Innovent

2021
Interim Report
中期報告

信達生物製藥
Innovent Biologics, Inc.

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

Table of Contents

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, 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 six months ended 30 June 2021 and to the date of this interim report, bearing the ambition of growing into a premier biopharmaceutical company, we have continuously made significant achievements in terms of pipeline R&D, global expansion, business collaboration as well as commercial operation.

We have continued to expand commercial portfolio, expand commercial team and build up commercial capability.

– In the first half of 2021, we successfully expanded our commercial products from four to five products with the approval of PEMAZYRE® (pemigatinib, FGFR1/2/3 inhibitor) in Taiwan market. During the first half of 2021, we generated product revenue of RMB1,854.6 million, representing a 101.4% growth from RMB920.9 million in the same period last year, driven by the continued strong growth of our leading product TYVYT® (sintilimab injection) coupled with revenue ramp-up from other products. In the first half of 2021, TYVYT® (sintilimab injection) received approvals for three additional indications including first-line nsqNSCLC, first-line sqNSCLC and first-line HCC. The approval in major cancer indications, our competitive marketing strategy and strong commercial capability has enabled TYVYT® (sintilimab injection) to maintain continuous growth on the sales revenue and sales volume compared with the second half of 2020, further strengthening its leading position in the market. Besides, revenue generated from the new products BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar), HALPRAZA® (rituximab biosimilar) and PEMAZYRE® (pemigatinib) also significantly contributed to the fast product revenue growth in the first half of 2021.

– In the first half of 2021, we have further expanded our commercial network. Our sales and marketing team has expanded from about 1,200 employees as of 31 December 2020 to over 2,000 employees as of 30 June 2021. Our coverage has expanded from about 4,000 hospitals and 900 DTP/pharmacies at the end of 2020 to about 4,700 hospitals and 1,000 DTP/pharmacies across more than 300 cities as of 30 June 2021. The extensive commercial network and full-fledged sales and marketing team will enable our product portfolio and potential novel medicines in the pipeline to reach nationwide patients in medical need rapidly and efficiently.

Company Profile

We have kept making progress on clinical development of our promising oncology and non-oncology pipeline. As of the date of this interim report, we have built up a strong pipeline of 25 assets, of which five are approved, one NDA under NMPA review, five under pivotal stage, and 14 in other clinical stages.

- **We anticipate to file sNDA for TYVYT® (sintilimab injection) for three more major indications to the NMPA by the end of 2021 to early 2022.** In the first half of 2021, our leading product TYVYT® (sintilimab injection) has received three additional approvals including first-line nsqNSCLC, first-line sqNSCLC and first-line HCC. TYVYT® (sintilimab injection)'s sNDA for second-line sqNSCLC is also under NMPA review and we expect to receive approval by the end of 2021. By the end of 2021 to early 2022, we anticipate to file three more sNDA for TYVYT® (sintilimab injection) to the NMPA, for the indications including first-line ESCC, first-line G/GEJ adenocarcinoma and post-TKI treatment EGFR positive NSCLC.

- **We have one product under NDA review by NMPA.** The NDA of IBI-348 (olverembatinib, BCR-ABL TKI) is under NMPA review since last year. Once approved, our commercial portfolio will expand to six products.

- **We anticipate to file NDA for IBI-376 (PI3K inhibitor) and IBI-326 (BCMA CAR-T) by the end of 2021 to early 2022.** We will file NDA for IBI-376 (PI3K inhibitor) and IBI-326 (BCMA CAR-T) around the end of 2021 to early 2022. Besides, following the approval of PEMAZYRE® (pemigatinib, IBI-375) in Taiwan market, we have also filed NDA for PEMAZYRE® (pemigatinib) in Mainland China and Hong Kong market this year.

- **We keep progressing another three phase 3 or pivotal stage assets including IBI-310 (CTLA-4), IBI-306 (PCSK9) and IBI-344 (ROSI/NTRK).** We are exploring our IBI-310 (CTLA-4) in combo with TYVYT® (sintilimab injection) in pivotal trials for multiple indications including HCC, ovarian cancer and melanoma. Besides, leading the development progress of PCSK9 inhibitors in China, IBI-306 has achieved primary endpoint for one of its ongoing phase 3 clinical trials in HeFH. Besides, IBI-344 (ROS 1/NTRK), the potential first-in-class and best-in-class next generation ROS1/NTRK inhibitor, is under multiple phase 2 trials and we anticipate the patients enrolment will be complete for the pivotal phase 2 for ROS1+ NSCLC by the end of this year.

- **We keep rapidly progressing our other prioritized oncology assets with exceptional clinical and commercial potential including both monoclonal antibodies and bispecific antibodies.** Supported by our deep understanding in immunology and unique strength in antibody engineering, we own a comprehensive pipeline of next generation IO targets including CD47, LAG-3, TIGIT etc., which place us in a unique and very competitive position in the IO fields. We plan to complete the patient enrolment for the phase 1b studies for IBI-188 (anti-CD47) in both AML and MDS patients this year. We may enter phase 1b trial for IBI-322 (CD47/PD-L1 bispecific). Moreover, having IBI-110 (LAG-3) finished phase 1 study with good safety and efficacy signal, we are planning for multiple phase 1b and phase 2 clinical studies for IBI-110 in different indications of cancer types to explore the potential of this molecule. We will also keep progressing the ongoing phase 1 studies for other important assets such as IBI-939 (TIGIT), IBI-321 (TIGIT/PD-1), IBI-323 (PD-L1/LAG-3) and IBI-315 (HER2/PD-1).

Company Profile

- **Non-oncology pipeline R&D has seen exciting clinical results.** In June 2021, the published phase 1b data of IBI-362 in obesity showed a favorable safety profile and robust efficacy, including weight loss and multiple metabolic benefits, underlying the advantages and potential of IBI-362 as the best-in-class and first-in-class new generation GLP-1 based drug in China. We will also release the phase 1b data of IBI-362 in diabetic patients later this year. We have started phase 2 of IBI-362 for obesity objects and will start phase 2 for diabetics patients shortly, respectively. Besides, we have started the phase 2 study for IBI-302 (VEGF/compliment protein) in nAMD.

- **By the end of 2021 to 2022, we anticipate to release major clinical study data regarding:** 1) phase 3 study of TYVYT® (sintilimab injection) in the first-line treatment of ESCC; 2) phase 3 study of TYVYT® (sintilimab injection) in the first-line treatment of G/GEJ adenocarcinoma; 3) phase 3 study of TYVYT® (sintilimab injection) in the treatment of TKI failure NSCLC patients with EGFR mutation; 4) biomarker results of TYVYT® (sintilimab injection) in the treatment of second-line sqNSCLC; 5) pivotal phase 2 study for IBI-375 for the treatment of cholangiocarcinoma with a FGFR2 fusion or rearrangement; 6) pivotal phase 2 study of IBI-376 for the treatment of r/r FL; 7) phase 1b study data of IBI-362 in diabetic patients; 8) phase 1b study of IBI-302 in wet AMD; and 9) phase 1a study of IBI-315 for advanced malignancies.

As an integrated platform with comprehensive capability from R&D to commercialization, we continue to perform as the best choice of our partners. In 2021, we entered into collaboration with Ascentage Pharma on the commercialization of olverembatinib, the clinical collaboration with our CD47 and CD20 antibody with its Bcl-2 inhibitor, and equity investment. We also in-licensed the next generation ROS1/NTRK small molecule inhibitor of AnHeart which is under pivotal phase 2 stage. Our collaborations with Ascentage Pharma and Anheart represent a new model for China biopharmaceutical companies to work together to bring additional benefit to patients, which also proves once again that we are an ideal partner to help expand pipeline development and product commercialization.

We are expanding global R&D footprint in all aspects; the BLA acceptance of sintilimab in the U.S. marks a historic milestone. Bearing the determination and commitment to grow the Company into a premier global biopharmaceutical company, we fully accelerate our R&D footprint towards global innovation and globalization in all aspects in 2021.

- In March 2021, we and our partner Eli Lilly and Eli Lilly have filed the first BLA application of sintilimab in the U.S. for the treatment of first-line nsqNSCLC, and the BLA was accepted by the U.S. FDA in May 2021. The BLA acceptance marks an important milestone in our globalization strategy, as well as an encouraging start for us and Eli Lilly's collaborative efforts to make sintilimab available in countries beyond China. We and Eli Lilly will keep pursuing registration of sintilimab injection in other markets beyond the U.S., and all other subsequent registrations of sintilimab injection across different cancer types. In addition to sintilimab, we own a series of assets in our pipeline with global potential, especially including the next generation IO targets, such as our CD47 cluster, LAG-3 cluster and TIGIT cluster etc..

- In 2021, we have successfully established our U.S. laboratory (the "**U.S. Lab**") in Maryland. With the plan to initially host a bunch of industry leading scientists and laboratory-based technical staffs, the U.S. Lab is primarily focused on disease mechanism study and technology-platform development, in order to feed the product pipeline with the next-generation drug candidates. The U.S. Lab will work as an important component of our R&D infrastructure, with the aim of connecting with the frontline global innovation and clinical practices, and to accelerate translation of scientific discovery into medicines to fulfil our mission of discovering and developing more high quality, life-saving medicines that are affordable to ordinary people.

Company Profile

– We are also building up our fully functioned global development organization and capability rapidly. We are working on building up a full-scale in-house R&D team, which is capable to drive and execute our global development and registration strategy of our assets, in a way of meeting the global requirement of regulatory, safety and quality standard.

Our new manufacturing facility is under construction; production capacity will expand from 24,000L to 60,000L by the end of this year.

– As of the date of this interim report, we have a total of 24,000L production capacity to support our production needs for both commercial stage products and clinical stage candidates in the pipeline. In particular, the large scale stainless steel bioreactors have provided market competitive cost advantage of TYVYT® (sintilimab injection).

