 31 December 2020 and details of the Shares issued during the year ended 31 December 2020 are set out in Note 30 to the consolidated financial statements.

Donation

During the year ended 31 December 2020, the Group made charitable donations of approximately RMB72.9 million (2019: approximately RMB16.2 million).

Debenture Issued

The Group did not issue any debenture during the year ended 31 December 2020.

Equity-linked Agreements

Save for the Pre-IPO Share Incentive Plan, the Post-IPO ESOP, the 2018 RS Plan and the 2020 RS Plan as set out in this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2020.

Dividends

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2020.

Permitted Indemnity

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended 31 December 2020. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

Distributable Reserves

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As at 31 December 2020, the Company had distributable reserves for share premium of RMB18,541,251,000 (2019: RMB13,885,262,000).

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity on page 88 and in Note 37 to the consolidated financial statements, respectively.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2020 are set out in the section headed “Management Discussion and Analysis” in this annual report and Note 27 to the consolidated financial statements.

Report of Directors

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from the date of their service contracts or until the third annual general meeting of the Company since the Listing Date (whichever is sooner).

The non-executive Director has signed a letter of appointment with the Company for an initial term of three years with effect from the date of his letter of appointment or until the third annual general meeting of the Company since the Listing Date (whichever is sooner).

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years with effect from the date of the Prospectus until the third annual general meeting of the Company since the Listing Date (whichever is sooner).

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the Note 33A to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2020.

Contracts with Controlling Shareholders

The Company has no Controlling Shareholders during the year ended 31 December 2020.

Management Contracts

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2020.

Report of Directors

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

As at 31 December 2020, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of holding[1]	Long position/ Short position
Dr. De-Chao Michael Yu	Beneficial owner	111,705,272[2]	7.96%	Long position
		371,747[3]	0.03%	Short position
	Grantor of a trust	9,000,000[4]	0.64%	Long position
Dr. Charles Leland Cooney	Beneficial owner	42,981[5]	0.00%	Long position
Mr. Ronald Hao Xi Ede	Beneficial owner	11,447,135[6]	0.82%	Long position
Ms. Joyce I-Yin Hsu	Beneficial owner	3,891[7]	0.00%	Long position
Dr. Kaixian Chen	Beneficial owner	3,891[8]	0.00%	Long position

Notes:

1. The calculation is based on the total number of 1,402,775,997 Shares in issue as at 31 December 2020.

2. Includes (i) 97,139,190 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 6,214,286 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Yu's entitlement to the aggregate of 8,351,796 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

3. These Shares are in connection with a donation agreement entered into by Dr. Yu, pursuant to which he agreed to sell HK$10,000,000 worth of his shares (approximately 371,747 Shares based on the closing price of HK$26.90 on 27 December 2019, the closest trading day to the date of the agreement) and to transfer the proceeds remaining (after tax and relevant fees) to the beneficiary within 2 years of the date of the agreement.

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

5. Includes (i) 39,090 Shares held by Dr. Charles Leland Cooney; and (ii) Dr. Cooney's entitlement to the aggregate of 3,891 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares. Such number of shares is an indicative number calculated with the exchange rate and closing price as of the date of the grant for illustrative purpose only. The grant was vested on January 1, 2021 and the final number of granted and vested shares is 2,875, calculated by dividing the value of the grant (being RMB120,000) by the average closing price of the Shares of the Company on the Stock Exchange, as stated in the daily quotation sheets issued by the Stock Exchange, for all trading days in the year 2020 from January 2, 2020 up to and including the trading day immediately preceding the INED RS Vesting Date (i.e., December 31, 2020).

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6. Includes (i) 9,539,040 Shares held directly by Mr. Ronald Hao Xi Ede and (ii) Mr. Ede's entitlement to receive up to 1,588,095 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Mr. Ede's entitlement to the aggregate of 320,000 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

7. Represents Ms. Joyce I-yin Hsu's entitlement to the aggregate of 3,891 Shares underlying Restricted Shares granted to her, subject to the conditions of these underlying Restricted Shares. Such number of shares is an indicative number calculated with the exchange rate and closing price as of the date of the grant for illustrative purpose only. The grant was vested on January 1, 2021 and the final number of granted and vested shares is 2,875, calculated by dividing the value of the grant (being RMB120,000) by the average closing price of the Shares of the Company on the Stock Exchange, as stated in the daily quotation sheets issued by the Stock Exchange, for all trading days in the year 2020 from January 2, 2020 up to and including the trading day immediately preceding the INED RS Vesting Date (i.e., December 31, 2020).

8. Represents Dr. Kaixian Chen's entitlement to the aggregate of 3,891 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares. Such number of shares is an indicative number calculated with the exchange rate and closing price as of the date of the grant for illustrative purpose only. The grant was vested on January 1, 2021 and the final number of granted and vested shares is 2,875, calculated by dividing the value of the grant (being RMB120,000) by the average closing price of the Shares of the Company on the Stock Exchange, as stated in the daily quotation sheets issued by the Stock Exchange, for all trading days in the year 2020 from January 2, 2020 up to and including the trading day immediately preceding the INED RS Vesting Date (i.e., December 31, 2020).

Save as disclosed above, as at 31 December 2020, 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 at 31 December 2020, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding	Long position/ Short position
FIL Limited[2]	Interest in a controlled corporation	77,379,683	5.52%	Long position
Pandanus Partners L.P.[2]	Interest in a controlled corporation	77,379,683	5.52%	Long position
Pandanus Associates Inc.[2]	Interest in a controlled corporation	77,379,683	5.52%	Long position
FMR LLC	Interest in a controlled corporation	102,197,880	7.29%	Long position
The Capital Group Companies, Inc[3]	Interest in a controlled corporation	78,277,090	5.58%	Long position
TLS Beta Pte. Ltd. ("TLS Beta")[4]	Beneficial interest	64,482,850	4.60%	Long position
Temasek Life Sciences Private Limited[4]	Interest in a controlled corporation	75,712,850	5.40%	Long position
Fullerton Management Pte Ltd[4]	Interest in a controlled corporation	75,712,850	5.40%	Long position
Temasek Holdings (Private) Limited[4]	Interest in a controlled corporation	75,712,850	5.40%	Long position

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Notes:

1. The calculation is based on the total number of 1,402,775,997 Shares in issue as at 31 December 2020.

2. FIL Limited is controlled (as defined under the SFO) by Pandanus Partners L.P., whose general partner is Pandanus Associates Inc. As such, under the SFO, Pandanus Partners L.P. and Pandanus Associates Inc. are deemed to be interested in the Shares held by FIL Limited.

3. The Capital Group Companies, Inc. is deemed to be interested in the 78,277,090 Shares held by its wholly-owned subsidiary, Capital Research and Management Company, which is deemed to be interested in the 78,277,090 Shares held by Capital Group International, Inc., a wholly-owned subsidiary of Capital Research and Management Company, which is in turn deemed to be interested in the 78,277,090 Shares held by Capital International, Inc., a wholly-owned subsidiary of Capital Group International, Inc..

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

   Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are also deemed to be interested in the 11,230,000 Shares held by other entity under their control.

   In addition, Temasek Holdings (Private) Limited is deemed to be interested in the 5,652,000 Shares held by other entity under its control.

Save as disclosed above, as at the date 31 December 2020, no persons other than the Directors or chief executives of the Company whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations” above had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Report of Directors

Equity Plans

1. Pre-IPO Share Incentive Plan

The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Company's shareholders generally.

Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and Note 31 to the financial statements.

A summary of the principal terms of the Pre-IPO Share Incentive Plan is set out below:

Eligible Participants

Those eligible to participate in the Pre-IPO Share Incentive Plan include employees, advisers or consultants, all members of the Board and other individuals, as determined, authorised and approved by the Board or a committee authorised by the Board.

Maximum Number of Shares Available for Issue under the Pre-IPO Share Incentive Plan

The overall limit on the number of underlying shares which may be delivered pursuant to Awards granted under the Pre-IPO Share Incentive Plan is 165,476,820 of the Company's authorised but unissued Ordinary Shares with a par value of US$0.00001 each, subject to any adjustments for other dilutive issuances.

As at 31 December 2020, the aggregate number of underlying Shares pursuant to the outstanding options and share awards granted under the Pre-IPO Share Incentive Plan is 51,229,213 Shares, representing approximately 3.65% of the total issued Shares. Details of the Pre-IPO Share Incentive Plan are set out in Note 31 to the consolidated financial statements.

Consideration

Nil consideration is required to be paid by the grantees for the grant of awards under the Pre-IPO Share Incentive Plan.

Determination of Exercise Price

The exercise price of an option may be a fixed price based on the par value of an ordinary share of the Company or variable price related to the fair market value of an ordinary share of the Company. The exercise price of all the options and share awards granted under the Pre-IPO Share Incentive Plan is between US$0.017 and US$1.342.

Life of the Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan commenced on 10 May 2012 (the "Effective Date") and will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of the Pre-IPO Share Incentive Plan either upon such stated expiration date or its earlier termination by the Board, no additional awards may be granted, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Pre-IPO Share Incentive Plan.

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Incentive Plan as of 31 December 2020. No options were granted since the Listing Date and up to the date of this annual report. For further details on the movement of the options during the Reporting Period please see Note 31 to the consolidated financial statements.

No options have been granted to connected persons of the company (including directors of the company and the senior management) under the Pre-IPO Share Incentive Plan which are outstanding.

Report of Directors

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan as at 31 December 2020 are as follows:

					Number of options				
Name or category of grantee	Date of grant	Option period	Vesting period	Exercise price	Outstanding as at 1 January 2020	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 31 December 2020
Other grantees than Directors, senior management and connected persons									
In aggregate	Between 10 May 2012 and 9 October 2018	10 years from the date of grant	4 years to 6 years from the date of grant	Between US$0.017 and US$1.342	57,518,000	(6,013,787)	–	(275,000)	51,229,213
Total					57,518,000	(6,013,787)	–	(275,000)	51,229,213

Note:

1. The weighted average closing price of the Company's Shares immediately before the dates on which the options were exercised during the period was HK$0.14.

2. Post-IPO ESOP

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

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

A summary of the principal terms of the Post-IPO ESOP is set out below:

Eligible Participants

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group.

Maximum Number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO ESOP and any other schemes is 111,815,071, being no more than 10% of the Shares in issue on the date the Shares commenced trading on the Stock Exchange (the "Option Scheme Mandate Limit").

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The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO ESOP and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO ESOP and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Limit of Each Participant

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

Duration

The Post-IPO ESOP shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Post-IPO ESOP), but in all other respects the provisions of the Post-IPO ESOP shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO ESOP.

Exercise Price

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

Consideration

An amount of HK$1.00 must be paid as consideration for the grant of the share options and such payment must be made within 20 business days from the date the share option grant offer is made to the grantee.

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Details of the movements of the options granted under the Post-IPO ESOP as at 31 December 2020 are as follows:

Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Number of options: Outstanding as at 1 January 2020	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 31 December 2020	Closing price of the Shares immediately before the date of grant
Directors										
Dr. De-Chao Michael Yu	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	4,142,857	–	–	–	4,142,857	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	–	2,071,429	–	–	2,071,429	HK$34.00
Mr. Ronald Hao Xi Ede	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	952,381	–	–	–	952,381	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	–	635,714	–	–	635,714	HK$34.00
Chief Operation Officer										
Dr. Qinwei Zhou	15 March 2019	10 years from the date of grant	1,142,857 options: 75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023; 1,481,979 options: 50% shall vest on 15 March 2024; and 50% shall vest on 15 March 2025	HK$28.30	2,624,836	–	–	(2,624,836)	–	HK$28.45
Other grantees than Directors, senior management and connected persons										
	15 March 2019	10 years from the date of grant	740,990 options: 50% shall vest on 15 March 2024; and 50% shall vest on 15 March 2025; remaining options: 75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	9,539,964	–	–	–	9,539,964	HK$28.45
	14 June 2019	10 years from the date of grant	75% shall vest on 14 June 2022; and 25% shall vest on 14 June 2023	HK$26.25	965,713	–	–	–	965,713	HK$26.40
	29 August 2019	10 years from the date of grant	75% shall vest on 29 August 2022; and 25% shall vest on 29 August 2023	HK$25.85	2,055,713	–	–	–	2,055,713	HK$24.45
	4 December 2019	10 years from the date of grant	75% shall vest on 4 December 2022; and 25% shall vest on 4 December 2023	HK$28.15	4,594,119	–	–	–	4,594,119	HK$28.15

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Name or category of grantee	Date of grant	Option period	Vesting Period	Number of options: Exercise price	Outstanding as at 1 January 2020	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 31 December 2020	Closing price of the Shares immediately before the date of grant
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	–	14,972,249	–	(635,714)	14,336,535	HK$34.00
	11 June 2020	10 years from the date of grant	75% shall vest on June 11, 2023; and 25% shall vest on June 11, 2024	HK$47.80	–	13,811,640	–	–	13,811,640	HK$48.00
	27 August 2020	10 years from the date of grant	75% shall vest on 27 August 2023; and 25% shall vest on 27 August 2024	HK$54.55	–	2,044,304	–	–	2,044,304	HK$53.45
	3 December 2020	10 years from the date of grant	75% shall vest on 3 December 2023; and 25% shall vest on 3 December 2024	HK$53.9	–	7,174,638	–	–	7,174,638	HK$51.90
Total					24,875,583	40,709,974	–	(3,260,550)	62,325,007	

3. 2018 RS Plan

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

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

As at 31 December 2020, 27,647,924 restricted Shares had been granted or agreed to be granted under the RS Plan.

Further details of the RS Plan are set out in the Prospectus and Note 31 to the financial statements.

Report of Directors

Details of the movements of the restricted Shares granted under the 2018 RS Plan as at 31 December 2020 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2020	Granted during the Period	Vested during the Period	Lapsed during the Period	Held at 31 December 2020	Vesting Period	Closing price at date of grant
Director								
Dr. De-Chao Michael Yu	2 May 2019	6,901,796	–	(1,380,359)	–	5,521,437	5 years from the date of grant	HK$25.15
	15 April 2020	–	1,450,000	–	–	1,450,000	4 years from the date of grant	HK$33.95
Mr. Ronald Hao Xi Ede	15 April 2020	–	320,000	–	–	320,000	4 years from the date of grant	HK$33.95
Dr. Charles Leland Cooney	15 April 2020	–	3,891[Note]	–	–	3,891	1 January 2021	HK$33.95
Ms. Joyce I-Yin Hsu	15 April 2020	–	3,891[Note]	–	–	3,891	1 January 2021	HK$33.95
Dr. Kaixian Chen	15 April 2020	–	3,891[Note]	–	–	3,891	1 January 2021	HK$33.95
Other grantees than Directors, senior management and connected persons								
	2 May 2019	2,835,085	–	–	–	2,835,085	2,732,437 restricted shares: 6 years from the date of grant 102,648 restricted shares: 4 years from the date of grant	HK$25.15
	14 June 2019	1,056,000	–	–	–	1,056,000	4 years from the date of grant	HK$25.90
	29 August 2019	1,555,000	–	–	–	1,555,000	4 years from the date of grant	HK$25.85
	4 December 2019	4,207,082	–	–	–	4,207,082	4 years from the date of grant	HK$28.15
	15 April 2020	–	3,982,880	–	–	3,982,880	4 years from the date of grant	HK$33.95
	11 June 2020	–	6,708,767	–	–	6,708,767	4 years from the date of grant	HK$47.80
Total		16,554,963	12,473,320	(1,380,359)	–	27,647,924		

Note: The grant was vested on January 1, 2021 and the final number of granted and vested shares is 2,875, calculated by dividing the value of the grant (being RMB120,000) by the average closing price of the Shares of the Company on the Stock Exchange, as stated in the daily quotation sheets issued by the Stock Exchange, for all trading days in the year 2020 from January 2, 2020 up to and including the trading day immediately preceding the INED RS Vesting Date (i.e., December 31, 2020).