– We keep expanding our manufacturing facilities to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. We have started the construction of a new commercial facility in our Suzhou site (the "**M2 site**") that is designed to house additional twelve 3,000L production capacities and anticipate to receive GMP approval for the M2 site by the end of this year, expanding our production capacity from 24,000L to 60,000L.

We keep increasing our talent pool, with over 4,500 employees as at the end of June 30, 2021. We have expanded our team from about 3,200 employees as at 31 December 2020 to over 4,500 employees as at 30 June 2021, consisting of over 1,000 employees in R&D, 2,100 employees in commercialization, 1,100 employees in CMC and 300 employees in general and administrative functions.

We have received continuous support from capital market. In January 2021, we have successfully raised a total of approximately HK$4.7 billion, or US$600 million, fund from new share placement, backed by strong subscription of well-known international and regional investors. As of the date of this interim report, we have approximately US$1.6 billion cash on hand, providing a strong support to our drug R&D, potential business collaboration, production facility expansion and continuously increasing international operation needs.

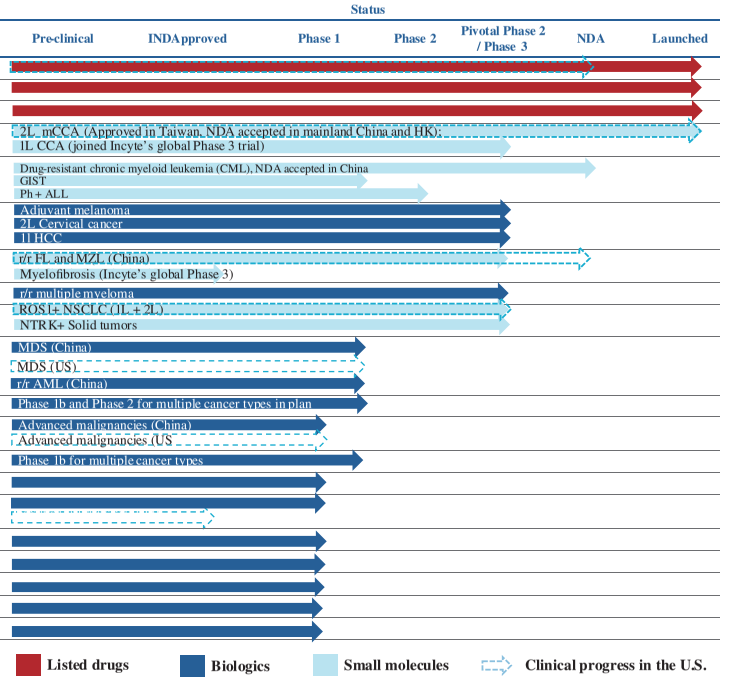
Pipeline summary

Leveraging on the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 25 valuable assets. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, bispecific antibodies, fusion proteins, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, immunology and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

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

Robust Pipeline Across Novel Therapeutics – Oncology

Products	Target (s)	Modality	Therapeutic Area	Commercial Rights
TYVYT® (sintilimab injection)	PD-1	Monoclonal antibody	Oncology	Worldwide
BYVASDA® (bevacizumab injection)	VEGF-A	Monoclonal antibody	Oncology	Worldwide
HALPRYZA® (rituximab injection)	CD20	Monoclonal antibody	Oncology	Worldwide
IBI-375 (Pemigatinib)	FGFR1/2/3	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau
IBI-348 (Olverembatinib)	BCR-ABL/KIT	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau
IBI-310	CTLA-4	Monoclonal antibody	Oncology	Worldwide
IBI-376 (Parsaclisib)	PI3Kδ	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau
IBI-326	BCMA CAR-T	Cell therapy	Oncology	Worldwide
IBI-344 (Taletrectinib)	ROS1/NTRK	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau
IBI-188	CD47	Monoclonal antibody	Oncology	Worldwide
IBI-110	LAG-3	Monoclonal antibody	Oncology	Worldwide
IBI-322	PD-L1/CD47	Bispecific antibody	Oncology	Worldwide
IBI-318	PD-1/PD-L1	Bispecific antibody	Oncology	Mainland China, HK, Macau
IBI-315	PD-1/HER2	Bispecific antibody	Oncology	Worldwide
IBI-939	TIGIT	Monoclonal antibody	Oncology	Worldwide
IBI-321	PD-1/TIGIT	Bispecific antibody	Oncology	Mainland China, HK, Macau
IBI-319	PD-1/4-1BB	Bispecific antibody	Oncology	Mainland China, HKMacau
IBI-323	LAG-3/PD-L1	Bispecific antibody	Oncology	Worldwide
IBI-102	GITR	Monoclonal antibody	Oncology	Worldwide
IBI-101	OX40	Monoclonal antibody	Oncology	Worldwide



Robust Pipeline Across Novel Therapeutics – Non-oncology

Products	Target (s)	Modality	Therapeutic Area	Commercial Rights	Status
SULINNO® (adalimumab injection)	TNFalpha	Monoclonal antibody	Autoimmune	Worldwide	Launched
IBI-306	PCSK9	Monoclonal antibody	Metabolic	Mainland China, HK,Taiwan, Macau	HoFH(Pivotal phase 2 ongoing) HeFH(Phase 3 met primary endpoint) nFH(Phase 3 ongoing)
IBI-362	GLP1/GCGR (OXM3)	polypeptide	Metabolic	Mainland China, HK, Taiwan, Macau	Obesity Diabetics
IBI-302	VEGF/Complement	Fusion protein	Ophthalmology	Worldwide	wAMD(Phase 2 onging) DME (to start Phase 2)
IBI-112	IL-23 p19	Monoclonal antibody	Autoimmune	Worldwide	Inflammatory enteritis and other autoimmune diseases Psoriasis (to start Phase 2)

Pre-clinical | INDApproved | Phase 1 | Phase 2 | Pivotal Phase 2 / Phase 3 | NDA

Listed drugs | Biologics | Small molecules

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)*
Dr. Charles Leland Cooney
Mr. Shuyun Chen
Mr. Ronald Hao Xi Ede

Joint Company Secretaries

Ms. Yanju Wang
Ms. Lok Yee Chan

Authorised Representatives

Mr. Ronald Hao Xi Ede
Ms. Lok Yee Chan

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Company Website

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Financial Highlights

IFRS Measure:

- **Total revenue** was RMB1,941.8 million for the six months ended 30 June 2021, representing an increase of 97.3% from RMB984.2 million for the six months ended 30 June 2020. Product revenue increased by 101.4% to RMB1,854.6 million for the six months ended 30 June 2021, compared to RMB920.9 million in the same period last year, mainly driven by the broader commercialisation activities which led to the continued strong growth of our leading product TYVYT® (sintilimab injection) coupled with revenue contribution from three antibody drugs which were launched in the second half of 2020 and a newly approved drug in June 2021.

- **Gross profit margin** of product sales was 87.3% for the six months ended 30 June 2021, increased as compared with 79.9% for the six months ended 30 June 2020, primarily due to the significant volume increase and notable manufacturing efficiency improvement as the 6*3,000L stainless steel bioreactor production lines were put in use since the fourth quarter of 2020. The large scale stainless steel bioreactor production lines provided market competitive cost advantage of TYVYT® (sintilimab injection).

- **R&D expenses** increased by RMB234.1 million from RMB808 million for the six months ended 30 June 2020 to RMB1,042.1 million for the six months ended 30 June 2021. The steadily growing R&D expenses were mainly spent on clinical trials of late-stage and prioritized assets from our robust pipeline globally to further expand our existing product line's indications as well as develop new products in our pipeline, including pre-clinical product developments.

- **Selling and marketing expenses** were RMB1,137.3 million, or 61.3% of product revenue for the six months ended 30 June 2021, as compared with RMB446.6 million, or 48.5% of product revenue in the same period of last year, as compared with RMB894.3 million, or 61.8% of product revenue for the six months ended 31 December 2020. Such a planned increase in spending was primarily due to the broader commercialisation activities with respect to TYVYT® (sintilimab injection), BYVASDA® (bevacizumab biosimilar), SULINNO® (adalimumab biosimilar) and HALPRYZA® (rituximab biosimilar), sales and marketing team expansion from 1,284 members as at 31 December 2020 to 2,117 members as at 30 June 2021, as well as a much lower-than-normal and unusual commercialisation activities for the six months ended 30 June 2020 due to the outbreak of COVID-19.

- **Loss and total comprehensive expenses** were RMB1,175.3 million for the six months ended 30 June 2021, representing an increase of 93.2% or RMB567.1 million from RMB608.2 million for the six months ended 30 June 2020. The increase was primarily due to (i) continuous investment in R&D; (ii) effect of unrealized net foreign exchange adjustment in the current period; and (iii) increased share-based compensation expenses.

- **Net cash from financing activities** were RMB4,503.6 million for the six months ended 30 June 2021, mainly attributable to proceeds generated from our successful placement in January 2021. As at 30 June 2021, the Company had approximately US$1,728.2 million cash on hand.

Non-IFRS Measure:

- **Adjusted loss and total comprehensive expenses** were RMB676.9 million for the six months ended 30 June 2021, an increase of RMB144.5 million from RMB532.4 million for the six months ended 30 June 2020. The change was primarily attributable to continuous investment in R&D. Adjusted loss and total comprehensive expenses for the period represents the loss and total comprehensive expenses for the period excluding the effect of certain items including share-based compensation expenses and net foreign exchange gains or losses.

Business Highlights

During the six months ended 30 June 2021, our Company has continued to make significant achievements with consistently strong execution with respect to commercial operation, R&D, globalization, and business collaboration etc., including the following major milestones and achievements:

- We generated product revenue of RMB1,854.6 million for the six month ended 30 June 2021, an increase of 101.4% compared to RMB920.9 million in the same period of the prior year, mainly driven by the strong year-over-year growth of our leading product TYVYT® (sintilimab injection), coupled with revenue ramp up of three newly launched antibody drugs in the second half of 2020 and one new product approved in June 2021.

- During the six months ended 30 June 2021 and up to the date of this interim report, we have expanded our clinical-stage pipeline from 23 assets to 25 assets, with major achievements including: 1) the expansion of our commercial product portfolio from four to five, with the approval of PEMAZYRE® (pemigatinib, IBI-375) in Taiwan market; 2) the first BLA of sintilimab in the U.S. for the treatment of first-line nsqNSCLC was accepted by the U.S. FDA; 3) we expanded NDA stage and pivotal stage assets from four to six, including IBI-310 (CTLA-4 antibody), IBI-306 (PCSK9 antibody), IBI-376 (PI3K inhibitor), IBI-326 (BCMA CAR-T), IBI-344 (ROS 1/NTRK inhibitor) and IBI-348 (BCR-ABL inhibitor); 4) we moved two new assets into phase 2 clinical studies, including IBI-302 (VEGF/complement bispecific fusion protein) and IBI-362 (OXM3); and 5) we started phase 1 clinical studies for several new assets, including IBI-322 (CD47/PD-L1 bispecific antibody) in the U.S., IBI-319 (PD-1/4-1BB bispecific antibody), IBI-321 (TIGIT/PD-1 bispecific antibody) and IBI-323 (LAG-3/PD-L1 bispecific antibody).

- 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® (bevacizumab biosimilar) in the local market. In return, the Company will receive milestones for development and commercialization as well as double-digit royalties on net sales.

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

- In March 2021, the Center for Drug Evaluation of the NMPA has granted Breakthrough Therapy Designation for Parsaclisib (IBI-376) for the treatment of patients with r/r FL.

- In May 2021, the U.S. FDA accepted for review a BLA for sintilimab injection in combination with pemetrexed and platinum chemotherapy for the first-line treatment for nsqNSCLC.

- In June 2021, the NMPA in China has approved the sNDA for TYVYT® (sintilimab injection) in combination with gemcitabine and platinum chemotherapy as first-line therapy for patients with unresectable locally advanced or metastatic sqNSCLC.

- In June 2021, the NMPA has approved the sNDA for TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab biosimilar) as a first-line treatment for patients with advanced or unresectable HCC. This is the first worldwide regulatory approval of a PD-1 inhibitor-based combination therapy for the first-line treatment for HCC. The results of the ORIENT-32 study – the study that the approval was based on – were published in *The Lancet Oncology* on 15 June 2021.

Business Highlights

- In June 2021, the ORIENT-15 study met the predefined OS primary endpoint. ORIENT-15 is a global randomized, double-blind, multi-center clinical study evaluating sintilimab in combination with chemotherapy (cisplatin plus paclitaxel or cisplatin plus 5-fluorouracil [5-FU]) for the first-line treatment of patients with unresectable, locally advanced recurrent or metastatic ESCC.

- In June 2021, we entered into an exclusive agreement with AnHeart for the co-development and commercialization of AnHeart's lead drug candidate, taletrectinib – a next-generation TKI designed to effectively target ROS 1 and NTRK – in Greater China, including mainland China, Hong Kong, Macau and Taiwan.

- In June 2021, we entered into a non-exclusive, target-specific license agreement with Synaffix B.V. ("**Synaffix**") in an ADC (Antibody Drug Conjugates) technology deal. Synaffix will provide all the necessary proprietary ADC technologies to enable us to rapidly progress one of its antibodies as a best-in-class ADC drug candidate. We will be responsible for the research, development, manufacturing and commercialization of the ADC product.

- In June 2021, the data of the phase 1 clinical trial of IBI-362, a GLP-1 and glucagon receptor dual agonist in overweight or obese Chinese participants was presented in an e-poster at the American Diabetes Association 81st Scientific Sessions. IBI-362 has shown good safety, robust weight loss efficacy and multiple benefits in metabolic profile in the phase 1 clinical study.

- In June 2021, the Taiwan Food and Drug Administration has approved PEMAZYRE® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

- In June 2021, the results of the phase 1a/1b study of IBI-110 were released at the ASCO Annual Meeting 2021. The phase 1 study is a dose-escalation trial evaluating IBI-110 as a single agent and in combination with sintilimab in patients with advanced solid tumors refractory to standard of care therapy. The phase 1 study has shown encouraging safety profile and preliminary efficacy data.

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 interim report, including the following major milestones and achievements:

- In July 2021, we entered into a multifaceted strategic collaboration with Ascentage Pharma. The collaboration includes: i) the joint commercialization of olverembatinib in China; ii) the collaborative clinical development of our anti-CD20 monoclonal antibody HALPRYZA® (rituximab biosimilar) and the anti-CD47 monoclonal antibody letaplimab (IBI-188) with Ascentage Pharma's Bcl-2 inhibitor APG-2575 (lisaftoclax); and iii) the equity investment in Ascentage Pharma.

- In July 2021, we entered into a collaboration agreement with Laekna Therapeutics Shanghai Co., Ltd. ("**Laekna**"), to evaluate the combination treatment of our PD-1 inhibitor sintilimab and Laekna's pan-AKT kinase inhibitor afuresertib.

- In July 2021, the NMPA has accepted the NDA for PEMAZYRE® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

Business Highlights

- In July 2021, the Drug Office of Hong Kong Department of Health has accepted the NDA of PEMAZYRE® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

- In August 2021, the phase 3 study of IBI-306 (PCSK-9) met the primary endpoint of LDL-C levels for the treatment of Chinese HeFH.

- In August 2021, the ORIENT-16 study met the predefined primary OS endpoint. ORIENT-16 is a randomized, double-blind, multi-center phase 3 clinical trial evaluating TYVYT® (sintilimab injection) in combination with chemotherapy (oxaliplatin and capecitabine) for the first-line treatment of patients with unresectable, locally advanced, recurrent or metastatic G/GEJ adenocarcinoma.

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

Management Discussion and Analysis

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 Reporting Period, TYVYT® (sintilimab injection), as a leading brand in China PD-(L)1 market, has maintained encouraging growth trend compared with the first half of 2020 as well as the second half of 2020, in terms of both sales revenue and sales volume.

- The encouraging performance of TYVYT® (sintilimab injection) was attributable to the competitive commercial strategy, including the comprehensive and competitive marketing strategy supported by the approval of additional indications, broader network coverage in third-tiered cities, and expanding sales and marketing team.

- During the Reporting Period, NMPA approved three additional indications for TYVYT® (sintilimab injection) including first-line nsqNSCLC, first-line sqNSCLC and first-line HCC. The Company thus was able to bring the high quality PD-1 product to benefit broader patient group with new treatment options.

- During the Reporting Period, sales and marketing team of TYVYT® (sintilimab injection) has expanded from about 1,200 employees as of 31 December 2020 to about 2,000 employees as of 30 June 2021. Our coverage of TYVYT® (sintilimab injection) has expanded from about 4,000 hospitals and 900 DTP/pharmacies at the end of 2020 to about 4,700 hospitals and 1,000 DTP/pharmacies across more than 300 cities as of 30 June 2021.

Post-Reporting Period (Expected) Commercial Development Plans

- In the rest of 2021, we will keep strengthening our leadership advantage in the PD-1 market, by leveraging additional approvals in major indications, competitive marketing strategy, broad hospital coverage in lower-tier cities, and experienced commercial and sales team. We expect TYVYT® (sintilimab injection) could benefit broader patient group in the rest of 2021 and beyond.

Clinical Development Milestones and other Major Achievements during the 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 over 10 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 interim report.

INDICATION	MONO-/COMBO-THERAPY (OTHER COMPONENTS)	STATUS					
		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)						●
1L Hepatocellular Carcinoma	Combo (IBI-305/biosimilarto bevacizumab)						●
2L Squamous NSCLC	Mono					●	
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-4mAb)				◐		
1L Hepatocellular Carcinoma	Combo (IBI-310/CTLA-4mAb)				◐		
2L Hepatocellular Carcinoma	Combo (IBI-310/CTLA-4mAb)			◐			
2L/+ Cervical cancer	Combo (IBI-310/CTLA-4mAb)			◐			
2L ESCC	Mono			●			
r/r NK/T-cell Lymphoma	Mono			●			
3L CRC	Combo (IBI-310/CTLA-4mAb)			●			
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 Non-squamous NSCLC	Combo (pemetrexed and cisplatin)					●	
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.

Management Discussion and Analysis

During the Reporting Period, we have achieved major milestones for TYVYT® (sintilimab injection) including:

- Received three sNDA approvals for TYVYT® (sintilimab injection) in China by the NMPA:
  - 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;
  - In June 2021, TYVYT® (sintilimab injection) was approved by the NMPA in combination with GEMZAR® (gemcitabine) and platinum chemotherapy as first-line therapy in sqNSCLC; and
  - In June 2021, TYVYT® (sintilimab injection) was approved by the NMPA in combination with BYVASDA® (bevacizumab biosimilar) as first-line therapy in HCC.
- The regulatory submission of sintilimab injection accepted by the U.S. FDA:
  - In May 2021, the U.S. FDA accepted for review a BLA for sintilimab injection in combination with pemetrexed and platinum chemotherapy for the first-line treatment of people with nsqNSCLC;
- Met primary endpoint in Phase 3 clinical studies:
  - In June 2021, the ORIENT-15 study met the predefined OS primary endpoint. ORIENT-15 is a global randomized, double-blind, multi-center clinical study evaluating sintilimab in combination with chemotherapy (cisplatin plus paclitaxel or cisplatin plus 5-fluorouracil [5-FU]) for the first-line treatment of patients with unresectable, locally advanced recurrent or metastatic ESCC; and
- Presented results from clinical studies of TYVYT® (sintilimab injection) by online posters/abstracts at medical meetings, including:
  - the result of the phase 3 trial evaluating TYVYT® (sintilimab injection) versus docetaxel as a second-line treatment for advanced or metastatic sqNSCLC (ORIENT-3 study) presented at the American Association for Cancer Research Annual Meeting 2021; and
  - the result of phase 1b trial of TYVYT® (sintilimab injection) in combination with fruquitinib (developed by Hutchison China MediTech Limited) for advanced colorectal cancer presented at the ASCO Annual Meeting.