4. 2020 RS Plan

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

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

Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020, the circular of the Company dated 28 May 2020. and Note 31 to the financial statements.

As at 31 December 2020, 8,131,864 restricted Shares had been granted or agreed to be granted under the RS Plan.

Report of Directors

Details of the movements of the restricted Shares granted under the 2020 RS Plan as at 31 December 2020 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2020	Granted during the Period	Vested during the Period	Lapsed during the Period	Held at 31 December 2020	Vesting Period	Closing price at date of grant
Other grantees than Directors, senior management and connected persons								
	27 August 2020	–	1,657,000	–	–	1,657,000	4 years from the date of grant	HK$54.55
	3 December 2020	–	6,474,864	–	–	6,474,864	4 years from the date of grant	HK$53.90
Total		–	8,131,864	–	–	8,131,864		

Directors' Rights to Acquire Shares or Debenture

Save as disclosed in this annual report, at no time during the year ended 31 December 2020 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

Emolument Policy and Directors' Remuneration

In compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Equity Plans. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 10 and Note 33, respectively to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

For the year ended 31 December 2020, directors were granted discretionary bonuses of a total sum of RMB6.7 million excluding the special bonus set out in Note 20 to the consolidated financial statements (equivalent to approximately 15 months of their base salary). Save as disclosed above, none of the Directors were paid discretionary bonuses for the year ended 31 December 2020.

Directors' Interests in Competing Business

During the year ended 31 December 2020, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Report of Directors

Continuing Connected Transactions

The Group has no non-exempt continuing connected transactions (the "**Continuing Connected Transactions**") for the Group for the year ended 31 December 2020. Details of related party transactions of the Group for the year ended 31 December 2020 are set out in Note 33A to the consolidated financial statements.

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

(a) On 12 February 2020, the Company and Morgan Stanley & Co. International plc (the "Sole Placing Agent") entered into a placing agreement, pursuant to which the Company agreed to appoint the Sole Placing Agent, and the Sole Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees for, or failing which to purchase itself, 78,000,000 placing shares at the placing price of HK$30.20 per placing share on the terms and subject to the conditions set out in the placing agreement. The placing was completed on 20 February 2020.

For further details, please refer to the announcements of the Company dated 13 February 2020 and 20 February 2020.

(b) On 23 July 2020,

(i) the Company and the Sole Placing Agent entered into a placing agreement (the "Primary Placing Agreement"), pursuant to which the Company agreed to appoint the Sole Placing Agent, and the Sole Placing Agent agreed to act as placing agent for the purpose of procuring, as agent of the Company, placees for, or failing which to purchase itself, 56,200,000 new shares at the placing price of HK$50.0 per share on the terms and subject to the conditions set out in the Primary Placing Agreement. The placing was completed on 30 July 2020.

(ii) Each of (i) Dr. Yu and Ms. Gloria Bingqingzi Yu ("Ms. Yu") as trustee of Yu Tong Family Irrevocable Trust and (ii) Seacliff (Cayman) Ltd. and Dwyer (Cayman) Ltd., each being a shareholder of the Company, entered into a placing agreement (the "Secondary Placing Agreements") with the Sole Placing Agent, pursuant to which each of Dr. Yu, Ms. Yu as trustee of Yu Tong Family Irrevocable Trust, Seacliff (Cayman) Ltd. and Dwyer (Cayman) Ltd. (together, the "Vendors") agreed to sell or procure the sale of, and the Sole Placing Agent agreed, as agent of each of the Vendors, to procure purchasers to purchase an aggregate of 36,800,000 existing shares at the HK$50.0 per share on the terms and subject to the conditions set out in each of the Secondary Placing Agreements. The placing was completed on 27 July 2020.

For further details of the Primary Placing Agreement and the Secondary Placing Agreements, please refer to the announcements of the Company dated 23 July 2020 and 30 July 2020.

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

Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2019. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended 31 December 2020.

Report of Directors

Use of Net Proceeds

(a) Use of Net Proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on the Listing Date with a total of 271,802,000 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$3,645.9 million (approximately RMB3,234.7 million).

As at 31 December 2020, net proceeds of the global offering had been utilized in accordance with the intended purposes as previously disclosed in the Prospectus as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus [Note] RMB million	Utilization as at 31 December 2019 RMB million	Unutilized as at 31 December 2019 RMB million	**Utilization as at 31 December 2020 RMB million**	**Unutilized as at 31 December 2020 RMB million**
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches (including production, sales and marketing) of TYVYT® (sintilimab injection)	1,682.1	1,208.6	473.5	**1,682.1**	**-**
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of BYVASDA® (bevacizumab biosimilar)	258.8	88.7	170.1	**258.8**	**-**
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of HALPRYZA® (rituximab biosimilar)	129.3	52.8	76.5	**129.3**	**-**
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of SULINNO® (adalimumab biosimilar)	32.4	25.2	7.2	**32.4**	**-**
For the ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of the other drug candidates in the Group's pipeline	808.7	555.2	253.5	**808.7**	**-**
For working capital and general corporate purposes	323.4	311.2	12.2	**323.4**	**-**
	3,234.7	2,241.7	993.0	**3,234.7**	**-**

Note: The net proceeds figure has been translated to Renminbi for the allocation and the utilization calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

(b) Use of Net Proceeds from the 2019 Placing

The placing of existing Shares and top-up subscription of new shares pursuant to the share placing and subscription agreement dated 9 October 2019 was completed on 18 October 2019 (the "2019 Placing"). An aggregate of 97,000,000 new placing shares, representing approximately 7.73% of the enlarged issued share capital of the Company immediately after Completion, have been successfully placed to not less than six placees who and whose ultimate beneficial owner(s) are third parties independent of the Company.

Report of Directors

The placing price of HK$24.60 per placing share represents (i) a discount of approximately 6.82% to the closing price of HK$26.40 per Share as quoted on the Stock Exchange on 3 October 2019, being the day prior to the date of the 2019 Placing Agreement; and (ii) a discount of approximately 2.61% to the average closing price of approximately HK$25.26 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the 2019 Placing Agreement.

The net proceeds raised from the 2019 Placing were approximately HK$2,351.3 million (approximately RMB2,122.7 million). The net proceeds have been and will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2019 Placing, that is, for development of key pipeline products, such as late stage clinical and registration trials for our three in-licensed products from Incyte and our two first-in-class bispecific products IBI-302 (anti-VEGF/anti-complement bispecific fusion protein) and IBI-318 (anti-PD-1/anti-PD-L1 bispecific antibody, developed in collaboration with Lilly) that are currently in Phase I clinical trial, and for future capacity expansion and general corporate use, as appropriate.

As at 31 December 2020, approximately RMB1,836.8 million of the net proceeds of the 2019 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2019 Placing, and RMB285.9 million remained unutilized. The table below sets out the use of proceeds from the 2019 Placing as at 31 December 2019 and 31 December 2020:

Use of net proceeds from the 2019 Placing as disclosed in the Company's announcements relating to the 2019 Placing	Utilization as at 31 December 2019 RMB million	Unutilized as at 31 December 2019 [2] RMB million	**Utilization as at 31 December 2020 RMB million**	**Unutilized as at 31 December 2020 [2] RMB million**
Incyte in-licensed products[1]	201.3	N/A	**302.3**	**N/A**
IBI-302 (anti-VEGF/complement bispecific fusion protein)	10.3	N/A	**25.5**	**N/A**
IBI-318 (anti-PD-1/PD-L1 bispecific antibody)	7.7	N/A	**29.5**	**N/A**
Development of other pipeline candidates	–	N/A	**1,060.7**	**N/A**
Future capacity expansion	–	N/A	**151.0**	**N/A**
General corporate use	–	N/A	**267.8**	**N/A**
	219.3	1,903.4	**1,836.8**	**285.9**

Notes:

1. Incyte in-licensed products include IBI-375 (pemigatinib), IBI-376 (parsaclisib), and IBI-377 (itacitinib).

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

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

Report of Directors

(c) Use of Net Proceeds from the February 2020 Placing

The placing of new shares pursuant to the placing agreement dated 12 February 2020 (the "February 2020 Placing Agreement") was completed on 20 February 2020 (the "February 2020 Placing"). An aggregate of 78,000,000 new placing shares, representing approximately 5.81% of the enlarged issued share capital of the Company immediately after the completion of the February 2020 Placing, were successfully placed to not less than six places who and whose ultimate beneficial owners are third parties independent of the Company.

The placing price of HK$30.20 per placing share represents: (i) a discount of approximately 5.03% to the closing price of HK$31.80 per Share as quoted on the Stock Exchange on 12 February 2020, being the date of the February 2020 Placing Agreement; and (ii) a discount of approximately 4.76% to the average closing price of approximately HK$31.71 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the February 2020 Placing Agreement.

The net proceeds raised from the February 2020 Placing were approximately HK$2,330.6 million (approximately RMB2,099.7 million). The net proceeds have been and will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the February 2020 Placing, that is, preparing for future capacity expansion of the possible rapid growth due to the inclusion of TYVYT® (sintilimab injection) in the NRDL, as well as in anticipation of the other new drugs the Company expects to launch in the next few years, and general corporate use, as appropriate.

As at 31 December 2020, approximately RMB85.2 million of the net proceeds of the February 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the February 2020 Placing, and RMB2,014.5 million remained unutilized. The table below sets out the use of proceeds from the February 2020 Placing as at 31 December 2020:

Use of net proceeds from the February 2020 Placing as disclosed in the Company's announcements relating to the February 2020 Placing	Utilization as at 31 December 2020 RMB million	Unutilized as at 31 December 2020(Note) RMB million
Future capacity expansion	71.5	N/A
General corporate use	13.7	N/A
	85.2	2,014.5

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

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

Report of Directors

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

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

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

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

As at 31 December 2020, approximately RMB398.5 million of the net proceeds of the July 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, and RMB2,115.7 million remained unutilized. The table below sets out the use of proceeds from the July 2020 Placing as at 31 December 2020:

Use of net proceeds from the July 2020 Placing as disclosed in the Company's announcements relating to the July 2020 Placing	Utilization as at 31 December 2020 RMB million	Unutilized as at 31 December 2020(Note) RMB million
Building a second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth	**379.0**	**N/A**
Funding increased international clinical trial needs with expansion of research & development laboratories in the United States	**19.5**	**N/A**
General corporate use	**–**	**N/A**
	398.5	**2,115.7**

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

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

Report of Directors

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

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

As at the date of this annual report, none of the net proceeds of the January 2021 Placing had been utilised.

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 48 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group have been audited by Deloitte Touche Tohmatsu, Registered Public Interest Entity Auditors, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER THE REPORTING DATE

On 15 January 2021, the Company and Morgan Stanley & Co. International plc, Goldman Sachs (Asia) L.L.C. and J.P Morgan Securities (Asia Pacific) Limited (the "Joint Placing Agents") entered into a placing agreement, pursuant to which the Company agreed to appoint the Joint Placing Agents, and the Joint Placing Agents agreed to act as placing agents for the purpose of procuring, as agents of the Company, placees for, or failing which to purchase themselves, 52,000,000 placing shares at the placing price of HK$90.90 per placing share on the terms and subject to the conditions set out in the placing agreement. The placing was completed on 22 January 2021.

For further details, please refer to the announcements of the Company dated 15 January 2021 and 22 January 2021.

Save as disclosed in this annual report, no important events affecting the Company occurred since the end of the Reporting Period and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets.

By the order of the Board
Dr. De-Chao Michael Yu
Chairman

Hong Kong
29 March 2021

Directors and Senior Management

The Board consists of two executive Directors, one non-executive Director and three independent non-executive Directors.

Directors

Executive Directors

Dr. De-Chao Michael Yu ("Dr. Yu") aged 57, is the founder, an executive director, the Chairman of the Board, the Chief Executive Officer of the Company, the Chairman of each of the Nomination Committee and Strategy Committee and a member of the Remuneration Committee. He founded the Group on 28 April 2011 and is responsible for the overall strategic planning and business direction of our Group and management of the Company. Dr. Yu received his doctoral degree in Molecular Genetics from the Chinese Academy of Sciences (Shanghai, China) and completed his post-doctoral training at the University of California San Francisco (San Francisco, USA). Prior to founding Innovent, Dr. Yu was the President, Chief Executive Officer and a member of the Board of Directors of Chengdu Kanghong Biotech Co. Ltd. from 2006 to 2010. Previously, Dr. Yu was the vice president of research and development at Applied Genetic Technology Corporation (a company subsequently listed on the NASDAQ with ticker symbol: AGTC) in 2005. Between 1997 and 2001, Dr. Yu was the vice president of Calydon, Inc. which was later acquired by Cell Genesys, Inc. (a company subsequently listed on the NASDAQ with ticker symbol: CEGE), and worked there till 2005 mainly responsible for a significant part of the company's early R&D.

Dr. Yu has always aspired to develop and commercialize high-quality biopharmaceuticals that are affordable for ordinary people. He has at present been engaged in innovative research on biopharmaceuticals for more than 20 years, has invented three Class I new drugs and been key to their success. Dr. Yu invented the world's first commercialized oncolytic virus-based immunotherapeutic product, Oncorine® (recombinant human type-5 adenovirus injection), creating a precedent for the use of viruses to treat tumors. Dr. Yu co-invented and led the development of Langmu® (Conbercept eye injection), and TYVYT® (sintilimab injection), an innovative PD-1 inhibitor for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL) and 1L Nsq NSCLC.

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. Dr. Yu has been an independent non-executive director of Cheerwin Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 6601) since February 2021, an independent non-executive director of BabyTree Group (a company listed on Main Board of the Stock Exchange with stock code: 1761) since June 2018 and served as an independent director at PharmaBlock Sciences (Nanjing), Inc. (a company listed on the Shenzhen Stock Exchange with stock code: 300725) from December 2015 to May 2018.

Mr. Ronald Hao Xi Ede ("Mr. Ede"), aged 62, is an executive Director, the Chief Financial Officer and a member of the Strategy Committee of the Company. Mr. Ede joined the Group on 1 January 2018 and is responsible for finance, investor relations, information technology and channel management of our Group. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the New York Stock Exchange (the "NYSE") and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray; and

- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Hong Kong Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

Directors and Senior Management

Non-executive Director

Mr. Shuyun Chen ("Mr. Chen"), aged 47, also known as Nick Chen, is a non-executive Director, a member of each of the Audit Committee and the Strategy Committee of the Company. Mr. Chen was appointed to the Board of the Company on 31 January 2018 and is responsible for providing professional opinion and judgment to the Board. Mr. Chen is a partner and Head of China of Capital Group Private Markets ("CGPM"), part of the Capital Group Companies ("Capital Group"), one of the world's largest and most successful investment organizations. Mr. Chen has invested in leading Chinese companies such as Innovent Biologics, Didi, Jinxin Maternity, New China Life, among others. He is also a director of Jinxin Hospital Management Group Limited.

Prior to joining Capital Group in 2005, Mr. Chen worked at J.P. Morgan & Chase in investment banking roles in New York and Hong Kong from 1999, leaving as Vice President of the Asia mergers and acquisitions group. Before joining J.P. Morgan, he worked at Willis Towers Watson in the U.S. as a management consultant associate.

Mr. Chen received his Bachelor of Arts degree (summa cum laude) in Business and Economics from Franklin & Marshall College in the U.S. in May 1997.

Independent Non-executive Directors

Dr. Charles Leland Cooney ("Dr. Cooney"), aged 76, is an independent non-executive Director, a member of each of the Nomination Committee and the Strategy Committee of the Company. Dr. Cooney was appointed to the Board of the Company on 18 October 2015 and is responsible for providing independent opinion and judgment to the Board. Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding Faculty Director of the Deshpande Center for Technological Innovation.