Post-Reporting Period (Expected) Milestones and Achievements

- In July 2021, we entered into a collaboration agreement with Laekna to conduct clinical studies by assessing the combination of sintilimab and Laekna's pan-AKT kinase inhibitor afuresertib in patients with multiple types of solid tumors that have been refractory – or failed to respond – to treatment with PD-1/PD-L1 inhibitors.
- In August 2021, the ORIENT-16 study met the predefined primary OS endpoint. ORIENT-16 is a randomized, double-blind, multi-center phase 3 clinical trial evaluating TYVYT® (sintilimab injection) in combination with chemotherapy (oxaliplatin and capecitabine) for the first-line treatment of patients with unresectable, locally advanced, recurrent or metastatic G/GEJ adenocarcinoma.
- By the end of 2021, we expect to receive sNDA approval by NMPA for TYVYT® (sintilimab injection) in China:
  - For the second-line treatment of sqNSCLC.

Management Discussion and Analysis

- In the rest of 2021 to early 2022, we expect to submit three sNDAs applications to the NMPA for TYVYT® (sintilimab injection), including:
  - In the second half of 2021, we plan to submit the sNDA of TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-fluorouracil [5-FU] and cisplatin chemotherapy as first-line therapy in ESCC;
  - In the second half of 2021, we plan to submit the sNDA of TYVYT® (sintilimab injection) in combination with capecitabine and oxaliplatin in the treatment of first-line G/GEJ adenocarcinoma; and
  - Between late 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.
- We plan to present results of phase 3 trials for TYVYT® (sintilimab injection) at medical meetings in the rest of 2021, including:
  - At the annual meeting of ESMO in September 2021, we plan to present the interim result of the phase 3 study to evaluate TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-fluorouracil [5-FU] and cisplatin chemotherapy as first-line therapy in ESCC;
  - At the annual meeting of ESMO in September 2021, we plan to present the interim result of the phase 3 study to evaluate TYVYT® (sintilimab injection) in combination with chemotherapy (oxaliplatin and capecitabine) for the first-line treatment of patients with unresectable, locally advanced, recurrent or metastatic G/GEJ adenocarcinoma.
  - At the annual meeting of Chinese Society of Clinical Oncology in September 2021, we plan to present the biomarker data of the Phase 3 trial evaluating TYVYT® (sintilimab injection) versus docetaxel as a second-line treatment for advanced or metastatic sqNSCLC (ORIENT-3 study); and
  - At the upcoming medical meeting in the end of 2021 to early 2022, we plan to present 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.

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 the Reporting Period

- In January 2021, we reached an agreement with Etana to out-license BYVASDA® (bevacizumab biosimilar)'s development and commercialization rights in Indonesia to Etana.
- In June 2021, the NMPA approved the sNDA for BYVASDA® (bevacizumab biosimilar) in combination with TYVYT® (sintilimab injection) as first-line therapy in HCC. This is the forth approved indication of BYVASDA® (bevacizumab biosimilar) in China.

Post-Reporting Period (Expected) Milestones and Achievements

- We will continue to leverage the rich promotion experience of our oncology sales and marketing team in the commercialisation of BYVASDA® (bevacizumab biosimilar).

Management Discussion and Analysis

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*

Post-Reporting Period (Expected) Milestones and Achievements

- We will continue to leverage the rich promotion experience of our oncology sales and marketing team in the commercialisation of HALPRAZA® (rituximab biosimilar).

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 the Reporting Period

- We have established a professional and experienced marketing and sales team of about 100 people, responsible for the commercialisation of the product. We will continue to work on the market access and academic marketing promotion of SULINNO® (adalimumab biosimilar).

Post-Reporting Period (Expected) Milestones and Achievements.

- We received approval for the prefilled syringe of SULINNO® (adalimumab biosimilar) in August 2021.

PEMAZYRE® (pemigatinib); *a novel FGFR inhibitor in-licensed from Incyte; approved in Taiwan market*

Milestones and Achievements during the Reporting Period

- In May 2021, the first Chinese patient was dosed for 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 advanced or metastatic cholangiocarcinoma with FGFR2 rearrangement.

- In June 2021, the results of the phase 1 study of pemigatinib in Chinese patients with advanced solid tumors were published at the ASCO Annual Meeting 2021.

- In June 2021, Taiwan Food and Drug Administration has approved PEMAZYRE® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

Post-Reporting Period (Expected) Milestones and Achievements

- In July 2021, the NMPA has accepted the NDA for PEMAZYRE® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

- In July 2021, the Drug Office of Hong Kong Department of Health has accepted the NDA of PEMAZYRE® (pemigatinib) for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

Management Discussion and Analysis

- At the 2021 annual meeting of ESMO, we plan to publish the results of the pivotal phase 2 study for IBI-375 for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement in China.

- At the 2021 annual meeting of ESMO, we plan to publish the FGFR2 fusion and/or rearrangement profiling in Chinese patients with intrahepatic cholangiocarcinoma.

Our Late Clinical Stage Drug Candidate

IBI-348 (Olverembatinib), *a novel third-generation BCR-ABL inhibitor co-developed and co-commercialized with Ascentage Pharma; NDA under priority review by the NMPA of China*

Post-Reporting Period (Expected) Milestones and Achievements

- In July 2021, we entered into a multifaceted collaboration with Ascentage Pharma, including the joint commercialization of olverembatinib (Innovent R&D code: IBI-348, Ascentage R&D code: HQP1351) in China. In October 2020, a NDA submission for olverembatinib had been accepted by the NMPA with priority review, for the treatment of patients resistant to TKIs and with T315I-mutant chronic phase CML and accelerated phase CML.

- Around the end of 2021, we and our partner Ascentage Pharma expect to receive NDA approval for olverembatinib for the treatment of patients resistant to TKIs and with T315I-mutant chronic phase CML and accelerated phase CML.

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

Milestones and Achievements during the Reporting Period

- We have completed the patient enrolment of IBI-376 for the pivotal phase 2 trial of IBI-376 for r/r FL in China.

Post-Reporting Period (Expected) Milestones and Achievements

- In the rest of 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 publish the data of the phase 2 study of IBI-376 for the treatment of r/r FL on the 2021 American Society of Hematology annual meeting in December 2021.

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

IBI-344 (taletrectinib), *a novel next-generation ROS1/NTRK TKI in-licensed from AnHeart*

Milestones and Achievements during the Reporting Period

- In June 2021, we entered into an exclusive license agreement for the co-development and commercialization of AnHeart's lead drug candidate, taletrectinib – a next-generation TKI designed to effectively target ROS1 and NTRK – in Greater China, including mainland China, Hong Kong, Macau and Taiwan.

- In June 2021, the initial clinical data for the ongoing phase 2 clinical study to investigate taletrectinib in treating patients with ROS1 fusion positive NSCLC (NCT04395677) was published at the ASCO 2021 Annual Meeting.

- In June 2021, the first patient has been dosed in a phase 2 basket trial of taletrectinib for solid tumors containing NTRK fusion (NCT04617054).

Management Discussion and Analysis

Post-Reporting Period (Expected) Milestones and Achievements

- In 2021, AnHeart expects to complete the patient enrolment for the pivotal phase 2 clinical study to investigate taletrectinib in treating patients with ROS1 fusion positive NSCLC.

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

Milestones and Achievements during the Reporting Period

- In January 2021, we 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.

Post-Reporting Period (Expected) Milestones and Achievements

- By the end of 2021, we plan to complete the patient enrolment for the pivotal phase 2 study for second-line or above cervical cancer.

- At the 2021 annual meeting of ESMO, we plan to publish phase 1 data of IBI-310 for advanced melanoma.

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

Milestones and Achievements during the Reporting Period

- 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.

Post-Reporting Period Expected Milestones and Achievements

- In August 2021, IBI-306 met the primary endpoint of LDL-C in the phase 3 study for the treatment of HeFH.

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

Milestones and Achievements during the Reporting Period

- 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 (r/r MM)."

- 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.

- In June 2021, updated data from the Phase 1 study of IBI-326 in patients with r/r MM was released at the European Hematology Association Congress.

Post-Reporting Period (Expected) Milestones and Achievements

- In early 2022, we and Nanjing IASO Biotherapeutics expect to file NDA submission to the NMPA for IBI-326 for the treatment of r/r MM.

Management Discussion and Analysis

Other Selected Clinical Stage Drug Candidates

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

Milestones and Achievements during the Reporting Period

- In the first half of 2021, we have been enrolling patients for the phase 1b trial for IBI-188 in MDS and the phase 1b trial for IBI-188 in relapsed/ refractory AML.

Post-Reporting Period (Expected) Milestones and Achievements

- In July 2021, we entered into a multifaceted collaboration with Ascentage Pharma, including the exploration of collaborative clinical development of our anti-CD47 monoclonal antibody letaplimab (IBI-188) and anti-CD20 monoclonal antibody HALPRYZA® (rituximab biosimilar) with Ascentage Pharma's Bcl-2 inhibitor APG-2575 (lisaftoclax).

- We plan to complete patient enrolment for the phase 1b trial for IBI-188 in MDS and the phase 1b trial for IBI-188 in r/r AML in 2021.

IBI-322, *a novel first-in-class anti-CD4 7/PD-L1 bispecific antibody*

Milestones and Achievements during the Reporting Period

- In early 2021, we have started the patient enrolment for the phase 1 study for IBI-322 for the treatment of patients with advanced malignancies in the U.S..

Post-Reporting Period (Expected) Milestones and Achievements

- In 2021, we plan to enter phase 1b trial for IBI-322 in China. We plan to get preliminary PoC data by the end of 2021 to early 2022.

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

Milestones and Achievements during the Reporting Period

- In June 2021, we released the phase 1b study data of IBI-362 in obesity at the annual meeting of American Diabetes Association. IBI-362 has shown good safety, robust weight loss efficacy and multiple benefits in metabolic profile in the phase 1 clinical study.

- In June 2021, we have dosed the first subject for IBI-362 in the phase 2 clinical study in obesity subjects in China. This is a randomized, double-blind, placebo-controlled phase 2 study to assess the efficacy and safety of IBI-362 in overweight or obese subjects in China with planned enrolment of over 200 people. The primary objective of this study is to evaluate the change from baseline in body weight at week 24, and to recommend the optimal dose for phase 3 studies.

Post-Reporting Period (Expected) Milestones and Achievements

- In August 2021, the phase 1b study results of IBI-362 in Chinese participants with overweight or obesity was published in *EClinicalMedicine* by the *Lancet*. This is the first time that a phase 1 clinical study results of an innovative drug in the field of metabolism developed in China were published in the *Lancet* journals.

- In the third quarter of 2021, we plan to start the phase 2 clinical study of IBI-362 in diabetic patients.

- We plan to present the phase 1b study data of IBI-362 in diabetic patients at the International Diabetes Federation Virtual Congress 2021 in December 2021.

Management Discussion and Analysis

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 the Reporting Period

- In April 2021, we have dosed the first patient for the phase 2 trial of IBI-302 in subjects with active subfoveal or parafoveal choroidal neovascularization secondary to nAMD.

Post-Reporting Period (Expected) Milestones and Achievements

- 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 the annual meeting of American Academy of Ophthalmology in November 2021.

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

Milestones and Achievements during Reporting Period

- In the first half of 2021, we have completed 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 start phase 2 clinical study for IBI-112 for the treatment of psoriasis.

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

Milestones and Achievements during the Reporting Period

- In Jan 2021, we completed the patient enrolment for the phase 1b study for IBI-110 in combination with sintilimab injection for advanced malignancies.

- In June 2021, the results of the phase 1 study of IBI-110 were released at the ASCO Annual Meeting 2021. The phase 1 study is a dose-escalation trial evaluating IBI-110 as a single agent and in combination with sintilimab in patients with advanced solid tumors refractory to standard of care therapy. IBI-110 has shown promising efficacy signal and safety profile in the study as single agent as well as in combination with sintilimab.

Post-Reporting Period (Expected) Milestones and Achievements

- In the rest of 2021, we plan to start multiple phase 1b and phase 2 clinical trials for IBI-110 in different indications of solid tumors and blood tumors to explore the potential of this molecules.

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

Milestones and Achievements during the Reporting Period

- We have started enrolling patients for phase 1b of IBI-939 in combination with TYVYT® (sintilimab injection) for advanced lung cancer in early 2021.

Post-Reporting Period (Expected) Milestones and Achievements

- We plan to keep enrolling the above mentioned phase 1b study in 2021.

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

Milestones and Achievements during the Reporting Period

- We have been enrolling patients for the phase 1a study for IBI-315.

Management Discussion and Analysis

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 phase 1b trial for IBI-315 in China and get preliminary PoC data in the end 2021 to early 2022.

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

Milestones and Achievements during the Reporting Period

- We are conducting phase 1b trials for IBI-318 in multiple malignancies in 2021

Post-Reporting Period (Expected) Milestones and Achievements

- We plan to complete the above mentioned phase 1b trials of IBI-318 in 2021.

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

Milestones and Achievements during the Reporting Period

- In the first half of 2021, we started the patient enrolment of phase 1 clinical study of IBI-319 for advanced malignant tumors.

Post-Reporting Period (Expected) Milestones and Achievements

- In 2021, we will keep enrolling patients for the phase 1 clinical study of IBI-319.

IBI-321, *a novel TIGIT/PD-1 bi-specific antibody*

Milestones and Achievements during the Reporting Period

- In the first half of 2021, we started the patient enrolment of phase 1 clinical study of IBI-321.

Post-Reporting Period (Expected) Milestones and Achievements

- In 2021, we will keep enrolling patients for the phase 1 clinical study of IBI-321.

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

Milestones and Achievements during the Reporting Period

- In the first half of 2021, we started the patient enrolment of phase 1 clinical study of IBI-323.

Post-Reporting Period (Expected) Milestones and Achievements

- In 2021, we will keep enrolling patients for the phase 1 clinical study of IBI-323.

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.

Our strategic collaboration with domestic and overseas partners

- 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.

- In June 2021, we entered into an exclusive agreement with AnHeart for the co-development and commercialization of AnHeart's lead drug candidate, taletrectinib – a next-generation TKI designed to effectively target ROS 1 and NTRK – in Greater China, including mainland China, Hong Kong, Macau and Taiwan.

Management Discussion and Analysis

- In June 2021, we entered into a non-exclusive, target-specific license agreement with Synaffix in an ADC technology deal. Synaffix will provide all the necessary proprietary ADC technologies to enable us to rapidly progress one of its antibodies as a best-in-class ADC candidate. We will be responsible for the research, development, manufacturing and commercialization of the ADC product. Synaffix will closely support our research activities and will be responsible for the manufacturing of components that are specifically related to its proprietary technologies.

- In July 2021, we entered into a multifaceted strategic collaboration with Ascentage Pharma. The collaboration includes: i) the joint commercialization of olverembatinib in China; ii) the collaborative clinical development of Bcl-2 inhibitor APG-2575 (lisaftoclax) with the anti-CD20 monoclonal antibody HALPRYZA® (rituximab biosimilar injection) and the anti-CD47 monoclonal antibody letaplimab (IBI-188); and iii) the equity investment in Ascentage Pharma.

- In July 2021, we entered into a collaboration agreement with Laekna to evaluate the combination of our PD-1 inhibitor sintilimab and Laekna's pan-AKT kinase inhibitor afuresertib.

Our Manufacturing Facilities

- As of the date of this interim report, we have a total of 24,000L production capacity to support our production needs for both commercial stage products 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. In particular, the large scale stainless steel bioreactors have provided market competitive cost advantage of TYVYT® (sintilimab injection), enhancing the gross profit margin of product sales to 87.3% in the first half of 2021 versus from 79.9% during the same period last year.

- We keep expanding our manufacturing facilities to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. We have started the construction of a new commercial facility in the M2 site that is designed to house additional twelve 3,000L production capacities and anticipate to receive GMP approval for the M2 site in the second half, expanding our production capacity from 24,000L to 60,000L.

Other Corporate Development

- 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 merger and acquisition activities, further expand the production capacity, and for working capital and other general corporate use.

- In 2021, we have successfully established our U.S. Lab in Maryland. With the plan to initially host a bunch of industry leading scientists and laboratory-based technical staffs, the U.S. Lab is primarily focused on disease mechanism study and technology-platform development, in order to feed the product pipeline with the next-generation drug candidates. The U.S. Lab will work as an important component of our R&D infrastructure, with the aim of connecting with the frontline of global innovation and clinical practices, and to accelerate translation of scientific discovery into medicines to fulfil our mission of discovering and developing more high quality, life-saving medicines that are affordable to ordinary people.

Management Discussion and Analysis

Financial Review

Six Months Ended 30 June 2021 Compared to Six Months Ended 30 June 2020

	Six Months Ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	**1,941,750**	984,206
Cost of sales	**(234,758)**	(184,817)
Gross profit	**1,706,992**	799,389
Other income	**90,274**	107,357
Other gains and losses	**(85,225)**	97,549
Research and development expenses	**(1,042,095)**	(807,954)
Administrative and other expenses	**(340,855)**	(186,835)
Selling and marketing expenses	**(1,137,346)**	(446,623)
Royalties and other related payments	**(339,799)**	(134,936)
Finance costs	**(27,104)**	(32,613)
Loss before tax	**(1,175,158)**	(604,666)
Income tax expense	**(152)**	(3,528)
Loss and total comprehensive expenses for the period	**(1,175,310)**	(608,194)
Non-IFRS measure:		
Adjusted loss and total comprehensive expenses for the period	**(676,850)**	(532,395)

Management Discussion and Analysis

1. Revenue

For the six months ended 30 June 2021, the Group generated revenue from contracts with customers of RMB1,941.8 million. The Group generates revenue from (i) sales of pharmaceutical products; and (ii) license fee income. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	Six Months Ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Sales of pharmaceutical products	**1,854,564**	920,888
License fee income	**87,186**	63,212
R&D service fee income	**–**	106
Total revenue from contracts with customers	**1,941,750**	984,206

As at 30 June 2021, the Group recorded revenue from sales of pharmaceutical products of RMB1,854.6 million, as compared with RMB920.9 million for the six months ended 30 June 2020.

During the six months ended 30 June 2021, the Group recorded license fee income of RMB87.2 million, as compared with RMB63.2 million for the six months ended 30 June 2020. In January 2021, the Group entered into an out-license agreement with a customer and realised license fee income of RMB3.4 million. 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 six months ended 30 June 2021 and 2020, such license fee income recorded was RMB83.8 million and RMB27.9 million, respectively.

2. Cost of Sales

The Group's cost of sales consists of cost of raw material, direct labour, manufacturing cost and manufacturing overhead related to the production of the products sold. For the six months ended 30 June 2021, the Group recorded cost of sales of RMB234.8 million, as compared with RMB184.8 million for the six months ended 30 June 2020.

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.