Dr. Cooney is a consultant to multiple biotech and pharmaceutical companies and sits on the boards of Codiak BioScience (a company listed on the NASDAQ with the symbol CDAK) and sits on the boards of private companies such as GreenLight Bioscience and LayerBio, and is an adviser to the Singapore MIT Alliance for Research and Technology (SMART) Innovation Center. Dr. Cooney served as an independent non-executive director of Polypore International (a company listed on the NASDAQ with ticker symbol: PPO), and Biocon Limited (a company listed on the New York Stock Exchange with ticker symbol: BIOCON and on the Bombay Stock Exchange with stock code: 532523).

Dr. Cooney received his bachelor of science degree in chemical engineering from the University of Pennsylvania in June 1966, and his master of science and doctor of philosophy degrees in biochemical engineering from the Massachusetts Institute of Technology in September 1967 and February 1970, respectively.

Ms. Joyce I-Yin Hsu ("Ms. Hsu"), aged 46, is an independent non-executive Director, the chairman of each of the Audit Committee and Remuneration Committee of the Company. Ms. Hsu was appointed to the Board of the Company on 18 October 2018 and is responsible for providing independent opinion and judgment to the Board. She currently acts as a partner of Cornell Capital and has been involved in since its founding in 2013 towards the sourcing, evaluation, execution and ownership of investments, including strategies for cross-border expansion.

Ms. Hsu was a partner at Zoyi Capital from 2013 to 2015, being mainly responsible for investments and portfolio company monitoring. Prior to this, Ms. Hsu served as chief financial officer and director at Mindray between 2006 and 2009, leading Mindray through its NYSE IPO in 2006 and subsequently two overseas acquisitions in 2008 and 2013. She subsequently acted as the sole adviser of Mindray on its delisting and private placement in 2016. Before that, Ms. Hsu was an executive director at Goldman Sachs Asia between 1998 and 2006, where she led the investment efforts in a number of successful deals in China including Focus Media Holding Limited, China Yurun Food Group Limited, and Mindray Medical International Limited, she was also heavily involved in the investments of C&M Communications in Korea and Japan Telecom in Japan.

Directors and Senior Management

Ms. Hsu has held directorships in the following listed and private companies outside of the Group during the past three years:

- Corelle Brands as a non-executive director;
- ACEA Bioscience as a non-executive director; and
- Weconex as a non-executive director.

Ms. Hsu received her bachelor of science in business administration degree from the University of California at Berkeley in May 1998.

Dr. Kaixian Chen ("Dr. Chen"), aged 75, is an independent non-executive Director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Chen was appointed to the Board of the Company on 18 October 2018 and is responsible for providing independent opinion and judgment to the Board. Dr. Chen has been a professor of the Shanghai Institute of Materia Medica, Chinese Academy of Sciences, since 1990, served as its director between 1996 and 2004, and has served as director of its degree committee between 2014 and May 2019. Dr. Chen has also been a professor of the Shanghai University of Traditional Chinese Medicine since 2005, served as its president from 2005 to 2014, and has served as chairman of its academic committee since 2014.

Dr. Chen holds professional memberships and qualifications in different capacities in numerous organizations in the PRC, including the below:

- as an Academician of the Chinese Academy of Sciences (中國科學院) since 1999;
- as deputy president of the Chinese Pharmaceutical Association (中國藥學會) from 2007 to 2017, the Director of the Division of Medicinal Chemistry, CPA (中國藥學會藥物化學專業委員會) from 2007 to 2020, and as chairman of the Board of Supervisors, CPA (中國藥學會監事會) since 2017;
- as member of the general expert group of the National Science and Technology Major Project "Innovative Drug Research & Development" (國家重大科技專項《重大新藥創制》) since 2008, and the deputy chief scientific and technical officer since 2016;
- as chairman of the Shanghai Association for Science and Technology (上海市科學技術協會) from 2011 to 2018;
- as editor in chief of Progress in Pharmaceutical Sciences, Chinese Journal of New Drugs and Clinical Remedies (藥學進展、中國新藥與臨床雜誌) since 2015; and
- as executive member and deputy director of the National Pharmacopoeia Commission of China (國家藥典委員會) since 2017.

Dr. Chen served as an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company whose shares are listed on the Hong Kong Stock Exchange with stock code: 1349) between 2014 and 2015; and has served as an independent non-executive director of Zai Lab Limited (a company whose shares are listed on the NASDAQ with ticker symbol ZLAB and the Hong Kong Stock Exchange with stock code: 9688) since 2018; and as an independent non-executive director of Jiangsu Kanion Pharmaceutical Co. Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600557), since December 2019; and as an independent non-executive director of InnoCare Pharma Limited (a company listed on the Hong Kong Stock Exchange with stock code: 09969) since March 2020.

Dr. Chen received his bachelor's degree in radiochemistry from Fudan University in August 1968, and his degree of Master of Science (MSC) and degree of Doctor of science (Ph.D.) from the Shanghai Institute of Materia Medica, Chinese Academy of Sciences in February 1982 and February 1985, respectively.

Directors and Senior Management

Senior Management

Dr. De-Chao Michael Yu, ("Dr. Yu"), aged 57, is an executive Director, the Chairman of the Board and Chief Executive Officer of our Company. For further details, please see the paragraphs headed "Executive Directors" in "Directors" section.

Mr. Ronald Hao Xi Ede ("Mr. Ede"), aged 62, is an executive Director and the Chief Financial Officer of our Company. For further details, please see the paragraphs headed "Executive Directors" in "Directors" section.

Joint Company Secretaries

Ms. Yanju Wang ("Ms. Wang"), aged 32, was appointed as our joint company secretary on 4 June 2018. She joined the Group in October 2015 as Executive Assistant.

Ms. Wang received her bachelor in management degree from the Nanjing University of Posts and Telecommunications in June 2012 and her master of economics degree from Jiangsu University in June 2015. She obtained an accounting qualification certificate in August, 2014 and a banking qualification certificate in October, 2014.

Ms. Lok Yee Chan ("Ms. Chan"), aged 31, was appointed as our joint company secretary on 4 June 2018. She joined Vistra Corporate Services (HK) Limited in 2016 and is a Manager of Corporate Services. Ms. Chan has over six years of experience in providing a full range of company secretarial and compliance services and is currently serving a portfolio of clients including public listed companies and private companies.

Ms. Chan obtained a bachelor of arts from the Hong Kong Polytechnic University in October 2011 and a master of science in Professional Accounting and Corporate Governance in July 2015 from City University of Hong Kong.

She has been an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) in the United Kingdom since 2015.

Changes to Directors' Information

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

Corporate Governance Report

The Board of Directors is pleased to present the corporate governance report for the Company for the year ended 31 December 2020.

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

During the year ended 31 December 2020, the Company has complied with all applicable code provisions set out in the CG Code except for the following deviation:

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The Company does not have separate chairman of the Board and chief executive officer, and Dr. De-Chao Michael Yu, the executive Director, currently performs these two roles. Details will be set out in section headed "Chairman and Chief Executive".

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Model Code for Securities Transactions

The Company has adopted the Model Code as 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 year ended 31 December 2020. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the year ended 31 December 2020.

Board of Directors

Board Composition

As at the date of this annual report, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

The composition of the Board is as follows:

Executive Directors

Dr. De-Chao Michael Yu
(Chairman of the Board and Chief Executive Officer)
Mr. Ronald Hao Xi Ede

Non-executive Director

Mr. Shuyun Chen

Independent non-executive Directors

Dr. Charles Leland Cooney
Ms. Joyce I-Yin Hsu
Dr. Kaixian Chen

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 64 to 67 of this annual report.

None of the members of the Board is related to one another.

Corporate Governance Report

Chairman and Chief Executive

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have separate chairman of the Board and chief executive officer, and Dr. De-Chao Michael Yu, the executive Director, currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Board Meetings, Committee Meetings and General Meetings

Code provision A.1.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

A summary of the attendance record of the Directors at Board meetings and committee meetings during Reporting Period is set out in the following table below:

	Number of meeting(s) attended/number of meeting(s) held for the year ended 31 December 2020						
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors:							
Dr. De-Chao Michael Yu	7/7	N/A	1/1	1/1	1/1	1/1	1/1
Mr. Ronald Hao Xi Ede	7/7	N/A	N/A	N/A	1/1	1/1	1/1
Non-executive Director:							
Mr. Shuyun Chen	7/7	2/2	N/A	N/A	1/1	1/1	1/1
Independent Non-executive Directors:							
Dr. Charles Leland Cooney	7/7	N/A	N/A	1/1	1/1	1/1	1/1
Ms. Joyce I-Yin Hsu	7/7	2/2	1/1	N/A	N/A	1/1	1/1
Dr. Kaixian Chen	7/7	2/2	1/1	1/1	N/A	1/1	1/1

Apart from regular Board Meetings, the Chairman of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during the year.

Corporate Governance Report

Independence of Independent Non-Executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors are independent.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service agreement or a letter of appointment with the Company, the term of service for each of them is three years from the date of appointment or re-appointment. All the Directors are subject to retirement by rotation and re-election at annual general meeting. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be subject to re-election.

Accordingly, the following Directors, Mr. Shuyun Chen and Dr. Kaixian Chen shall retire at the AGM and, being eligible, will offer themselves for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board would regularly review the contribution required from each Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performs them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the Group's senior management whom are responsible for overseeing the general operation, business development, finance, marketing, and operations.

Corporate Governance Report

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities.

Board Committees

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Strategy Committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The audit committee comprises of three non-executive Directors (including independent non-executive Directors), namely, Ms. Joyce I-Yin Hsu, Mr. Shuyun Chen and Dr. Kaixian Chen. Ms. Joyce Hsu is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting, risk management and internal controls system of the Group, review and approve connected transactions and to advise the Board. The terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The Audit Committee held 2 meetings during the Reporting Period. The following is a summary of work performed by the Audit Committee during the Reporting Period:

- reviewed the annual and interim results and reports, the Group's financial and accounting policies and practices and the scope of audit and appointment of auditors;
- reviewed the financial controls system and engagement of non-audit services;
- reviewed the risk management, internal control and compliance systems and internal audit function and discussed with the management and internal audit on their findings; and
- discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company

The Audit Committee also met Deloitte, the external auditors of the Company.

Corporate Governance Report

Remuneration Committee

The Company established the Remuneration and Assessment Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee comprises one executive Director, namely Dr. De-Chao Michael Yu, and two independent non-executive Directors, namely Ms. Joyce I-Yin Hsu and Dr. Kaixian Chen. Ms. Hsu is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Remuneration and Assessment Committee held 1 meeting during the Reporting Period. The following is a summary of work performed by the Remuneration and Assessment Committee during the Reporting Period:

- made recommendations to the Board on the remuneration package of the individual Executive Directors and senior management;
- reviewed and made recommendations to the Board on the remuneration of the Independent Non-executive Directors;
- reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management; and
- reviewed and made recommendations to the Board on the Company's RS and option grant plan to the key talents in 2020.

Details of the Directors' remuneration for the year ended 31 December, 2020 are set out in Note 10 to the consolidated financial statements.

The remuneration of the senior management (other than Directors) of the Group by band for the year ended 31 December, 2020 is set out below:

Remuneration bands (RMB)	Number of persons
0-10,000,000	1
Total	1[(1)]

Note:

1. Including one senior management, namely Dr. Qinwei Zhou, resigned from the Group during the reporting period.

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee comprises one executive Director, namely Dr. De-Chao Michael Yu, and two independent non-executive Directors, namely Dr. Charles Leland Cooney and Dr. Kaixian Chen. Dr. Yu is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

The Nomination Committee held 1 meeting during the Reporting Period. The following is a summary of work performed by the Nomination Committee during the Reporting Period:

- assess the independence of the independent non-executive Directors;
- considered and/or made recommendations to the Board on the re-election of directors; and
- reviewed the structure, size and composition of the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, details of which will be set out in the section headed "Board Diversity Policy".

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board. The details of which will be set out in the section headed "Director Nomination Policy".

Strategy Committee

The Company has established a Strategy Committee. The Strategy Committee comprises two executive Directors, namely Dr. De-Chao Michael Yu and Mr. Ronald Hao Xi Ede, one non-executive Director, namely Mr. Shuyun Chen and one independent non-executive Directors namely Dr. Charles Leland Cooney. Dr. Yu is the chairman of the Strategy Committee.

The primary duties of the Strategy Committee are to provide strategic guidance and advice in relation to the Company's business development.

The Strategy Committee held 1 meeting during the Reporting Period. The following is a summary of work performed by the Committee during the Reporting Period:

- review the Company's strategy management system and long-term goals, and provide improving advices; and
- review the Company's business development strategy and provide strategies guidance.

Corporate Governance Report

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Diversity Policy**") in accordance with the CG Code, which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to maintain the Company's competitive advantage and enhance its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee will discuss and agree periodically on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At present, the Board considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objectives.

The Nomination Committee will review the Diversity Policy, as and when appropriate, to ensure its effectiveness.

Director Nomination Policy

On 6 December 2018, the Company adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Director Nomination Policy sets out the non-exhaustive factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- reputation for integrity;
- professional qualifications and skills;
- accomplishment and experience in the pharmaceutical and biologics markets;
- commitment in respect of available time and relevant interest;
- independence of proposed independent non-executive Directors; and
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

In terms of succession planning, the following considerations will be used by the Nomination Committee in making recommendations:

- required knowledge, skills and experience at a full Board composite level to effectively fulfil the Board's legal role and responsibilities;
- an appropriate balance of diversity across the Board;
- personal qualities of each candidate;
- continuity through a smooth succession of Directors; and
- compliance with the relevant legal and regulatory requirements.

Corporate Governance Report

The Nomination Committee will review the Director Nomination Policy, as and when appropriate, and recommend revision to the Board for consideration and approval.

Corporate Governance Function

The Board is responsible for performing the functions set out in code provision D.3.1 of the CG Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

Dividend Policy

On 6 December 2018, the Company adopted a dividend policy (the "**Dividend Policy**") in accordance with the CG Code. The Company does not have any pre-determined dividend payout ratio and intends to retain most, if not all, of available funds and any future earnings to operate and expand the business of the Company. Dividends may only be declared and paid out of the profits and reserves of the Company lawfully available for distribution (including share premium), and in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. The Dividend Policy also outlines the factors that the Board should take into account in determining any dividend for distribution to the Shareholders, including future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board considers relevant. Any future dividend payments to the Shareholders will also depend upon the availability of dividends received from the Group's subsidiaries.

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2020.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Continuous Professional Development of Directors

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Reporting Period, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

During the Reporting Period, each of the Directors, namely, Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede, Mr. Shuyun Chen, Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu and Dr. Kaixian Chen, has attended the training courses conducted by the legal advisor of the Company. The content of such training related to the duties of directors and on-going obligations of listed companies.

Corporate Governance Report

Auditors' Responsibility and Remuneration

The Company appointed Deloitte as the external auditor for the year ended 31 December 2020. A statement by Deloitte about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 79 to 84.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Deloitte for the year ended 31 December 2020 are set out in the table below:

Services rendered for the Company	Fees paid and payable RMB'000	Total Fees paid and payable RMB'000
Audit services:		
Annual audit services	**2,900**	**2,900**
Non-audit services:		
Tax advisory services	**1,231**	**1,231**
Review of interim results	**1,100**	**1,100**
Total	**5,231**	**5,231**

Risk Management and Internal Controls

The Board acknowledges its responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, the Board had conducted a review of the effectiveness of the risk management internal control system of the Company and considered the system effective and adequate.

The Group has established an internal audit department and has designated the relevant personnel who will be responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. Each member of the Group is required to adhere strictly to the Group's internal control procedures and report to the internal control team of any risks or internal control measures.

The Group has also adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be overseen by the Board. Unless authorised by the Board, staff members of the Group are not permitted to disseminate inside information relating to the Group to any external parties and are not permitted to respond to media or market speculation which may materially affect the trading price or volume of the Shares on the market.

Corporate Governance Report

In the ordinary course of the Group's business, sensitive data is collected and stored, including, among other things, identity information about our students and our employees, intellectual property, and proprietary business information. The Group manages and maintains our applications and data utilising on-site systems. These applications and data encompass a wide variety of business critical information including commercial information, and business and financial information. The Group has implemented relevant internal procedures and controls to ensure that such sensitive data is protected and that leakage and loss of such data is avoided.