Management Discussion and Analysis

For the six months ended 30 June 2021, other income of the Group decreased by RMB17.1 million to RMB90.3 million, from RMB107.4 million for the six months ended 30 June 2020. The decrease was primarily due to decrease in government grants income, partially offset by increased bank interest income.

4. Other Gains and Losses

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

For the six months ended 30 June 2021, other gains and losses of the Group was a loss of RMB85.2 million, as compared with a gain of RMB97.5 million for the six months ended 30 June 2020, which included losses of RMB87.7 million mainly arising from unrealised net foreign exchange adjustment as a result of the weakening of certain major currency USD against the RMB, partially offset by a gain of approximately RMB2.5 million related to the investment on other financial assets.

5. R&D Expenses

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

For the six months ended 30 June 2021 and 2020, the Group incurred R&D expenses of RMB1,042.1 million and RMB808.0 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 six months ended 30 June 2021, administrative and other expenses of the Group increased to RMB340.9 million from RMB186.8 million for the six months ended 30 June 2020. The significant increase was caused by hiring of new administrative staff, increased share-based compensation, increased donations to various charitable organizations and other expenses in relation to our operations.

7. Selling and Marketing Expenses

Selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities. Selling and marketing expenses were RMB1,137.3 million for the six months ended 30 June 2021, as compared with RMB446.6 million for the six months ended 30 June 2020. The Group continuously devotes commercialisation effort 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 RMB339.8 million for the six months ended 30 June 2021, as compared with RMB134.9 million for the six months ended 30 June 2020. 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 RMB0.2 million for the six months ended 30 June 2021, which represented the income tax expense arising from taxable income in a subsidiary of the Group.

Management Discussion and Analysis

10. Non-IFRS Measure

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

Adjusted loss and total comprehensive expenses for the period represents the loss and total comprehensive expenses for the period excluding the effect of certain items including share-based compensation expenses and net foreign exchange gains or losses. The table below sets forth a reconciliation of the loss and total comprehensive expenses for the period to adjusted loss and total comprehensive expenses for the period during the years indicated:

	Six Months Ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss and total comprehensive expenses for the period	**(1,175,310)**	(608,194)
Added:		
Share-based compensation expenses	**410,789**	154,661
Net foreign exchange losses/(gains)	**87,671**	(78,862)
Adjusted loss and total comprehensive expenses for the period	**(676,850)**	(532,395)

Management Discussion and Analysis

Selected Data from Statement of Financial Position

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Total current assets	**13,432,523**	9,466,681
Total non-current assets	**3,024,059**	2,368,315
Total assets	**16,456,582**	11,834,996
Total current liabilities	**2,241,738**	1,485,851
Total non-current liabilities	**2,309,515**	1,569,375
Total liabilities	**4,551,253**	3,055,226
Net current assets	**11,190,785**	7,980,830

11. Liquidity and Source of Funding and Borrowing

As at 30 June 2021, the Group's bank balances and cash and current portion of other financial assets increased to RMB11,164 million from RMB8,121.1 million as at 31 December 2020. The increase primarily resulted from the placement of new shares for approximately RMB3,893.3 million in January 2021, partially offset by investment in ongoing R&D projects, commercialisation activities and capacity expansion. As at 30 June 2021, the current assets of the Group were RMB13,432.5 million, including bank balances and cash of RMB11,164 million. As at 30 June 2021, the current liabilities of the Group were RMB2,241.7 million, including trade payables of RMB277.3 million, other payables and accrued expenses of RMB1,369.2 million, contract liabilities of RMB210.2 million, borrowings of RMB370 million and lease liabilities of RMB14.9 million. As at 30 June 2021, the Group had available unutilized long-term bank loan facilities of approximately RMB520.9 million.

Management Discussion and Analysis

12. Key Financial Ratios

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

	As at 30 June 2021	As at 31 December 2020
Current ratio[1]	**6.0**	6.4
Quick ratio[2]	**5.5**	5.9
Gearing ratio[3]	**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 six months ended 30 June 2021.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2021.

15. Pledge of Assets

As at 30 June 2021, the Group had a total of RMB507.9 million of property, plant and equipment, RMB51.0 million of land use rights and RMB480 million of bank deposits pledged to secure its loans and banking facilities.

16. Contingent Liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities.

17. Foreign Exchange Exposure

During the six months ended 30 June 2021, a majority of the Group's transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. As at 30 June 2021, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 30 June 2021. The Group uses forward contracts to eliminate the foreign exchange exposures.

Notes:

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

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

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%.

(4) Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative as at 30 June 2021.

Management Discussion and Analysis

18. Employees and Remuneration

As at 30 June 2021, the Group had 4,596 (as at 31 December 2020: 3,279) employees. The following table sets forth the total number of employees by function as at 30 June 2021:

Function	Number of employees	Percentage of total (%)
R&D	1,004	22
Manufacturing	1,118	24
Selling and Marketing	2,117	46
General and Administrative	357	8
Total	4,596	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 business 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 "Statutory and General Information – D. Equity Plan" in Appendix IV to the Prospectus for further details of the Pre-IPO Plan, the Post-IPO ESOP and the 2018 RS Plan and the circular of the Company dated 28 May 2020 for further details of the 2020 RS Plan, the termination of the 2018 RS Plan and the survival of the restricted shares granted or earmarked pursuant to the 2018 RS Plan. The 2020 RS Plan succeeded the 2018 RS Plan.

The total remuneration cost incurred by the Group for the six months ended 30 June 2021 was RMB1,211.0 million, as compared to RMB578.7 million for the six months ended 30 June 2020.

During the six months ended 30 June 2021, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

Other Information

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

As at 30 June 2021, 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 ordinary shares	Approximate percentage of holding[1]	Long position/ Short position
Dr. De-Chao Michael Yu	Beneficial owner	110,465,986[2]	7.57%	Long position
		371,747[3]	0.03%	Short position
	Grantor of a trust	9,000,000[4]	0.62%	Long position
Dr. Charles Leland Cooney	Beneficial owner	43,764[5]	0.00%	Long position
Mr. Ronald Hao Xi Ede	Beneficial owner	10,449,992[6]	0.72%	Long position
Ms. Joyce I-Yin Hsu	Beneficial owner	4,674[7]	0.00%	Long position
Dr. Kaixian Chen	Beneficial owner	4,674[8]	0.00%	Long position

Notes:

1. The calculation is based on the total number of 1,458,452,997 Shares in issue as at 30 June 2021.

2. Includes (i) 94,139,190 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 7,250,000 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 9,076,796 Shares underlying Restricted Shares granted to him, subject to the conditions of these 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. De-Chao Michael 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. Cooney; and (ii) Dr. Cooney's entitlement to the aggregate of 4,674 Shares underlying Restricted Shares granted to him, subject to the conditions of these 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.

6. Includes (i) 8,039,040 Shares held directly by Mr. Ede and (ii) Mr. Ede's entitlement to receive up to 1,930,952 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 480,000 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares

7. Represents Ms. Hsu's entitlement to the aggregate of 4,674 Shares underlying Restricted Shares granted to her, subject to the conditions of these 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.

8. Represents Dr. Chen's entitlement to the aggregate of 4,674 Shares underlying Restricted Shares granted to him, subject to the conditions of these 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.

Other Information

Save as disclosed above, as at 30 June 2021, 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 30 June 2021, 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/ Lending pool
FIL Limited[2]	Interest in a controlled corporation	139,099,199	9.54%	Long position
Pandanus Partners L.P.[1]	Interest in a controlled corporation	143,069,699	9.81%	Long position
Pandanus Associates Inc.[1]	Interest in a controlled corporation	139,099,199	9.54%	Long position
FMR LLC[2]	Interest in a controlled corporation	88,300,746	6.05%	Long position
The Capital Group Companies, Inc[3]	Interest in a controlled corporation	78,277,090	5.37%	Long position
TLS BETA PTE. LTD. ("**TLS Beta**")[4]	Beneficial interest	64,482,850	4.42%	Long position
Temasek Life Sciences Private Limited[4]	Interest in a controlled corporation	75,712,850	5.19%	Long position
Fullerton Management Pte Ltd[4]	Interest in a controlled corporation	75,712,850	5.19%	Long position
Temasek Holdings (Private) Limited[4]	Interest in a controlled corporation	75,712,850	5.19%	Long position
Citigroup Inc.	Interest in a controlled corporation	82,000,165	5.62%	Long position
	Interest in a controlled corporation	4,929,004	0.34%	Short position
	Approved lending agent	71,231,010	4.88%	Lending pool

Other Information

Notes:

1. The calculation is based on the total number of 1,458,452,997 Shares in issue as at 30 June 2021.

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 Eight Roads Holdings Limited and Eight Roads Investments.

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 64,482,850 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 30 June 2021, 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.

Other Information

Equity Plans

1. Pre-IPO Share Incentive Plan

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

Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and the 2020 annual report of the Company.

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan as at 30 June 2021 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 2021	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2021
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	51,229,213	(3,677,000)	–	(65,000)	47,487,213
Total					**51,229,213**	(3,677,000)	–	(65,000)	47,487,213

Note:

(5) 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$94.03.

2. Post-IPO ESOP

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

Further details of the Post-IPO ESOP are set out in the Prospectus and the 2020 annual report of the Company.

Other Information

Details of the movements of the options granted under the Post-IPO ESOP as at 30 June 2021 are as follows:

Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Number of options					Closing price of the Shares immediately before the date of grant
					Outstanding as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at 30 June 2021	
Directors										
Dr. De-Chao Michael Yu	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	4,142,857	–	–	–	4,142,857	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	2,071,429	–	–	–	2,071,429	HK$34.00
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	–	1,035,714	–	–	1,035,714	HK$73.8
Mr. Ronald Hao Xi Ede	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	952,381	–	–	–	952,381	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	635,714	–	–	–	635,714	HK$34.00
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	–	342,857	–	–	342,857	HK$73.8
Other grantees than Directors, senior management and connected persons										
	15 March 2019	10 years from the date of grant	740,990 Share options: 50% shall vest on 15 March 2024; and 50% shall vest on 15 March 2025; remaining Share options: 75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	9,539,964	–	–	(234,342)	9,305,622	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
	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	14,336,535	–	–	–	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
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	–	10,446,428	–	–	10,446,428	HK$73.80
	23 June 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$90.05	–	6,593,570	–	–	6,593,570	HK$86.05
Total					62,325,007	18,418,569	–	(234,342)	80,509,234	

Other Information

3. 2018 RS Plan

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

The 2018 RS Plan was terminated in its entirety on 12 June 2020, the adoption date of the 2020 RS Plan. Nonetheless, the rights and obligations of the grantees and the Company with respect to the restricted Shares that had 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 30 June 2021, 26,225,892 restricted Shares had been granted or agreed to be granted under the 2018 RS Plan.

Further details of the 2018 RS Plan are set out in the Prospectus and the 2020 annual report of the Company.

Other Information

Details of the movements of the restricted Shares granted under the 2018 RS Plan as at 30 June 2021 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2021	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at 30 June 2021	Vesting Period	Closing price at date of grant
Director								
Dr. De-Chao Michael Yu	2 May 2019	5,521,437	–	(1,380,359)	–	4,141,078	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	HK33.95
Mr. Ronald Hao Xi Ede	15 April 2020	320,000	–	–	–	320,000	4 years from the date of grant	HK33.95
Dr. Charles Leland Cooney	15 April 2020	3,891[Note]	–	(3,891)	–	–	1 January 2021	HK33.95
Ms. Joyce I-Yin Hsu	15 April 2020	3,891[Note]	–	(3,891)	–	–	1 January 2021	HK33.95
Dr. Kaixian Chen	15 April 2020	3,891[Note]	–	(3,891)	–	–	1 January 2021	HK33.95
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		27,647,924	–	(1,392,032)	–	26,225,892		

Note:

The grant was vested on 1 January 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 2 January 2020 up to and including the trading day immediately preceding the vesting date of the restricted Shares granted to Dr. Cooney, Ms. Hsu and Dr. Chen (i.e., 31 December 2020).

Other Information

4. 2020 RS Plan

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

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

Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020, the circular of the Company dated 28 May 2020. and Note 19 to the Condensed Consolidated Financial Statements.

As at 30 June 2021, 5,360,840 restricted Shares had been granted or agreed to be granted under the 2020 RS Plan.

Details of the movements of the restricted Shares granted under the 2020 RS Plan as at 30 June 2021 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2021	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Held at 30 June 2021	Vesting Period	Closing price at date of grant
Director								
Dr. De-Chao Michael Yu	30 March 2021	–	725,000	–	–	725,000	1 January 2022	HK$78.20
Mr. Ronald Hao Xi Ede	30 March 2021	–	160,000	–	–	160,000	1 January 2022	HK$78.20
Dr. Charles Leland Cooney	30 March 2021	–	1,817	–	–	1,817	1 January 2022	HK$78.20
Ms. Joyce I-Yin Hsu	30 March 2021	–	1,817	–	–	1,817	1 January 2022	HK$78.20
Dr. Kaixian Chen	30 March 2021	–	1,817	–	–	1,817	1 January 2022	HK$78.20
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
	30 March 2021	–	2,342,333	–	–	2,342,333	4 years from the date of grant	HK$72.80
	23 June 2021	–	2,128,056	–	–	2,128,056	Within 5 or 6 years, from the date of grant pursuant to the terms of the award agreement entered into between the Company and each grantee	HK$90.05
Total		8,131,864	5,360,840	–	–	13,492,704		

Other Information

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

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 itself, 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 interim report, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's Shares during the six months ended 30 June 2021.

Material Litigation

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2021. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the six months ended 30 June 2021.

Use of Net Proceeds

(a) 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 (the "**2019 Placing Agreement**") 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 of the 2019 Placing, have been successfully placed to not less than six places who and whose ultimate beneficial owner(s) are third parties independent of the Company.

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 1 clinical trial, and for future capacity expansion and general corporate use, as appropriate.

Other Information

As at 30 June 2021, 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. The table below sets out the use of proceeds from the 2019 Placing as at 31 December 2020 and 30 June 2021:

Use of net proceeds from the 2019 Placing as disclosed in the Company's announcements relating to the 2019 Placing	Utilisation as at 31 December 2020 RMB million	Unutilised as at 31 December 2020 RMB million	**Utilisation as at 30 June 2021 RMB million**	**Unutilised as at 30 June 2021 RMB million**
Incyte in-licensed products (note)	302.3	N/A	**317.9**	**-**
IBI-302 (anti-VEGF/complement bispecific fusion protein)	25.5	N/A	**42.4**	**-**
IBI-318 (anti-PD-1/PD-L1 bispecific antibody)	29.5	N/A	**43.5**	**-**
Development of other pipeline candidates	1,060.7	N/A	**1,199.7**	**-**
Future capacity expansion	151.0	N/A	**160.1**	**-**
General corporate use	267.8	N/A	**359.1**	**-**
	1,836.8	285.9	**2,122.7**	**-**

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

(b) 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 National Reimbursement Drug List, 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.

Other Information

As at 30 June 2021, approximately RMB1,135.7 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 RMB964.0 million remained unutilised. The table below sets out the use of proceeds from the February 2020 Placing as at 31 December 2020 and 30 June 2021:

Use of net proceeds from the February 2020 Placing as disclosed in the Company's announcements relating to the February 2020 Placing	Utilisation as at 31 December 2020 RMB million	Unutilised as at 31 December 2020(Note) RMB million	**Utilisation as at 30 June 2021 RMB million**	**Unutilised as at 30 June 2021(Note) RMB million**
Future capacity expansion	71.5	N/A	**153.0**	**N/A**
Anticipation of the other new drugs the Company expects to launch in the next few years	–	N/A	**739.6**	**N/A**
General corporate use	13.7	N/A	**243.1**	**N/A**
	85.2	2,014.5	**1,135.7**	**964.0**

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

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 24 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.

(c) 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 (as defined in the announcement of the Company dated 23 July 2020); 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 R&D laboratories in the United States, and (iii) for general corporate use, as appropriate.

Other Information

As at 30 June 2021, approximately RMB641.1 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 RMB1,873.1 million remained unutilised. The table below sets out the use of proceeds from the July 2020 Placing as at 30 June 2021:

Use of net proceeds from the July 2020 Placing as disclosed in the Company's announcements relating to the July 2020 Placing	Utilisation as at 31 December 2020 RMB million	Unutilised as at 31 December 2020(Note) RMB million	**Utilisation as at 30 June 2021 RMB million**	**Unutilised as at 30 June 2021(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	**578.6**	**N/A**
Funding increased international clinical trial needs with expansion of R&D laboratories in the United States	19.5	N/A	**62.5**	**N/A**
General corporate use	–	N/A	**–**	**N/A**
	398.5	2,115.7	**641.1**	**1,873.1**

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

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 24 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.

(d) 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.

Other Information

As at 30 June 2021, 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 42 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.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three non-executive Directors (including independent non-executive Directors), namely, Ms. Joyce I-Yin Hsu, Mr. Shuyun Chen and Dr. Kaixian Chen. Ms. Joyce I-yin Hsu, an independent non-executive Director, is the chairman of the Audit Committee.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

Other Board Committees

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

Future Plans for Material Investment or Capital Assets

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

Changes to Directors' Information

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 Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. During the six months ended 30 June 2021, 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 responsibilities between the chairman of the Board and the chief executive officer 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 currently performs these two roles. The Board believes that vesting the roles of both chairman 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.

Other Information

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending 31 December 2021.

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 set out in Appendix 10 to the Listing Rules as its own securities dealing code 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 of all the Directors and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2021. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the six months ended 30 June 2021.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of Innovent Biologics, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 80, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 August 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue from contracts with customers	4	**1,941,750**	984,206
Cost of sales		**(234,758)**	(184,817)
Gross profit		**1,706,992**	799,389
Other income		**90,274**	107,357
Other gains and losses		**(85,225)**	97,549
Research and development expenses		**(1,042,095)**	(807,954)
Administrative and other expenses		**(340,855)**	(186,835)
Selling and marketing expenses		**(1,137,346)**	(446,623)
Royalties and other related payments		**(339,799)**	(134,936)
Finance costs		**(27,104)**	(32,613)
Loss before tax		**(1,175,158)**	(604,666)
Income tax expense	5	**(152)**	(3,528)
Loss and total comprehensive expenses for the period	6	**(1,175,310)**	(608,194)
Loss per share	7		
– Basic (RMB Yuan)		**(0.81)**	(0.46)
– Diluted (RMB Yuan)		**(0.81)**	(0.46)

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2021

	Notes	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	**2,011,522**	1,584,079
Right-of-use assets	9	**316,108**	327,124
Intangible assets	10	**96,914**	32,625
Prepayments for acquisition of property, plant and equipment		**395,913**	272,278
Other receivables and tax recoverables	12	**158,175**	139,267
Other financial assets	13	**45,427**	12,942
		3,024,059	2,368,315
Current assets			
Inventories		**1,101,636**	705,658
Trade receivables	11	**1,002,455**	475,378
Deposits, prepayments and other receivables	12	**164,398**	164,515
Other financial assets	13	**–**	357,297
Bank balances and cash	14	**11,164,034**	7,763,833
		13,432,523	9,466,681
Current liabilities			
Trade payables	15	**277,334**	120,620
Other payables and accrued expenses	16	**1,369,231**	973,634
Contract liabilities		**210,236**	120,440
Borrowings	17	**370,000**	255,000
Lease liabilities		**14,937**	16,157
		2,241,738	1,485,851
Net current assets		**11,190,785**	7,980,830
Total assets less current liabilities		**14,214,844**	10,349,145