The Company's Audit Committee and management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient. Arrangements are in place to identify, evaluate and manage significant risks including facilitating employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. Our management, under the supervision of our Board or a committee of our Board takes reasonable steps to (i) monitor compliance with the code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the code.

Joint Company Secretaries

Ms. Yanju Wang, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also externally engaged Ms. Lok Yee Chan, a manager of the corporate services department of Vistra Corporate Services (HK) Ltd, as another joint company secretary to assist Ms. Wang in discharging the duties of a company secretary of the Company. Her primary contact person at the Company is Ms. Wang.

During the Reporting Period, Ms. Yanju Wang and Ms. Lok Yee Chan have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

Shareholders' Rights

Convening of Extraordinary General Meetings ("EGM") by Shareholders

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. General meetings shall also be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

General meetings may also be convened on the written requisition of a Shareholder which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Corporate Governance Report

Putting Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Law of Cayman Islands (as revised and amended from time to time) or the Articles of Association. However, shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in paragraph above.

As regards the procedures for shareholders to propose a candidate for election as a Director, they are available on the Company's website at www.innoventbio.com.

Putting Forward Enquiries to the Board and Contact Details

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Law of Cayman Islands (as revised and amended from time to time) or the Articles of Association. However, shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in paragraph above.

As regards the procedures for shareholders to propose a candidate for election as a Director, they are available on the Company's website at www.innoventbio.com.

Address: 168 Dongping Street Suzhou Industrial Park China 215123
Telephone: (86) 0512-69566088
Fax: (86) 0512-69566088-8348
Email: ir@innoventabio.com

Communication with Shareholders and Investors Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.innoventbio.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Changes in Constitutional Documents

During the Reporting Period, the Company did not made any significant changes to its constitutional documents.

A latest version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of Innovent Biologics, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 85 to 162, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matters
Cut-off of research and development expenses	
The Group incurred significant research and development ("R&D") expenses of RMB1,851 million as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. In addition, R&D expenses of RMB288 million were accrued as at 31 December 2020 as set out in note 25 to the consolidated financial statements. A large portion of the accrued R&D expenses were service fees paid to outsourced service providers including contract research organisations and clinical trial sites (collectively referred to as the "Outsourced Service Providers"). We identified the cut-off of R&D expenses as a key audit matter due to its significant amount and risk of not accruing R&D costs incurred for services provided by the Outsourced Service Providers in the appropriate reporting period.	Our procedures in relation to the cut-off of R&D expenses included: • Obtaining an understanding of key controls of the management's basis and assessment in relation to the accrual process of the R&D expenses including service fees paid to Outsourced Service Providers; • For the service fees paid to contract research organisations, reading the key terms set out in research agreements and evaluating the completion status with reference to the progress reported by the representatives of the relevant contract research organisations, on a sample basis, to determine whether the service fees were recorded based on respective contract sums, progress and/or relevant milestones achieved; and • For the service fees paid to clinical trial centres, testing the accrual of the clinical trial related costs, on a sample basis, with reference to the clinical trial data and terms of services.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimation in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period. As disclosed in note 19 to the consolidated financial statements, the Group's net trade receivables amounting to approximately RMB475 million. As disclosed in notes 4 and 35 to the consolidated financial statements, trade receivables with significant balances are assessed for ECL individually while for the remaining balances, collective assessment is adopted. The management of the Group estimates the amount of lifetime ECL of trade receivables based on collective assessment through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing and/or past due status of respective trade receivables. Estimated loss rates are based on default rates over the expected life of the debtors and are adjusted for forward-looking information.	Our procedures in relation to the impairment assessment of trade receivables included: • Understanding key controls on how the management estimates the loss allowance for trade receivables; • Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2020, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and other supporting documents; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2020, including their identification of significant balances and credit-impaired receivables and, the reasonableness of management's grouping of the remaining trade debtors into different categories in the collective assessment, and the basis of estimated loss rates applied in each category in the collective assessment (with reference to default rates and forward-looking information); and • Evaluating the disclosures regarding the impairment assessment of trade receivables in note 35 to the consolidated financial statements.

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Yau, Wing Chi.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers	5	**3,843,819**	1,047,525
Cost of sales		**(387,761)**	(124,878)
Gross profit		**3,456,058**	922,647
Other income	6	**246,787**	144,081
Other gains and losses	7	**(479,965)**	15,075
Research and development expenses		**(1,851,453)**	(1,294,724)
Administrative and other expenses		**(436,872)**	(255,299)
Selling and marketing expenses		**(1,340,861)**	(692,515)
Royalties and other related payments		**(384,057)**	(499,725)
Finance costs	8	**(68,350)**	(59,490)
Loss before tax		**(858,713)**	(1,719,950)
Income tax expense	12	**(139,708)**	–
Loss and total comprehensive expenses for the year	9	**(998,421)**	(1,719,950)
Loss per share	13		
– Basic (RMB Yuan)		**(0.74)**	(1.46)
– Diluted (RMB Yuan)		**(0.74)**	(1.46)

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	14	**1,584,079**	1,344,788
Right-of-use assets	15	**327,124**	91,516
Intangible assets	16	**32,625**	–
Deposits for acquisition of property, plant and equipment		**272,278**	84,849
Other receivables and tax recoverables	20	**139,267**	251,969
Other financial assets	22	**12,942**	1,984
		2,368,315	1,775,106
Current assets			
Inventories	18	**705,658**	358,597
Trade receivables	19	**475,378**	247,854
Deposits, prepayments and other receivables	20	**164,515**	151,626
Contract assets	21	**–**	2,185
Other financial assets	22	**357,297**	462,519
Bank balances and cash	23	**7,763,833**	4,232,642
		9,466,681	5,455,423
Current liabilities			
Trade payables	24	**120,620**	84,275
Other payables and accrued expenses	25	**973,634**	885,004
Contract liabilities	26	**120,440**	41,727
Borrowings	27	**255,000**	17,000
Lease liabilities	28	**16,157**	15,550
		1,485,851	1,043,556
Net current assets		**7,980,830**	4,411,867
Total assets less current liabilities		**10,349,145**	6,186,973

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current liabilities			
Contract liabilities	26	**588,141**	581,786
Borrowings	27	**925,178**	808,000
Government grants	29	**45,823**	16,518
Lease liabilities	28	**10,233**	24,538
		1,569,375	1,430,842
Net assets		**8,779,770**	4,756,131
Capital and reserves			
Share capital	30	**97**	87
Reserves		**8,779,673**	4,756,044
Total equity		**8,779,770**	4,756,131

The consolidated financial statements on pages 85 to 162 were approved and authorised for issue by the board of directors on 29 March 2021 and are signed on its behalf by:

Yu, De-Chao Michael
DIRECTOR

Ede, Hao Xi Ronald
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (note)	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	79	11,751,242	(313,652)	20,363	(7,263,618)	4,194,414
Loss and total comprehensive expenses for the year	–	–	–	–	(1,719,950)	(1,719,950)
Issuance of ordinary shares (note 30a)	7	2,168,913	–	–	–	2,168,920
Transaction costs attributable to issuance of new shares	–	(46,211)	–	–	–	(46,211)
Recognition of equity-settled share-based payments	–	–	–	153,070	–	153,070
Vesting of restricted shares	–	648	–	(648)	–	–
Exercise of share options (note 30b)	1	10,670	–	(4,783)	–	5,888
At 31 December 2019	**87**	**13,885,262**	**(313,652)**	**168,002**	**(8,983,568)**	**4,756,131**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**(998,421)**	**(998,421)**
Issuance of ordinary shares (note 30c)	**9**	**4,656,691**	**–**	**–**	**–**	**4,656,700**
Transaction costs attributable to issuance of new shares	**–**	**(42,803)**	**–**	**–**	**–**	**(42,803)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**402,500**	**–**	**402,500**
Vesting of restricted shares	**–**	**31,946**	**–**	**(31,946)**	**–**	**–**
Exercise of share options (note 30d)	**1**	**10,155**	**–**	**(4,493)**	**–**	**5,663**
At 31 December 2020	**97**	**18,541,251**	**(313,652)**	**534,063**	**(9,981,989)**	**8,779,770**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(858,713)**	(1,719,950)
Adjustments for:		
Loss on disposal of property, plant and equipment	**1,200**	–
Depreciation of property, plant and equipment	**67,983**	73,834
Depreciation of right-of-use assets	**17,644**	12,533
Net foreign exchange losses (gains)	**571,781**	(25,634)
Gain from changes in fair value of other financial assets (financial assets mandatorily measured at fair value through profit or loss ("FVTPL"))	**(30,976)**	(2,627)
Share-based payment expenses	**402,500**	153,070
Research and development expenses paid by partners of joint operations	**45,367**	17,152
Government grants income	**(2,958)**	(2,106)
Bank interest income	**(116,102)**	(102,700)
Interest on bank borrowings	**33,344**	24,532
Interest arising from a contract which contains significant financing component	**33,399**	33,459
Interest on lease liabilities	**1,607**	1,499
Operating cash flows before movements in working capital	**166,076**	(1,536,938)
Decrease in contract assets	**2,185**	5,320
Increase in inventories	**(311,427)**	(292,476)
Increase in trade receivables	**(227,524)**	(247,854)
Decrease (increase) in deposits, prepayments and other receivables	**94,001**	(49,133)
Increase in trade payables	**36,345**	41,454
Increase in other payables and accrued expenses	**17,242**	278,263
Increase in contract liabilities	**51,669**	123,165
Increase in government grant	**3,453**	–
Cash used in operations	**(167,980)**	(1,678,199)
Income tax refund	**–**	13,726
Withholding tax paid	**(139,708)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(307,688)**	(1,664,473)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES		
Interest received	**121,299**	70,532
Placement of term deposits with maturity dates over three months	**(7,126,249)**	(4,264,315)
(Placement) release of pledged term deposits	**(73,000)**	498
Purchase of property, plant and equipment	**(489,022)**	(365,873)
Purchase of other financial assets	**(4,518,730)**	(586,984)
Upfront payments for right-of-use assets/leasehold land	**(250,131)**	–
Purchase of intangible assets	**(32,625)**	–
Release of term deposits with maturity dates over three months	**2,518,430**	2,457,479
Proceeds on release of other financial assets	**4,642,246**	125,108
Proceeds from disposal of property plant and equipment	**38**	–
Receipt of government grants related to property, plant and equipment	**28,810**	2,669
Repayment to a partner of joint operations	**(5,654)**	(8,271)
NET CASH USED IN INVESTING ACTIVITIES	**(5,184,588)**	(2,569,157)
FINANCING ACTIVITIES		
Interest paid	**(45,829)**	(41,316)
New borrowings raised	**372,178**	43,000
Repayment of borrowings	**(17,000)**	(10,000)
Repayment of lease liabilities	**(16,788)**	(9,336)
Payment of transaction costs attributable to initial public offering ("IPO")	**–**	(1,630)
Payment of transaction costs attributable to issuance of new shares	**(42,803)**	(46,211)
Issuance of ordinary shares	**4,656,700**	2,168,920
Receipt of proceeds from exercise of share options	**5,663**	5,888
NET CASH FROM FINANCING ACTIVITIES	**4,912,121**	2,109,315
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(580,155)**	(2,124,315)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**2,425,806**	4,524,854
Effects of foreign exchange rate changes	**(569,473)**	25,267
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (note 23)	**1,276,178**	2,425,806

Notes to the Consolidated Financial Statements

1. General Information

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in research and development of antibody and protein medicine products, sale and distribution of pharmaceutical products, and provision of consultation and research and development services.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. Application of Amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standard Board (the "IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

2. Application of Amendments to International Financial Reporting Standards ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Except for granting of licence that is distinct from other promised goods or services, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For licence fee income and research and development service fee income that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of the reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Variable consideration (Continued)

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Royalties and other related payments

Royalty or profit-sharing payments to a collaborator are recognised as royalties and other related payments at the time the Group obligated to pay in accordance with relevant terms.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of office equipments. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss for the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares/share options granted to employees and a consultant

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash- generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of the cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of the cash-generating units. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of the cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of the cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents estimated selling price for inventories less estimated costs necessary to make the sale. Trial batches manufactured prior to regulatory approval (including raw materials cost) is charged to research and development expenses when they are produced.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit- impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including other loans, trade receivables, other receivables, rental deposits and bank balances) and other item (contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets without signification financing component. The ECL on these assets are assessed either individually for debtors with significant balances or collectively with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the past-due status when formulating the groupings.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Research and development expenses

Development costs incurred on the Group's pharmaceutical product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalisation. During the year ended 31 December 2020, the Group capitalised development costs of RMB32,625,000 (2019: nil) and the remainings are expensed when incurred.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

Trade receivables with significant balances are assessed for ECL individually. In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on individual basis, collective assessment is adopted. The management of the Group estimates the amount of lifetime ECL of trade receivables based on collective assessment through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing and/or past due status of respective trade receivables. Estimated loss rates are based on default rates over the expected life of the debtors and are adjusted for forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 35.

Notes to the Consolidated Financial Statements

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives of property, plant, and equipment

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is reference to the useful lives of property, plant and equipment of similar nature and functions in the industry. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete assets that have been abandoned or sold. As at 31 December 2020, the carrying amount of property, plant and equipment is RMB1,584 million (2019: RMB1,345 million) as disclosed in note 14.

Recognition of revenue arising from commercialisation licence

The Group entered into a collaboration agreement and to provide a commercialisation licence to a customer. Upfront fee received is recorded under contract liabilities and recognised as revenue only when customers have ability to use the licence. Accordingly, revenue is recognise over time upon customer receives and consumes the benefits during the commercialisation stage of the respective products. During the year ended 31 December 2020, licence fee income related to commercialisation licence of RMB79,036,000 (2019: RMB17,868,000) was recognised based on the actual sales against the total budgeted sales during the commercialisation period. Management revise its total budgeted sales from time to time based on changes in facts and circumstances.

5. Revenue from Contracts with Customers and Segment Information

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

	2020 RMB'000	2019 RMB'000
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**2,367,531**	1,015,871
Licence fee income	**1,397,077**	10,000
	3,764,608	1,025,871
Overtime		
Research and development service fee income	**175**	3,786
Licence fee income	**79,036**	17,868
	79,211	21,654
	3,843,819	1,047,525

Notes to the Consolidated Financial Statements

5. Revenue from Contracts with Customers and Segment Information (Continued)

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 45 – 60 days upon delivery. Customers can only return or request refund if the goods delivered do not meet required quality standards. As at 31 December 2020, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

Licence fee income

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

The consideration for licence comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and royalties).

For licence that the Group provided for customers' right to access, upfront fee is recognised as revenue when customers have ability to use the underlying IP of the licence and variable consideration is recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future.

For licence associate with customers' right to use, upfront fee and variable consideration received are recorded under contract liabilities and recognised as revenue only when customers have ability to use the licence and variable consideration is recognised only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future.

As at 31 December 2020, the Group may receive remaining milestone payments up to an aggregate amount of RMB5,644 million (2019: nil) (excluding sales-based royalty arrangement in accordance with relevant contracts).

Research and development agreements with a customer

The Group entered into research and development agreements with a customer. The Group earns revenues by providing research services to its customers through fee-for-service contracts. Contract duration is over a year. Upfront payments (if any) received by the Group was initially recognised as a contract liability. Services revenue is recognised as a performance obligation satisfied over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group uses cost incurred to date as an input method to measure progress towards complete satisfaction of these performance obligations. Payment for services is not due from the customer until the development is completed and therefore a contract asset is recognised over the period in which the services are performed.

As at 31 December 2020, transaction price allocated to the remaining performance obligation amounting to nil (2019: RMB87,000) to be fulfilled within 12 months after the end of the reporting period.

Notes to the Consolidated Financial Statements

5. Revenue from Contracts with Customers and Segment Information (Continued)

Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

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

Revenue by geographical location

	2020 RMB'000	2019 RMB'000
The PRC	**2,446,742**	1,047,525
United States of America ("US")	**1,397,077**	–
	3,843,819	1,047,525

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2020 RMB'000	2019 RMB'000
Customer A (Note)	**3,492,510**	933,853

Note: Revenue from customer A is mainly from sales of pharmaceutical products and licence fee income.

Notes to the Consolidated Financial Statements

6. Other Income

	2020 RMB'000	2019 RMB'000
Bank interest income	**116,102**	102,700
Government grants income (note)	**130,685**	41,381
	246,787	144,081

Note: Government grants include subsidies from the PRC government which are specifically for (i) the capital expenditure incurred for plant and machinery, which is recognised over the useful lives of the related assets; and (ii) the incentive and other subsidies for research and development activities and interest subsidies, which are recognised upon compliance with the attached conditions.

7. Other Gains and Losses

	2020 RMB'000	2019 RMB'000
Loss on disposal of property, plant and equipment	**(1,200)**	–
Gain from changes in fair value of other financial assets (financial assets mandatorily measured at FVTPL) (note 22)	**30,976**	2,627
Net foreign exchange (losses) gains	**(509,741)**	12,448
	(479,965)	15,075

8. Finance Costs

	2020 RMB'000	2019 RMB'000
Interest on bank borrowings	**44,612**	40,025
Interest arising from a contract which contains significant financing component	**33,399**	33,459
Interest on lease liabilities	**1,607**	1,499
Total borrowing costs on financial liabilities that are not at FVTPL	**79,618**	74,983
Less: amounts capitalised in the cost of qualifying assets	**(11,268)**	(15,493)
	68,350	59,490

Notes to the Consolidated Financial Statements

9. Loss for the Year

	2020 RMB'000	2019 RMB'000
Loss for the year has been arrived at after charging:		
Directors' emoluments (note 10)	**119,512**	86,072
Other staffs costs:		
Salaries and other allowances	**652,883**	413,213
Performance related bonus	**194,374**	157,790
Retirement benefit scheme contributions	**85,146**	50,093
Share-based payment expenses	**308,345**	89,426
Total staff costs	**1,360,260**	796,594
Depreciation of property, plant and equipment	**103,617**	73,834
Capitalised in inventories	**(35,634)**	(16,827)
	67,983	57,007
Depreciation of right-of-use assets	**17,644**	12,533
Auditor's remuneration	**5,530**	4,121
Cost of inventories recognised as an expense	**404,312**	197,072

Notes to the Consolidated Financial Statements

10. Directors', Chief Executive's and Employees' Emoluments

Directors

Details of the emoluments paid or payable to the directors of the Company and the chief executive of the Company by the group entities during the reporting period are as follows:

Year ended 31 December 2020

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments expenses RMB'000	Total RMB'000
Executive directors:						
Yu, De-Chao Michael ("Dr. Yu")	–	2,826	14,902	–	86,846	104,574
Ede, Hao Xi Ronald	–	2,415	4,092	–	7,309	13,816
	–	5,241	18,994	–	94,155	118,390
Non-executive director:						
Chen, Shuyun	–	–	–	–	–	–
Independent non-executive directors:						
Cooney, Charles L.	360	–	–	–	–	360
Hsu, I-Yin Joyce	402	–	–	–	–	402
Chen, Kaixian	360	–	–	–	–	360
	1,122	–	–	–	–	1,122
	1,122	5,241	18,994	–	94,155	119,512

Notes to the Consolidated Financial Statements

10. Directors', Chief Executive's and Employees' Emoluments (Continued)

Directors (Continued)

Year ended 31 December 2019

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments expenses RMB'000	Total RMB'000
Executive directors:						
Dr. Yu	–	2,912	12,120	–	60,632	75,664
Ede, Hao Xi Ronald	–	2,494	3,420	–	3,012	8,926
	–	5,406	15,540	–	63,644	84,590
Non-executive director:						
Chen, Shuyun	360	–	–	–	–	360
Independent non-executive directors:						
Cooney, Charles L.	360	–	–	–	–	360
Hsu, I-Yin Joyce	402	–	–	–	–	402
Chen, Kaixian	360	–	–	–	–	360
	1,122	–	–	–	–	1,122
	1,482	5,406	15,540	–	63,644	86,072

The executive directors' emoluments shown above were for their services as directors of the Company in connection with the management of the affairs of the Company and Group.

The independent non-executive directors' and non-executive director's emoluments shown above were for their services as directors of the Company.

Dr. Yu is also the chief executive of the Company, and his emoluments disclosed above included those services rendered by him as the chief executive.

Performance related bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

There were no arrangement under which a director of the Company or the chief executive waived or agreed to waive any remuneration during the year.

Notes to the Consolidated Financial Statements

10. Directors', Chief Executive's and Employees' Emoluments (Continued)

Employees

The five highest paid individuals of the Group during the year included two directors (2019: two directors) of the Company, details of whose emoluments are set out above. The emoluments of the remaining three (2019: three) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries and other allowances	**7,652**	6,854
Performance related bonus	**2,673**	2,942
Share-based payments expenses	**13,846**	19,559
Retirement benefits scheme	**209**	244
	24,380	29,599

The emoluments of these employees included two directors of the Company (2019: two directors) during the reporting period were fell within the following bands:

	Number of individuals Year ended 31 December	
	2020	2019
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**2**	–
HK$10,000,001 to HK$10,500,000	**–**	1
HK$13,000,001 to HK$13,500,000	**–**	1
HK$15,500,001 to HK$16,000,000	**1**	–
HK$16,000,001 to HK$16,500,000	**–**	1
HK$18,000,001 to HK$18,500,000	**1**	–
HK$85,500,001 to HK$86,000,000	**–**	1
HK$117,500,001 to HK$118,000,000	**1**	–
	5	5

During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including two directors of the Company) and employees as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company nor the five highest paid individuals has waived or agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

During the years ended 31 December 2020 and 2019, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. Further, no consideration was provided to or receivable by third parties for making available directors' services. There are also no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

Notes to the Consolidated Financial Statements

11. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

12. Income Tax Expense

	2020 RMB'000	2019 RMB'000
Current tax:		
Withholding tax	**139,708**	–

The Company is tax exempt under the laws of the Cayman Islands.

Innovent Biologics (HK) Limited ("Innovent HK") is subject to Hong Kong profits tax on profits earned in Hong Kong. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Under the US Tax Cuts and Jobs Act, the US corporate income tax rate has charged at flat rate of 21%.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%.

信達生物製藥(蘇州)有限公司 Innovent Biologics (Suzhou) Co., Ltd.* ("Innovent Suzhou") has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau (the "STB") of Jiangsu Province and relevant authorities on 30 November 2016, and has been registered with the local tax authorities for enjoying the reduced 15% Enterprise Income Tax rate (the "EIT rate"). Accordingly, the profits derived by the subsidiary is subject to 15% EIT rate for the reporting period. Innovent Suzhou submitted the renewal application to STB of Jiangsu Province in August 2019 and the qualification as a High and New Technology Enterprise has been approved by the relevant tax authorities in March 2020 and will be expired in November 2022.

In addition, Innovent Suzhou is subject to withholding tax on licence fee income received from US based customers amounting to RMB139,708,000 (2019: nil) for the year ended 31 December 2020.

* English name for identification only

Notes to the Consolidated Financial Statements

12. Income Tax Expense (Continued)

The tax charge for the reporting period can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000
Loss before tax	**(858,713)**	(1,719,950)
Tax charge at the PRC EIT rate of 25%	**(214,678)**	(429,987)
Tax effect of expenses not deductible for tax purpose	**400,532**	129,589
Effect of research and development expenses that are additionally deducted (note)	**(272,806)**	(203,937)
Tax effect of tax losses not recognised	**31,946**	453,171
Tax effect of deductible temporary differences not recognised	**55,006**	51,164
Withholding tax on license fee income	**139,708**	–
Tax charge for the year	**139,708**	–

Note: Pursuant to Caishui 2018 circular No. 99, Innovent Suzhou and 蘇州信達生物科技有限公司 Innovent Biologics Technology (Suzhou) Co., Ltd.* ("Innovent Technology") enjoy super deduction of 175% (2019: 175%) on qualifying research and development expenditures for the year ended 31 December 2020.

* English name for identification only

As at 31 December 2020, the Group has unused tax losses of RMB4,934 million (2019: RMB4,806 million), available for offset against future profits. Among the unused tax losses, RMB4,934 million (2019: RMB4,806 million) will be expired between 2023 to 2030 (2019: 2023 to 2029). No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

As at 31 December 2020, the Group has deductible temporary differences mainly related to government grants income and contract liabilities of RMB786 million (2019: RMB566 million). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements

13. Loss Per Share

(a) Basic

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

	Year ended 31 December	
	2020	2019
Loss (RMB'000)		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(998,421)**	(1,719,950)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,357,011,757**	1,177,686,162

The computation of basic loss per share for the year ended 31 December 2020 excluded the treasury shares and included the vested but unissued restricted shares of the Company. Details of the restricted shares are set out in note 31.

The computation of basic loss per share for the year ended 31 December 2019 excluded the unvested restricted shares of the Company. Details of these restricted shares are set out in note 31.

(b) Diluted

31 December 2020 and 2019

The Company had two categories of potential ordinary shares and unvested restricted shares of the Company (note 31) under the Pre-IPO Share Incentive Plan (the "Pre-IPO Plan"), 2018 Restricted Shares Plan (the "2018 RS Plan"), 2020 Restricted Shares Plan (the "2020 RS Plan") and the shares options awarded under Pre-IPO Plan and Post-IPO share option scheme (the "Post-IPO ESOP"), as details set out in note 31. As the Group incurred losses for the years ended 31 December 2020 and 2019, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the year ended 31 December 2020 and 2019 is the same as basic loss per share.

Notes to the Consolidated Financial Statements

14. Property, Plant and Equipment

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2019	389,725	45,553	439,873	28,440	4,949	347,772	1,256,312
Additions	–	–	–	–	–	340,569	340,569
Transfer	–	7,632	48,160	28,304	1,756	(85,852)	–
At 31 December 2019	**389,725**	**53,185**	**488,033**	**56,744**	**6,705**	**602,489**	**1,596,881**
Additions	**–**	**–**	**–**	**–**	**–**	**344,146**	**344,146**
Transfer	**–**	**23,575**	**606,327**	**29,072**	**–**	**(658,974)**	**–**
Disposal	**–**	**–**	**(3,022)**	**(641)**	**–**	**–**	**(3,663)**
At 31 December 2020	**389,725**	**76,760**	**1,091,338**	**85,175**	**6,705**	**287,661**	**1,937,364**
DEPRECIATION							
At 1 January 2019	25,188	17,884	122,124	10,293	2,770	–	178,259
Provided for the year	8,397	8,124	46,756	9,336	1,221	–	73,834
At 31 December 2019	**33,585**	**26,008**	**168,880**	**19,629**	**3,991**	**–**	**252,093**
Provided for the year	**8,397**	**9,587**	**66,869**	**17,753**	**1,011**	**–**	**103,617**
Disposal	**–**	**–**	**(2,250)**	**(175)**	**–**	**–**	**(2,425)**
At 31 December 2020	**41,982**	**35,595**	**233,499**	**37,207**	**5,002**	**–**	**353,285**
CARRYING VALUE							
At 31 December 2020	**347,743**	**41,165**	**857,839**	**47,968**	**1,703**	**287,661**	**1,584,079**
At 31 December 2019	356,140	27,177	319,153	37,115	2,714	602,489	1,344,788

The above items of property, plant and equipment except for construction in progress, after taking into account of the residual value, are depreciated on a straight-line basis at the following rate per annum:

Buildings	2%
Leasehold improvement	Over the shorter of the term of the lease, or 5%
Plant and machinery	7% – 20%
Furniture, fixtures and equipment	10 – 33%
Motor vehicles	25%

As at 31 December 2020, the Group has pledged property, plant and equipment with a net book value of RMB528 million (2019: RMB570 million), to secure borrowings as disclosed in the note 27.

Notes to the Consolidated Financial Statements

15. Right-of-Use Assets

	Leasehold lands RMB'000	Buildings RMB'000	Total RMB'000
As at 31 December 2020			
Carrying amount	301,725	25,399	327,124
As at 31 December 2019			
Carrying amount	52,842	38,674	91,516
For the year ended 31 December 2020			
Additions	250,131	3,121	253,252
Depreciation charge	(1,248)	(16,396)	(17,644)
	248,883	(13,275)	235,608
For the year ended 31 December 2019			
Additions	–	24,558	24,558
Depreciation charge	(1,248)	(11,285)	(12,533)
	(1,248)	13,273	12,025

	2020 RMB'000	2019 RMB'000
Expense relating to short-term leases	**2,120**	2,862
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**1,287**	731
Total cash outflow for leases	**304,560**	14,273

For both years, the Group leases lands and various offices for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for offices. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in this note.

Notes to the Consolidated Financial Statements

16. Intangible Assets

	Development cost RMB'000
At 1 January 2019 and 31 December 2019	–
Additions	32,625
At 31 December 2020	32,625

The Group's licence was acquired from a third party. The above intangible assets have finite useful lives and is not yet available for use.

During the year ended 31 December 2020, the Group capitalised development cost amounted to RMB32,625,000, in respect of the license for a few particular molecules with the goal of developing and commercialising them as a pharmaceutical products for development cost.

The management of the Group conducted impairment assessment on development cost that is yet available for use as it is required to test for impairment at least annually. For the purpose of impairment assessment, the relevant intangible assets that are not yet available for use are tested at cash generating unit ("CGU") level. The CGU includes the relevant property, plant and equipment and right-of-use assets (including allocation of corporate assets) and generates independent future cash inflows. The recoverable amounts have been determined based on a value in use calculation using cash flow projection which is based on financial forecast approved by the directors of the Company as at 31 December 2020. The growth rate used to extrapolate the cash flows subsequent to the forecast period is 3% which is closed to long-term inflation rate. The pre-tax discount rates applied to the cash flow projections are 20% as at 31 December 2020, which are determined by reference to the average discount rate with similar business risk and after taking into account the risk premium in connection with the related research and development efforts. Apart from the discount rate as stated above, the estimation of cash inflows/outflows include budgeted sales and gross margin which are based on management's expectation for the market development.

With regard to the impairment assessment, management believes that no reasonably changes in any of the key assumptions would cause the recoverable amounts of the capitalised development cost to be materially lower than their carrying amounts.

Notes to the Consolidated Financial Statements

17. Particulars of Subsidiaries

Details of the Company's principal operating subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/registered capital 31 December 2020	Issued and fully paid share capital/registered capital 31 December 2019	Shareholding/equity interests attributable to the Company as at 31 December 2020	Shareholding/equity interests attributable to the Company as at 31 December 2019	Principal activities
Directly held:						
Innovent HK	Hong Kong 17 May 2011	Issued capital of HK$10,000 and paid-up capital of HK$10,000	Issued capital of HK$10,000 and paid-up capital of HK$10,000	**100%**	100%	Sales of drugs
Innovent Biologics (USA), Inc	United States of America 8 June 2018	Issued capital of nil and paid-up capital of nil	Issued capital of nil and paid-up capital of nil	**100%**	100%	Research and development
Innovent Biologics (Europe) Limited	England and Wales 27 July 2020	Issued capital of nil and paid-up capital of nil	–	**100%**	–	Research and development
Innovent Biopharmaceuticals (HK), Limited	Hong Kong 27 March 2020	Issued capital of HK$10,000 and paid-up capital HK$10,000	–	**100%**	–	Inactive
Innovent Biopharmaceuticals Inc.	Cayman Islands 24 April 2020	Issued capital of USD50,000 and paid-up capital USD50,000	–	**100%**	–	Inactive
Indirectly held:						
Innovent Suzhou	PRC 24 August 2011 (note a)	Registered capital of USD152,464,750 and paid-up capital of USD152,464,750	Registered capital of USD152,464,750 and paid-up capital of USD152,464,750	**100%**	100%	Research and development and sales of drugs
Innovent Technology	PRC 8 July 2013 (note a)	Registered capital of RMB40,000,000 and paid-up capital of RMB40,000,000	Registered capital of RMB40,000,000 and paid-up capital of RMB40,000,000	**100%**	100%	Research and development
Oriza Xinda International Limited	Hong Kong 20 March 2018	Issued capital of USD50,000 and paid-up capital of nil	Issued capital of USD50,000 and paid-up capital of nil	**100%**	100%	Inactive

Notes to the Consolidated Financial Statements

17. Particulars of Subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/registered capital 31 December 2020	Issued and fully paid share capital/registered capital 31 December 2019	Shareholding/equity interests attributable to the Company as at 31 December 2020	Shareholding/equity interests attributable to the Company as at 31 December 2019	Principal activities
Innovent Biotechnology Co., Ltd.	PRC 20 September 2019 (note b)	Registered capital of USD100,000,000 and paid-up capital of nil	Registered capital of USD100,000,000 and paid-up capital of nil	**100%**	100%	Research and development
信達生物製藥(杭州)有限公司 Innovent Biologics (Hangzhou) Co., Ltd.*	PRC 29 September 2020 (note b)	Registered capital of USD120,000,000 and paid-up capital of USD30,000,000	–	**100%**	–	Manufacturing
江蘇眾煦醫藥有限公司 Jiangsu Zhongxu Biopharmaceuticals Co., Ltd.*	PRC 16 November 2020 (note b)	Registered capital of RMB20,000,000 and paid-up capital of RMB10,000,000	–	**100%**	–	Sales of drugs

None of the subsidiaries had issued any debt securities at the end of both years.

Note a: Innovent Suzhou is a foreign invested liability company and Innovent Technology is a domestic limited liability company.

Note b: Innovent Biotechnology Co., Ltd, Innovent Biologics (Hangzhou) Co., Ltd and Jiangsu Zhongxu Biopharmaceuticals Co., Ltd are domestic limited liability companies incorporated in PRC.

* English name for identification only

18. Inventories

	2020 RMB'000	2019 RMB'000
Raw materials	**472,155**	241,715
Work in progress	**169,640**	61,528
Finished goods	**63,863**	55,354
	705,658	358,597

Notes to the Consolidated Financial Statements

19. Trade Receivables

	2020 RMB'000	2019 RMB'000
Trade receivables from contracts with customers	**475,378**	247,854

As at 1 January 2019, trade receivables from contracts with customers amounting to nil.

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

	2020 RMB'000	2019 RMB'000
0 – 60 days	**475,378**	247,854

As at 31 December 2020 and 2019, included in the Group's trade receivables balances are debtors with aggregate carrying amount of nil which are past due as at reporting date.

20. Deposits, Prepayments and Other Receivables

	2020 RMB'000	2019 RMB'000
Prepayments	**46,900**	79,993
Other receivables	**97,205**	46,187
Prepaid bonus (note a)	**86,012**	98,299
Other loans (note b)	**9,506**	32,271
Other tax recoverables	**58,667**	141,888
Rental deposits	**5,492**	4,957
	303,782	403,595
Analysed as:		
Non-current	**139,267**	251,969
Current	**164,515**	151,626
	303,782	403,595

Notes to the Consolidated Financial Statements

20. Deposits, Prepayments and Other Receivables (Continued)

Notes:

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

Based on the relevant terms of the directors' respective service agreements (which reflected the relevant contractual terms of these directors' bonus plan), the outstanding receivables and the amount paid or payable for these directors of the Company in respect of the withholding tax resulting from the share subscriptions and the grant of these bonuses as at 26 August 2018 were converted to bonuses paid in advance to directors of the Company. These directors of the Company shall be liable to return the whole or part of the bonuses and the relevant tax paid for them if certain service and/or performance conditions are not satisfied in accordance with the relevant terms of the respective directors' service agreements. This arrangement is considered as a non-cash transaction.

During the year ended 31 December 2020, RMB12.3 million (2019: RMB12.4 million) was recognised as bonus expense based on the underlying terms of bonus plan and recorded under administrative expenses in accordance with the relevant terms of services agreements and RMB12.3 million (2019: RMB12.3 million) is expected to be recognised in the next twelve months and therefore, it is classified as current assets.

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

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

All of the loans are interest bearing at 3.5% per annum. The loans will be repaid according to the various repayment schedule before May 2024, in which RMB8.1 million (year ended 31 December 2019: RMB13.2 million) will be repaid within a year and classified as current receivables while the remaining RMB1.4 million (year ended 31 December 2019: RMB19.1 million) will be repaid after twelve months and classified as non-current receivables.

21. Contract Assets

	2020 RMB'000	2019 RMB'000
Research and development contract	**–**	2,185

A contract asset is recognised over the period of research and development services performed and represents the entity's right to collect considerations for the services transferred to date. Contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The Group classifies these contract assets as current asset because the Group expects to collect upon the agreed payment terms, which is expected to be within one year.

There were no impairment losses recognised on any contract asset during the year ended 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements

22. Other Financial Assets

	Current		Non-current	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Wealth management plans (note a)	**242,944**	462,519	**–**	–
Structured deposits (note b)	**114,353**	–	**–**	–
Other investment at FVTPL (note c)	**–**	–	**12,942**	1,984
	357,297	462,519	**12,942**	1,984

Notes:

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

The principal is either guaranteed or unguaranteed by the relevant financial institutions with an expected return rate as stated in the contract ranging from 2.7% to 3.5% (2019: 3.75% to 3.9%) per annum as at 31 December 2020. All investments had maturity date within one year and classified as financial assets mandatorily measured at FVTPL. Change in fair value of the wealth management plans amounting to RMB24,615,000 (2019: RMB2,627,000) is recognised during the year ended 31 December 2020.

(b) The Group invested in financial products managed by a financial institution. The principal is guaranteed by the relevant financial institutions with yield ranging from 2.28% to 5.62% (2019: nil) per annum as at 31 December 2020. The relevant financial products will be settled either in investment currency of RMB or in alternative currency USD at predefined conversion rate depending on the USD/RMB exchange rate at expiry of the contract. All investments had maturity date within one year and classified as financial assets mandatorily measured at FVTPL. Change in fair value of the structured deposits amounting to RMB6,361,000 (2019: nil) is recognised during the year ended 31 December 2020.

(c) On 19 December 2019 and 20 July 2020, the Group subscribed 263,175 and 1,455,199 convertible redeemable shares of a private entity incorporated in United States of America. The Group has the right to demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon the occurrence of redemption events which are outside the control of the issuer and accordingly the investment is measured at FVTPL. Details of fair value measurements are set out in note 35. No change in fair value is recognised during the year ended 31 December 2020 and 2019.

Further, the Group is also entitled to further subscribe a total of 1,068,178 convertible redeemable shares at a fixed price of US$1.0766 per share in accordance with the subscription agreement. As at 31 December 2020, the fair value of the derivative instruments is considered as insignificant.

Notes to the Consolidated Financial Statements

23. Bank Balances and Cash

	2020 RMB'000	2019 RMB'000
Cash at bank	**1,080,415**	2,051,724
Cash on hand	**91**	58
Term deposits with maturity date less than three months	**195,672**	374,024
Cash and cash equivalents	**1,276,178**	2,425,806
Term deposits with maturity date over three months (note)	**6,414,655**	1,806,836
Pledged bank deposits (note 27)	**73,000**	–
	7,763,833	4,232,642

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

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

	2020	2019
Term deposits	**0.95% – 4.18%**	1.76% – 4.18%
Cash at bank	**0.01% – 0.35%**	0.01% – 0.35%

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

	2020 RMB'000	2019 RMB'000
USD	**7,311,882**	4,094,317
HKD	**59,153**	21,155

Notes to the Consolidated Financial Statements

24. Trade Payables

	2020 RMB'000	2019 RMB'000
Trade payables	**120,620**	84,275

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

	2020 RMB'000	2019 RMB'000
0 – 30 days	**103,016**	64,649
31 – 60 days	**10,457**	17,258
Over 60 days	**7,147**	2,368
	120,620	84,275

25. Other Payables and Accrued Expenses

	2020 RMB'000	2019 RMB'000
Accrued expenses		
– Research and development expenses (note a)	**288,204**	254,747
– Royalties and other related payments	**196,334**	223,045
– Selling and marketing expenses	**111,205**	118,699
– Legal and professional fee	**6,355**	5,176
– Others	**47,527**	26,610
	649,625	628,277
Amounts due to partners of joint operations (note b)	**51,499**	11,786
Interest payables	**1,628**	1,238
Other payables	**16,353**	34,443
Other tax payable	**5,685**	1,751
Payables in respect of acquisition of property, plant and equipment	**85,835**	54,550
Staff payroll payables	**163,009**	152,959
	973,634	885,004

Notes:

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

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

Notes to the Consolidated Financial Statements

26. Contract Liabilities

	2020 RMB'000	2019 RMB'000
Amounts received in advance for licence to commercialise	**708,581**	623,513
Analysed by		
Current	**120,440**	41,727
Non-current	**588,141**	581,786
	708,581	623,513

As at 1 January 2019, contract liabilities amounted to RMB466,889,000.

During the year ended 31 December 2020, the Group received collaboration fee on development cost sharing of RMB130.7 million (2019: RMB141.0 million) for granting a commercialisation licence to a customer. Since the periods between the transfer of licence and customer's payments are, at contract inception, expected to be more than one year, the Group concluded that the contract contains a significant financing component and 4.9% and 11% (2019: 4.9% and 11%) were used in adjusting for the effect of time value of money over the promised amount of consideration and total interest expenses recognised during the year ended 31 December 2020 was RMB33.4 million (2019: RMB33.5 million). Both consideration received and total interest expenses recognised are recorded under contract liabilities at the end of the reporting period. With the commercialisation in March 2019, the Group commenced to recognise the relevant licence fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits during the commercialisation stage and licence fee income of RMB79 million was recognised during the year ended 31 December 2020 (2019: RMB17.9 million).

Notes to the Consolidated Financial Statements

27. Borrowings

	2020 RMB'000	2019 RMB'000
Variable-rate borrowings – at amortised cost	**1,180,178**	825,000
Analysed as:		
Secured	**690,000**	485,000
Unsecured*	**490,178**	340,000
	1,180,178	825,000
The carrying amounts of the above borrowings are repayable**:		
Within one year	**255,000**	17,000
Within a period of more than one year but not exceeding two years	**95,000**	35,000
Within a period of more than two years but not exceeding five years	**743,000**	373,000
Within a period of more than five years	**87,178**	400,000
	1,180,178	825,000
Less: Amounts due within one year shown under current liabilities	**(255,000)**	(17,000)
Amounts shown under non-current liabilities	**925,178**	808,000

* In accordance with loan agreements, the Group is required to register the pledge with relevant authority upon receipt of the building certificate in which the relevant building is under construction progress with carrying amount of RMB146.6 million (2019: RMB387.6 million) as at 31 December 2020.

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

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

	2020	2019
Effective interest rate:		
Variable-rate borrowings	**3.25% – 4.9%**	4.9%

Notes to the Consolidated Financial Statements

27. Borrowings (Continued)

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

	2020 RMB'000	2019 RMB'000
Property, plant and equipment (note 14)	**527,514**	569,709
Right of use assets – leasehold land (note 15)	**51,593**	52,842
Pledged bank deposits (note 23)	**73,000**	–
Other financial assets (note 22)	**60,000**	–
	712,107	622,551

28. Lease Liabilities

	2020 RMB'000	2019 RMB'000
Lease liabilities payable:		
Within one year	**16,157**	15,550
Within a period of more than one year but not more than two years	**10,233**	16,273
Within a period of more than two years but not more than five years	**–**	8,265
	26,390	40,088
Less: Amount due for settlement with 12 months shown under current liabilities	**(16,157)**	(15,550)
Amount due for settlement after 12 months shown under non-current liabilities	**10,233**	24,538

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities set out below:

	2020 RMB'000	2019 RMB'000
GBP	**823**	–
USD	**466**	1,025

Notes to the Consolidated Financial Statements

29. Government Grants

	2020 RMB'000	2019 RMB'000
Subsidies related to property, plant and equipment (note a)	**42,370**	16,518
Other subsidies (note b)	**3,453**	–
	45,823	16,518

Note:

(a) The Group received government subsidies for capital expenditure incurred for the plant and machineries. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(b) Other subsidies are generally provided in relation to research and development activities of the Group.

30. Share Capital

	Number of ordinary shares	Amount USD'000
Authorised		
At 1 January 2019, 31 December 2019 and 2020	**5,000,000,000**	**50**

	Number of shares	Amount USD'000	Equivalent amount of ordinary shares RMB'000
Issues and fully paid			
At 1 January 2019	1,153,602,710	11	79
Issuance of ordinary shares (note a)	97,000,000	1	7
Exercise of share options (note b)	11,959,500	–	1
At 31 December 2019	**1,262,562,210**	**12**	**87**
Issuance of ordinary shares (note c)	**134,200,000**	**1**	**9**
Exercise of share options (note d)	**6,013,787**	**–**	**1**
At 31 December 2020	**1,402,775,997**	**13**	**97**

Notes to the Consolidated Financial Statements

30. Share Capital (Continued)

Notes:

(a) On 4 October 2019, (1) the Company, (2) Dr. Yu and Great Biono Fortune LP (collectively referred to as the "Vendors") and (3) Morgan Stanley & Co. International plc and Goldman Sachs (Asia) L.L.C. (collectively referred to as the "Placing Agents") entered into a placing and subscription agreement. An aggregate of 97,000,000 ordinary shares (the "Placing Shares") held by the Vendors have been placed by the Placing Agents. All Placing Shares was subscripted by HKSCC Nominees Limited at HK$24.60 with net proceeds (after deducting all applicable costs and expenses, including commission and levies) of HK$2,351.3 million (equivalent to RMB2,122.7 million) on 9 October 2019. After that, the Company allotted and issued 97,000,000 ordinary shares to the Vendors on 18 October 2019 at HK$24.60 per share with the net proceeds of HK$2,351.3 million (equivalent to RMB2,122.7 million). The net proceeds received by the Company was recognised as share capital at par value of US$0.00001 each and the remaining amount was recognised as share premium of the Company.

(b) During the year ended 31 December 2019, a total of 11,959,500 ordinary shares were issued to the Group's employees as the result of exercise of share options after vesting period under the Pre-IPO Plan with a total exercise price of US$845,000 (equivalent to RMB5,888,000).

(c) On 13 February 2020, the Company and Morgan Stanley & Co. International plc (referred to as the "Sole Placing Agent") entered into a placing agreement. An aggregate of 78,000,000 ordinary shares issued by the Company have been placed by the Sole Placing Agent on 20 February 2020 at HK$30.20 per share with the net proceeds of HK$2,330.61 million (equivalent to RMB2,099.7 million) (after deducting transaction cost of HK$24.99 million (equivalent to RMB22.52 million)). The net proceeds received by the Company was recognised as share capital and the remaining amount was recognised as share premium of the Company.

On 23 July 2020, as the Sole Placing Agent entered into another placing agreement. An aggregate of 56,200,000 ordinary shares issued by the Company have been placed by Sole Placing Agent on 30 July 2020 at HK$50.0 per share with the net proceeds of HK$2,787.52 million (equivalent to RMB2,514.2 million) (after deducting transaction cost of HK$22.48 million (equivalent to RMB20.28 million)). The net proceeds received by the Company was recognised as share capital and remaining amount was recognised as share premium of the Company.

(d) During the year ended 31 December 2020, a total of 6,013,787 ordinary shares were issued to the group's employees as the result of exercise of share options after result period under the Pre-IPO plan with a total exercise price of US$835,000 (equivalent to RMB5,663,000).

31. Share-Based Payment Transactions

(i) Pre-IPO Plan

On 10 May 2012, the shareholders of the Company approved the adoption of the Pre-IPO Plan for the purpose of incentivising, retaining and rewarding certain employees, board members and individual consultant or adviser who renders bona fide services to the Company or its subsidiaries ("Eligible Person") for their contributions the Group's business, and to align their interests with those of the Group. The Pre-IPO Plan divided into two separate equity programs: (a) share award program and (b) option and share appreciation rights grant program. The overall limit on the number of underlying shares which may be delivered pursuant to all awards granted under the Pre-IPO Plan is 165,476,820 shares of the Company, subject to any adjustments for other dilutive issuances.

(a) Share award program

On 23 December 2016, the Company issued an aggregate of 950,000 (after subdivision: 9,500,000) restricted shares of the Company for a subscription price of US$1.10 per share, in exchange of the share options granted to Dr. Yu previously.

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(i) Pre-IPO Plan (Continued)

(a) Share award program (Continued)

The restricted shares shall initially be unvested and subject to repurchase by the Company at subscription price paid by the employees upon voluntary or involuntary termination of employment (the "Repurchase Option"). One forth (25%) of the restricted shares shall vest on 10 January 2017 and the remaining portion (75%) of the restricted shares shall vest rateably on a monthly basis over a 36-months vesting period and released from the Repurchase Option, except for vesting due to specific clause and reasons.

The eligible employees shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of any unvested shares and the eligible employees shall not transfer any vested shares, or any interest therein until the employees has offered the Company the right to purchase the vested shares at the same price and on the same terms and conditions as those offered to any prospective transferee.

On 18 February 2017, the Company further entered into a restricted share agreement to which 3,020,697 (after subdivision: 30,206,970) ordinary shares at subscription price of US$1.1 per share for a total consideration of US$3,323,000 (equivalent to RMB22,845,000) pursuant to which the vesting is subject to accomplishment of certain performance milestones conditions and such restricted shares have been vested during 2017.

No additional restricted shares was granted during the years ended 31 December 2020 and 2019 under the Pre-IPO Plan.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees and directors of the Company are RMB1,000 (2019: RMB109,000) for the year ended 31 December 2020.

The following table summarised the Group's unvested restricted shares movement.

	Pre-IPO	
	Numbers of unvested restricted shares	Weighted average grant date fair value per share RMB
Unvested as at 1 January 2019	2,572,920	1.04
Vested	(2,375,000)	(1.04)
Unvested as at 31 December 2019	**197,920**	**1.04**
Vested	**(197,920)**	**(1.04)**
Unvested as at 31 December 2020	**–**	**–**

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(i) Pre-IPO Plan (Continued)

(b) Option and share appreciation rights grant program

Except for 7,900,000 (2019: 7,900,000) share options, for which 50% of the granted options shall vest on the fifth anniversary of the vesting commencement date and the remaining 50% shall vest on the sixth anniversary of the vesting commencement date. For the remaining options granted, 75% of the granted options shall vest on the third anniversary of the vesting commencement date, and the remaining 25% shares shall vest on the fourth anniversary of the vesting commencement date. The first vesting date should be determined by the Company and grantees for each grant agreement. The granted options have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. The share options granted are exercisable from the respective vesting dates to the last day of the ten-year period after the grant date.

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

	Number of share options Employees Year ended	
	2020	2019
At the beginning of the period	**57,518,000**	71,910,000
Forfeited	**(275,000)**	(2,432,500)
Exercised	**(6,013,787)**	(11,959,500)
At the end of the period	**51,229,213**	57,518,000

As at 31 December 2020, 3,326,700 (2019: 3,553,000) outstanding options were exercisable.

For the outstanding options, vesting period ranges from 9 May 2015 to 8 October 2024, weighted average remaining contractual life being 8.13 years, exercise price ranges from US$0.02 to US$1.34 and weighted average exercise price being US$0.24.

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

	Weighted average exercise price Employees Year ended	
	2020	2019
Forfeited	**US$0.22**	US$0.18
Exercised	**US$0.14**	US$0.07

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(i) Pre-IPO Plan (Continued)

(b) Option and share appreciation rights grant program (Continued)

No share appreciation rights was outstanding nor issued during any of the reporting period.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB38,368,000 (2019: RMB31,858,000) for the year ended 31 December 2020.

(ii) Post-IPO ESOP

On 13 October 2018, shareholders resolution was passed to adopt the Post-IPO ESOP. The purpose of the Post-IPO ESOP is to encourage participants to work towards enhancing the value of the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO ESOP is 111,815,071, being no more than 10% of the shares in issue on the date the shares commence trading on the Stock Exchange.

The following table discloses movements of the Company's share options held by grantees under post-IPO ESOP during the year:

	Number of share options			
	Directors of the Company Year ended		Employees Year ended	
	2020	2019	**2020**	2019
At the beginning of the period	**5,095,238**	–	**19,780,345**	–
Granted	**2,707,143**	5,095,238	**38,002,831**	19,780,345
Forfeited	**–**	–	**(3,260,550)**	–
At the end of the period	**7,802,381**	5,095,238	**54,522,626**	19,780,345

On 15 April 2020, the Company granted a total of 2,707,143 share options to 2 directors of the Group, subject to the accomplishment of certain non-market performance conditions.

On 15 April 2020, 11 June 2020, 27 August and 3 December 2020, the Company granted a total of 38,002,831 share options to 367, 299, 77 and 151 employees of the Group, subject to the accomplishment of certain non-market performance conditions.

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(ii) Post-IPO ESOP (Continued)

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

For the outstanding options, vesting period ranges from 14 March 2022 to 14 March 2025, weighted average remaining contractual life being 9.07 years, exercise price ranges from HK$25.85 to HK$54.55 and weighted average exercise price being HK$37.43.

On 18 September 2020, one employee resigned and a total of 3,260,550 share options was forfeited.

As at 31 December 2020 and 2019, no outstanding options were exercisable.

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

	Weighted average exercise price			
	Directors of the Company		Employees	
	Year ended		Year ended	
	2020	2019	**2020**	2019
Granted	**HK$33.95**	HK$28.30	**HK$40.70**	HK$27.91

Fair value of share options granted

During the year ended 31 December 2020, Binomial Options Pricing Model was used to determine the fair value of the options granted. Key assumptions, such as expected dividend yield, post-vesting exit rate, expected exercise multiple, risk-free interest rate and expected volatility, are determined by the directors of the Company with best estimate.

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(ii) Post-IPO ESOP (Continued)

Fair value of share options granted (Continued)

The key inputs into the model were as follows:

	2020	2019
Fair value per option on grant date	**HK$20.1 – HK$35.62**	HK$15.18 – HK$19.28
Weighted average share price of the Company on grant date	**HK$33.95 – HK$54.55**	HK$25.85 – HK$28.30
Exercise price	**HK$33.95 – HK$54.55**	HK$25.85 – HK$28.30
Expected volatility	**62.39% – 65.06%**	61.25% – 62.64%
Risk-free interest rate	**0.54% – 0.72%**	1.05% – 1.80%
Expected dividend yield	**0%**	0%
Post-vesting exit rate	**0**	0
Expected exercise multiple	**2.2 – 2.8**	2.2 – 2.8

The directors of the Company estimated the risk-free interest rate based on the yield of Hong Kong Government Bonds issued under the Institutional Bond Issuance Programme with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB195,954,000 (2019: RMB58,390,000) for the year ended 31 December 2020.

(iii) 2018 RS Plan

On 15 October 2018, the board of directors approved the RS Plan to issue 55,907,535 restricted shares within two years of the Company's IPO. The purpose of the RS Plan is to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company and stimulate the efforts of such persons on the Group's behalf.

(a) Directors

On 14 June 2019, the Company granted an aggregate of 6,901,796 restricted shares to Dr. Yu with nil consideration.

The restricted shares shall initially be unvested and subject to repurchase by the Company upon the Repurchase Option. The restricted shares shall be vested on a 20% per annum over a 5 years vesting period with the first vesting date as May 2020 and released from the Repurchase Option.

On 15 April 2020, the Company granted an aggregate of 1,450,000 and 320,000 restricted shares to two directors with nil consideration subject to the accomplishment of certain non-market performance conditions.

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(iii) 2018 RS Plan (Continued)

(a) Directors (Continued)

Further on 15 April 2020, the Company granted a maximum of equivalent in value to RMB360,000 restricted shares (equivalent to 8,625 shares) at nil consideration to 3 independent non-executive directors of the Group.

The restricted shares shall initially be unvested. 75% of the restricted shares shall vest in 2023 while another 25% shall vest in 2024, subject to the performance condition to be fulfilled.

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

(b) Employees

On 2 May 2019, 14 June 2019, 29 August 2019 and 4 December 2019, the Company granted a maximum of 102,648, 1,056,000, 1,555,000 and 4,207,082 restricted shares at nil consideration to 7, 9, 63 and 75 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively.

On 2 May 2019, the Company granted a maximum of 2,732,437 restricted shares at nil consideration to 2 employees of the Group, subject to the accomplishment of certain non-market performance conditions.

The restricted shares shall initially be unvested. 50% of the restricted shares shall vest in 2024 while another 50% shall vest in 2025, subject to the performance condition to be fulfilled.

On 15 April 2020 and 11 June 2020, the Company granted a total of 3,982,880 and 6,708,767, restricted shares at nil consideration to 368 and 299 employees of the Group respectively, subject to the accomplishment of certain non-market performance conditions.

The restricted shares shall initially be unvested. 75% of the restricted shares shall vest in 2023 while another 25% shall vest in 2024, subject to the performance condition to be fulfilled.

Both the directors of the Company and eligible employees shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of any unvested shares and the eligible employees shall not transfer any vested shares, or any interest therein until the employees has offered the Company the right to purchase the vested shares at the same price and on the same terms and conditions as those offered to any prospective transferee.

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(iii) 2018 RS Plan (Continued)

The following table summarised the Group's unvested restricted shares movement.

	Post IPO	
	Number of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2019	–	–
Granted	16,554,963	23.4
Unvested as at 31 December 2020	**16,554,963**	**23.4**
Granted	**12,470,272**	**39.5**
Vested	**(1,380,359)**	**26.25**
Unvested as at 31 December 2020	**27,644,876**	**30.5**

The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted shares as of the grant dates and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB158,207,000 (2019: RMB62,713,000) for the year ended 31 December 2020.

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

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

Notes to the Consolidated Financial Statements

31. Share-Based Payment Transactions (Continued)

(iv) 2020 RS Plan

On 12 June 2020, the board of directors approved the 2020 RS Plan to issue 67,152,410 restricted shares within five years. The purpose of the 2020 RS Plan is to enable the directors, officers, and other key contributors and employees of the Group, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

On 27 August 2020 and 3 December 2020, the Company granted a total of 1,657,000 and 6,474,864 restricted shares at nil consideration to 77 and 151 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively.

The restricted shares shall initially be unvested. 75% of the restricted shares shall vest in 2023 while another 25% shall vest in 2024, subject to the performance condition to be fulfilled.

Both the directors of the Company and eligible employees shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of any unvested shares and the eligible employees shall not transfer any vested shares, or any interest therein until the employees has offered the Company the right to purchase the vested shares at the same price and on the same terms and conditions as those offered to any prospective transferee.

The following table summarised the Group's unvested restricted shares movement.

	Post IPO	
	Number of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2019 and 31 December 2019	–	–
Granted	8,131,864	46.19
Unvested as at 31 December 2020	**8,131,864**	**46.19**

The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted shares as of the grant dates and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB9,970,000 (2019: nil) for the year ended 31 December 2020.

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

Notes to the Consolidated Financial Statements

32. Capital Commitment

	2020 RMB'000	2019 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements:		
Acquisition of property, plant and equipment	**685,224**	75,442
Acquisition of intangible asset	**38,414**	–
Other investment at FVTPL	**7,504**	18,952
	731,142	94,394

33. Retirement Benefit Plans

The PRC

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions. The total expense recognised in profit or loss of RMB85,146,000 (2019: RMB50,093,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

The Company does not operate any other defined contribution schemes, and as such, there is no forfeited contributions, nor does the Company employ any actuary for defined benefit plans.

33A. Transactions and Balances with Dr. Yu

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

33B. Compensation of Key Management Personnel

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

	2020 RMB'000	2019 RMB'000
Short-term benefits	**28,077**	25,570
Retirement benefit scheme contributions	**–**	–
Share based payment expenses	**94,155**	73,267
	122,232	98,837

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

Notes to the Consolidated Financial Statements

34. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its shareholders and maintaining an adequate capital structure. The Group's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of debts, which includes bank borrowings disclosed in note 27, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of the capital. The Group will balance its overall capital structure through the new shares issues as well as the issue of new debt and redemption of existing debts.

35. Financial Instruments

35a. Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Amortised cost	**8,351,414**	4,563,911
Mandatorily measured at FVTPL	**370,239**	464,503
Financial liabilities		
Amortised cost	**1,456,113**	1,011,292

35b. Financial risk management objectives and policies

The Group's financial instruments include trade receivables, rental deposits, other receivables, other loans, other financial assets, bank balances and cash, trade payables, other payables, amounts due to partners of joint operations and borrowings. Details of these financial instruments are disclosed in the respective notes.

The risks associated with the Group's financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Market risk

Currency risk

Certain bank balances and cash, other financial asset, trade and other receivables and trade and other payables are denominated in foreign currencies of respective group entities which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange of the Group exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
USD	**7,461,688**	4,117,105	**(466)**	(1,457)
HKD	**59,153**	21,155	**–**	–
GBP	**154**	–	**(823)**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in RMB against the relevant foreign currency. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax loss where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss. The disclosure below only reflects the impact of USD, as impacts from the remaining relevant foreign currency are insignificant.

	2020 RMB'000	2019 RMB'000
Impact of USD on loss for the year	**361,163**	200,322

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to other loans (note 20), lease liabilities (note 28) and cash flow interest rate risk in relation to variable-rate bank borrowings (note 27) and bank balances (note 23). The Company currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease in the prevailing rate of relevant bank is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variables rate bank borrowings, with all other variables held constant, the Group's post-tax loss for the year ended 31 December 2020 would increase/decrease by RMB5,016,000 (2019: RMB3,506,000).

Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

Other price risk

The Group is exposed to other price risk through its investments in other financial assets measured at FVTPL. The change may be caused by factors relating to the financial instrument itself, and it may also be caused by market factors. The Group has designated a team to monitor the price risk and will consider hedging the risk exposure should the need arises.

Sensitivity analysis

The sensitivity analysis have been determined based on the exposure to other price risk at the reporting date. Changes in fair value of other financial assets measured at FVTPL in respect of the percentage change in price are considered as insignificant.

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, bank balances, other receivables, other loans and rental deposits.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Trade receivables and contract assets arising from contracts with customers

The Group has concentration of credit risk as 79.8% (2019: 81.7%) and 87.0% (2019: 94.1%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on collective assessment. Except for debtors with significant balances, which are assessed for impairment individually, the remaining trade receivables collectively assessed based on shared credit risk characteristics by reference to repayment histories for recurring customers.

Trade receivables with significant outstanding balances with aggregate gross carrying amount of RMB452,550,000 as at 31 December 2020 (2019: RMB238,774,000) are assessed individually. The balances is from a counterparty which has low risk of default and usually settled within credit period. The exposure to credit risk for the balance is assessed within lifetime ECL (non-credit impaired). The remaining trade receivables with gross carrying amount of RMB22,828,000 as at 31 December 2020 (2019: RMB9,080,000) are assessed based on debtors' ageing because these customers with common risk characters.

Other receivables, other loans, and rental deposits

For the purpose of impairment assessment for other receivables, other loans and rental deposits, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets, the directors of the Company have taken into account the financial positions of the counterparties in estimating the probability of default of each of the other receivables and other current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the 12m ECL allowance is insignificant.

Bank deposits and other financial assets

The credit risk on liquid funds and other financial assets of the Group is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	**2020 Gross carrying amount RMB'000**	2019 Gross carrying amount RMB'000
Financial asset at amortised cost						
Rental deposits	20	N/A	N/A (note a)	12m ECL	**5,492**	4,957
Other loans	20	N/A	N/A (note a)	12m ECL	**9,506**	32,271
Bank balances	23	A1 – A3	N/A	12m ECL	**7,763,742**	4,232,584
Other receivables						
– interest receivables	20	N/A	N/A (note a)	12m ECL	**54,241**	34,688
– others	20	N/A	N/A (note a)	12m ECL	**42,964**	11,499
					97,205	46,187
Trade receivables – contracts with customers	19	N/A	Low risk (note c)	Lifetime ECL (collective assessment)	**22,828**	9,080
			N/A (note b)	Lifetime ECL	**452,550**	238,774
					475,378	247,854
Other item						
Contract assets	21	N/A	Low risk (note c)	Lifetime ECL (collective assessment)	**–**	2,185

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

(a) For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly. As at 31 December 2020 and 2019, the balances of rental deposits, other loans, other receivables are not past due and the internal credit rating of these balances are considered as low risk.

(b) For trade receivables with significant balances, the amount is individually assessed at lifetime ECL. The default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. As at 31 December 2020, expected credit loss is considered as insignificant.

(c) For trade receivables and contract assets, the Group has applies the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the ECL on these items by using a collective assessment, grouped by past due status. The following tables provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on collective assessment within lifetime ECL (not credit-impaired).

Gross carrying amount

	2020 Trade receivables RMB'000	**Contract assets RMB'000**	2019 Trade receivables RMB'000	Contract assets RMB'000
Current (not past due)	**22,828**	**–**	9,080	2,185

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilisation of borrowings, and renews the borrowings upon expiry based on the actual operation requirement of the Group. The Group relies on bank borrowings as a significant source of liquidity.

As at 31 December 2020, the Group has available unutilized short-term bank loan facilities of RMB593,822,000 (2019: RMB85,000,000).

The following table details the Group's remaining contractual maturity for its financial liabilities which has been drawn up based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 - 2 years RMB'000	2 - 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2020								
Trade payables	-	120,620	-	-	-	-	120,620	120,620
Other payables	-	155,315	-	-	-	-	155,315	155,315
Bank borrowings								
– variable rate	4.5	22,870	280,115	136,858	821,874	92,892	1,354,609	1,180,178
		298,805	280,115	136,858	821,874	92,892	1,630,544	1,456,113
Lease liabilities	4.7	4,517	13,568	10,401	-	-	28,486	26,390
At 31 December 2019								
Trade payables	–	84,275	–	–	–	–	84,275	84,275
Other payables	–	102,017	–	–	–	–	102,017	102,017
Bank borrowings								
– variable rate	4.9	14,924	41,933	73,672	464,505	434,667	1,029,701	825,000
		201,216	41,933	73,672	464,505	434,667	1,215,993	1,011,292
Lease liabilities	4.9	5,459	13,417	15,929	7,636	–	42,441	40,088

Notes to the Consolidated Financial Statements

35. Financial Instruments (Continued)

35c. Fair value measurements of financial instruments

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

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

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

Financial asset	Fair value as at 2020 RMB'000	2019 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(1) Other financial asset – wealth management plan	**242,944**	462,519	Level 2	Income approach - in this approach, the discounted cash flow method was used to estimate the return from the underlying assets.	N/A	N/A
(2) Other financial assets-structured deposits	**114,353**	–	Level 2	Income approach - in this approach, the discounted cash flow method was used to estimate the return from the underlying assets.	N/A	N/A
(3) Other financial assets – other investment at FVTPL	**12,942**	1,984	Level 2	Recent transaction price	N/A	N/A

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

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

Notes to the Consolidated Financial Statements

36. Reconciliation of Liabilities or Assets Arising from Financing Activities

The table below details changes in the Group's liabilities or assets arising from financing activities, including both cash and non-cash changes. Liabilities or assets arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables RMB'000 (note 25)	Lease liabilities RMB'000 (note 28)	Borrowings RMB'000 (note 27)	Accrued issue costs RMB'000	Total RMB'000
As at 1 January 2019	1,185	25,070	792,000	1,630	819,885
Financing cash flows (note)	(39,972)	(10,680)	33,000	(1,630)	(19,282)
Interest expenses	40,025	1,499	–	–	41,524
New lease entered	–	24,199	–	–	24,199
At 31 December 2019 and 1 January 2020	**1,238**	**40,088**	**825,000**	**–**	**866,326**
Financing cash flows (note)	**(44,222)**	**(18,395)**	**355,178**	**(42,803)**	**249,758**
Interest expenses	**44,612**	**1,607**	**–**	**–**	**46,219**
New lease entered	**–**	**3,090**	**–**	**–**	**3,090**
Transaction costs attributable to issuance of new shares	**–**	**–**	**–**	**42,803**	**42,803**
At 31 December 2020	**1,628**	**26,390**	**1,180,178**	**–**	**1,208,196**

Note: The cash flows from interest payables, lease liabilities, borrowings and accrued issue costs make up the net amount of proceeds and repayments in consolidated statement of cash flows.

Notes to the Consolidated Financial Statements

37. Statement of Financial Position and Reserves of the Company

	2020 RMB'000	2019 RMB'000
Non-current assets		
Investment in a subsidiary	**2,869,174**	2,312,648
Other financial assets	**12,942**	1,984
Other receivables	**15,809**	25,656
Amounts due from subsidiaries	**4,420,863**	3,796,786
	7,318,788	6,137,074
Current assets		
Other receivables	**57,101**	42,929
Amounts due from subsidiaries	**202,085**	684
Bank balances	**5,928,090**	3,080,141
	6,187,276	3,123,754
Current liabilities		
Other payables and accrued expenses	**7,395**	19,395
Amounts due to subsidiaries	**90,150**	46,235
	97,545	65,630
Net current assets	**6,089,731**	3,058,124
Net assets	**13,408,519**	9,195,198
Capital and reserves		
Share capital	**97**	87
Reserves	**13,408,422**	9,195,111
Total equity	**13,408,519**	9,195,198

Notes to the Consolidated Financial Statements

37. Statement of Financial Position and Reserves of the Company (Continued)

The movement of the reserves of the Company are as follows:

	Share premium RMB'000	Treasury shares reserve RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	11,751,242	–	20,363	(4,858,939)	6,912,666
Gain and total comprehensive income for the year	–	–	–	786	786
Issuance of ordinary shares (note 30a)	2,122,702	–	–	–	2,122,702
Exercise of share options	10,670	–	(4,783)	–	5,887
Vesting of restricted shares	648	–	(648)	–	–
Recognition of equity-settled share based payment	–	–	153,070	–	153,070
At 31 December 2019	**13,885,262**	**–**	**168,002**	**(4,858,153)**	**9,195,111**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**(808,739)**	**(808,739)**
Issuance of ordinary shares (note 30c)	**4,656,691**	**–**	**–**	**–**	**4,656,691**
Transaction costs attribute to issuance of new shares	**(42,803)**	**–**	**–**	**–**	**(42,803)**
Exercise of share options	**10,155**	**–**	**(4,493)**	**–**	**5,662**
Vesting of restricted shares	**31,946**	**–**	**(31,946)**	**–**	**–**
Recognition of equity-settled share based payment	**–**	**–**	**402,500**	**–**	**402,500**
Shares received from former employees	**–**	**–**	**–**	**–**	**–**
At 31 December 2020	**18,541,251**	**–**	**534,063**	**(5,666,892)**	**13,408,422**

Notes to the Consolidated Financial Statements

38. Major Non-Cash Transactions

During the year ended 31 December 2020, the Group entered into new lease agreements for the use of offices for 1 – 2 years (2019: 1 – 3 years). At the dates of lease commencement, the Group recognised an aggregate amounts of 3.1 million (2019: RMB24.6 million) of right-of-use assets and 3.1 million (2019: RMB24.2 million) lease liabilities.

39. Events After the End of the Reporting Period

Except as disclosed elsewhere of the consolidated financial statements, the Group has the following subsequent event entered into subsequent to 31 December 2020.

On 15 January 2021, the Company, Morgan Stanley & Co. International Plc, Goldman Sachs (Asia) L.L.C. and J.P. Morgan Securities (Asia Pacific) Limited entered into a placing and subscription agreement. An aggregate of 52,000,000 ordinary shares have been placed at placing price of HK$90.9 per share. The net proceeds from the placing amounted to approximately HK$4,670.6 million (equivalent to RMB3,893.3 million).

Five Year Financial Summary

Condensed Consolidated Statement of Profit or Loss

	For the year ended 31 December				
	2016 (RMB'000)	2017 (RMB'000)	2018 (RMB'000)	2019 (RMB'000)	**2020 (RMB'000)**
Revenue	–	18,538	9,477	1,047,525	**3,843,819**
Cost of Sales	–	–	–	(124,878)	**(387,761)**
Other income	33,307	64,406	93,795	144,081	**246,787**
Other gains and losses	(81,931)	(42,079)	(4,272,090)	15,075	**(479,965)**
Research and development expenses	(384,653)	(611,922)	(1,221,687)	(1,294,724)	**(1,851,453)**
Administrative expenses	(52,875)	(79,490)	(220,315)	(255,299)	**(436,872)**
Selling and marketing expenses	(4,505)	(8,278)	(136,006)	(692,515)	**(1,340,861)**
Royalties and other related payments	–	–	–	(499,725)	**(384,057)**
Listing expense	–	–	(57,187)	–	**–**
Finance costs	(53,799)	(57,225)	(68,969)	(59,490)	**(68,350)**
Income tax expense	–	–	–	–	**(139,708)**
Loss and total comprehensive expenses for the year	(544,456)	(716,050)	(5,872,982)	(1,719,950)	**(998,421)**

Condensed Consolidated Statements of Financial Position

	For the year ended 31 December				
	2016 (RMB'000)	2017 (RMB'000)	2018 (RMB'000)	2019 (RMB'000)	**2020 (RMB'000)**
Current assets	1,870,750	1,445,755	4,686,261	5,455,423	**9,466,681**
Inventories	36,631	57,722	66,121	358,597	**705,658**
Trade receivables	–	–	–	247,854	**475,378**
Deposits, prepayments and other receivables	23,756	53,762	72,309	151,626	**164,515**
Contract assets	–	–	7,505	2,185	**–**
Income tax recoverables	13,874	13,068	13,726	–	**–**
Other financial assets	782,250	809,484	–	462,519	**357,297**
Prepaid lease payments	1,248	1,248	1,248	–	**–**
Bank balances and cash	1,012,991	510,471	4,525,352	4,232,642	**7,763,833**
Current liabilities	76,199	163,276	670,321	1,043,556	**1,485,851**
Trade payables	21,198	34,836	42,821	84,275	**120,620**
Other payables and accrued expenses	55,001	122,540	600,498	885,004	**973,634**
Contract liabilities	–	900	17,002	41,727	**120,440**
Borrowings	–	5,000	10,000	17,000	**255,000**
Lease liabilities	–	–	–	15,550	**16,157**
Net current assets	1,794,551	1,282,479	4,015,940	4,411,867	**7,980,830**
Non-current assets	945,050	1,011,461	1,426,316	1,775,106	**2,368,315**
Non-current liabilities	3,697,819	3,916,068	1,247,842	1,430,842	**1,569,375**
Net (liabilities) assets	(958,218)	(1,622,128)	4,194,414	4,756,131	**8,779,770**
Total equity (deficiency of total equity)	(958,218)	(1,622,128)	4,194,414	4,756,131	**8,779,770**

Definitions

"2018 RS Plan"	the Innovent Biologics, Inc. 2018 Restricted Share Plan adopted by the Company on 15 October 2018
"2020 RS Plan"	the Innovent Biologics, Inc. 2020 Restricted Share Plan adopted by the Company on 12 June 2020
"ALK"	anaplastic lymphoma kinase
"AML"	acute myeloid leukemia
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Articles of Association"	the thirteenth amended and restated articles of association of the Company adopted on 15 October 2018 with effect from Listing, as amended from time to time
"AGM"	the annual general meeting of the Company to be held on 24 June 2021
"Alector"	Alector, Inc., the shares of which are listed on the Nasdaq Global Select Market (Ticker Symbol: ALEC)
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CD47"	cluster differentiation 47
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Chipscreen Bioscience"	Shenzhen Chipscreen Biosciences Co., Ltd, the shares of which are listed on Shanghai Stock Exchange (Ticker Symbol: 688321)
"CMC"	chemistry, manufacturing and controls
"Coherus"	Coherus BioSciences, Inc., the shares of which are listed on the Nasdaq Global Market (Ticker Symbol: CHRS)
"Company", "our Company" or "the Company"	Innovent Biologics, Inc. 信達生物製藥, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 28 April 2011

Definitions

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this interim report, our Core Product refers to TYVYT® (sintilimab injection), BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar) and IBI-301 (rituximab biosimilar)
"CLTA-4"	cytotoxic T-lymphoayte-associated protein 4
"DTP"	Direct-To-Patient
"Director(s)"	the director(s) of our Company
"Dr. Yu"	Dr. De-Chao Michael Yu, our Chief Executive Officer, Chairman and Executive Director
"EGFR"	epidermal growth factor receptor
"Eli Lilly" or "Lilly"	Eli Lilly and Company, a U.S. company, organized and existing under the laws of the State of Indiana on 17 January 1901, having a place of business at Lilly Corporate Center, Indianapolis, Indiana 46285
"ESCC"	esophageal squamous cell carcinoma
"FGFR"	fibroblast growth factor receptor
"GC"	gastric carcinoma
"GMP"	good manufacturing practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HCC"	hepatocellular carcinomas
"HeFH"	heterozygous familial hypercholesterolemia

Definitions

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Incyte"	Incyte Biosciences International Sàrl, a subsidiary of Incyte Corporation (the shares of which are listed on the Nasdaq Global Select Market (Ticker Symbol: INCY))
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Innovent HK"	Innovent Biologics (HK) Limited, a company incorporated under the laws of Hong Kong on 17 May 2011 and one of the Company's principal subsidiaries
"Innovent Suzhou"	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a company established under the laws of the PRC on 24 August 2011 and one of the Company's principal subsidiaries
"IPO"	initial public offering
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	31 October 2018, the date on which the Shares are listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"mCCA"	metastatic cholangiocarcinoma
"MDS"	myelodysplastic syndrome
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MOST"	Ministry of Science and Technology of China

Definitions

"MSCI China Index"	Morgan Stanley Capital International China Index
"MZL"	marginal zone lymphoma
"NDA"	new drug application
"NHFPC"	China National Health and Family Planning Commission
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Company
"NRDL"	the National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer
"nsqNSCLC"	non-squamous non-small cell lung cancer
"OXM3"	oxyntomodulin analog
"PCSK9"	proprotein convertase subtilisin/kexin type 9 enzyme
"PD-1"	programmed cell death protein 1
"PD-L1"	PD-Lgand 1
"Post-IPO ESOP"	the post-IPO share option scheme adopted by the Company on 12 June 2018
"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan adopted by the Company on 10 May 2012 as amended from time to time,
"Prospectus"	the prospectus of the Company dated 18 October 2018
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"Restricted Shares"	restricted share(s), being a contingent right to receive Share(s) awarded under the RS Plan
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Reporting Period"	the year ended 31 December 2020

Definitions

"r/r FL"	recurrent or refractory follicular lymphoma
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"SIRP"	signal regulatory protein
"sNDA"	supplemental new drug application
"sqNSCLC"	squamous non-small cell lung cancer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TIGIT"	T-cell immunoreceptor with Ig and ITIM domain
"TKI"	tyrosine kinase inhibitor
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA"	The U.S. Food and Drug Administration
"VEGF"	vascular endothelium growth factor
"wet AMD"	wet age-related macular degeneration
"%"	per cent

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