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2021

	Notes	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Non-current liabilities			
Contract liabilities		**779,741**	588,141
Borrowings	17	**1,468,136**	925,178
Government grants		**58,510**	45,823
Lease liabilities		**3,128**	10,233
		2,309,515	1,569,375
Net assets		**11,905,329**	8,779,770
Capital and reserves			
Share capital	18	**100**	97
Reserves		**11,905,229**	8,779,673
Total equity		**11,905,329**	8,779,770

The condensed consolidated financial statements on page 47 to 80 were approved and authorised for issue by the board of directors on 25 August 2021 and signed on its behalf by:

Yu, De-Chao Michael
DIRECTOR

Ede, Hao Xi Ronald
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (note)	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020 (audited)	87	13,885,262	(313,652)	168,002	(8,983,568)	4,756,131
Loss and total comprehensive expenses for the period	–	–	–	–	(608,194)	(608,194)
Issue of ordinary shares (note 18(a))	6	2,122,184	–	–	–	2,122,190
Transaction costs attribute to issue of new shares	–	(22,523)	–	–	–	(22,523)
Recognition of equity-settled share based payment	–	–	–	154,661	–	154,661
Vesting of restricted shares	–	31,946	–	(31,946)	–	–
Exercise of share options (note 18(b))	–	4,087	–	(1,787)	–	2,300
At 30 June 2020 (unaudited)	93	16,020,956	(313,652)	288,930	(9,591,762)	6,404,565
At 1 January 2021 (audited)	**97**	**18,541,251**	**(313,652)**	**534,063**	**(9,981,989)**	**8,779,770**
Loss and total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**(1,175,310)**	**(1,175,310)**
Issue of ordinary shares (note 18(c))	**3**	**3,940,088**	**–**	**–**	**–**	**3,940,091**
Transaction costs attribute to issue of new shares	**–**	**(54,696)**	**–**	**–**	**–**	**(54,696)**
Recognition of equity-settled share based payment	**–**	**–**	**–**	**410,789**	**–**	**410,789**
Vesting of restricted shares	**–**	**32,252**	**–**	**(32,252)**	**–**	**–**
Exercise of share options (note 18(d))	**–**	**8,436**	**–**	**(3,751)**	**–**	**4,685**
At 30 June 2021 (unaudited)	**100**	**22,467,331**	**(313,652)**	**908,849**	**(11,157,299)**	**11,905,329**

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before tax	**(1,175,158)**	(604,666)
Adjustments for:		
Loss on disposal of property, plant and equipment	**147**	747
Depreciation of property, plant and equipment	**77,704**	47,698
Depreciation of right-of-use assets	**11,802**	8,730
Amortization of prepaid bonus	**7,584**	6,144
Net foreign exchange losses (gains)	**82,742**	(48,365)
Gain from changes in fair value of other financial assets (financial assets mandatorily measured at fair value through profit or loss ("FVTPL"))	**(2,593)**	(19,435)
Share-based payment expenses	**410,789**	154,661
Research and development expenses paid by partners of joint operations	**16,041**	2,417
Government grants income	**(2,313)**	(1,328)
Interest income	**(79,423)**	(61,154)
Interest on bank borrowings	**27,104**	12,273
Interest arising from a contract which contains significant financing component	**–**	19,523
Interest expense on lease liabilities	**566**	817
Operating cash flows before movements in working capital	**(625,008)**	(481,938)
Increase in contract assets	**–**	(71)
Increase in trade receivables	**(527,077)**	(129,915)
Increase in inventories	**(395,978)**	(108,539)
(Increase) decrease in deposits, prepayments and other receivables	**(48,224)**	56,694
Increase in trade payables	**156,714**	111,790
Increase (decrease) in other payables and accrued expenses	**142,891**	(294,874)
Increase in contract liabilities	**281,396**	102,779
Increase in government grants related to income	**–**	3,995
CASH USED IN OPERATIONS	**(1,015,286)**	(740,079)
Withholding tax paid	**–**	(3,528)
Income tax paid	**(152)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(1,015,438)**	(743,607)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Interest received	**102,483**	57,791
Placement of term deposits with maturity dates over three months	**(4,544,829)**	(1,750,921)
Placement of pledged term deposits	**(410,000)**	–
Release of pledged term deposits	**3,000**	–
Purchase of property, plant and equipment	**(348,323)**	(34,121)
Purchase of intangible assets	**(64,289)**	(32,625)
Payments for right-of-use assets	**1,181**	–
Payments for rental deposits	**(1,285)**	–
Purchase of other financial assets	**(1,103,629)**	(3,363,007)
Release of term deposits with maturity dates over three months	**4,740,152**	1,893,028
Proceeds on release of other financial assets	**1,431,034**	2,283,846
Proceeds from disposal of property, plant and equipment	**2**	30
Receipt of government grants related to property, plant and equipment	**15,000**	580
Repayment to a partner of joint operations	**(37,519)**	(2,560)
NET CASH USED IN INVESTING ACTIVITIES	**(217,022)**	(947,959)
FINANCING ACTIVITIES		
Interest paid	**(34,098)**	(21,540)
New borrowings raised	**792,958**	120,000
Repayment of borrowings	**(135,000)**	(6,000)
Repayment of lease liabilities	**(10,292)**	(8,202)
Proceeds from exercise of share options	**4,685**	2,300
Issuance of ordinary shares	**3,940,091**	2,122,190
Payment of transaction costs attributable to issuance of new shares	**(54,696)**	(22,523)
NET CASH FROM FINANCING ACTIVITIES	**4,503,648**	2,186,225
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,271,188**	494,659
CASH AND CASH EQUIVALENTS AT 1 JANUARY,	**1,276,178**	2,425,806
Effects of foreign exchange rate changes	**(82,664)**	48,092
CASH AND CASH EQUIVALENTS AT 30 JUNE,	**4,464,702**	2,968,557
Represented by:		
Bank balances and cash	**11,164,034**	4,633,286
Less: Term deposits with maturity date over three months	**(6,219,332)**	(1,664,729)
Less: Pledged bank deposits	**(480,000)**	–
	4,464,702	2,968,557

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. Basis of Preparation

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

2. Principal Accounting Policies

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended 30 June 2021 are the same as those presented in the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to IFRS 16	Covid-19-Related Rent Concessions

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

3. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. Revenue from Contracts with Customers and Segment Information

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**1,854,564**	920,888
License fee income	**3,362**	35,286
Overtime		
Research and development service fee income	**–**	106
Licence fee income	**83,824**	27,926
	1,941,750	984,206

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 30 June 2021, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. Revenue from Contracts with Customers and Segment Information (Continued)

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 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 associated 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.

R&D agreements with a customer

The Group entered into R&D 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 is initially recognised as a contract liability. Service 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 30 June 2021, transaction price allocated to the remaining performance obligation amounting to nil (30 June 2020: RMB106,000 to be fulfilled within 12 months after the end of the reporting period).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. Revenue from Contracts with Customers and Segment Information (Continued)

Segment information

For the purposes of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and 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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The PRC	**1,938,388**	948,920
Indonesia	**3,362**	–
The U.S.	**–**	35,286
	1,941,750	984,206

5. Income Tax Expense

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
Current income tax	**152**	–
Withholding tax	**–**	3,528
	152	3,528

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. Loss for the Period

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Directors' emoluments	**62,697**	62,487
Other staffs costs:		
Salaries and other allowances	**470,911**	288,510
Performance related bonus	**225,775**	89,792
Retirement benefit scheme contributions	**89,777**	33,749
Share-based payment expenses	**361,843**	104,121
Total staff costs	**1,211,003**	578,659
Depreciation of property, plant and equipment	**77,704**	47,698
Capitalised in inventories	**(36,982)**	(7,943)
	40,722	39,755
Depreciation of right-of-use assets	**11,802**	8,730
Auditors' remuneration	**1,323**	1,222
Cost of inventories recognised as an expense	**196,435**	183,913

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. Loss Per Share

(a) Basic

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(1,175,310)**	(608,194)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,450,225,332**	1,321,066,386

The computation of basic loss per share for the period ended 30 June 2021 excluded the treasury shares and included vested but not issued restricted shares of the Company. The computation of basic loss per share for the period ended 30 June 2020 excluded the unvested restricted shares of the Company. Details of these restricted shares are set out in note 19.

(b) Diluted

30 June 2021 and 2020

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

8. Dividends

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the period ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. Property, Plant and Equipment and Right-of-Use Assets

During the current interim period, the Group paid approximately RMB498.4 million for construction costs mainly for new production plant and machinery.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of use assets of RMB0.8 million (six months ended 30 June 2020: nil) and lease liabilities of RMB0.8 million (six months ended 30 June 2020: nil).

10. Intangible Assets

During the current interim period, the Group capitalised development cost paid of a total of RMB64.3 million.

11. Trade Receivables

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade receivables from contracts with customers	**1,002,455**	475,378

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0 – 60 days	**1,002,455**	475,378

None of the Group's trade receivable balances are past due as at 30 June 2021 and 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. Deposits, Prepayments, Other Receivables and Tax Recoverables

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Prepayments	**65,230**	46,900
Other receivables	**65,996**	97,205
Prepaid bonus (note a)	**143,937**	86,012
Other loans (note b)	**9,437**	9,506
Other tax recoverables	**31,196**	58,667
Rental deposits	**6,777**	5,492
	322,573	303,782
Analysed as:		
Non-current	**158,175**	139,267
Current	**164,398**	164,515
	322,573	303,782

Notes:

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

On 13 May 2021 and 21 June 2021, the Company granted bonuses in the total amount of RMB65.5 million to Dr. Yu, which is equal to the amount due from Dr. Yu of the Company in respect of the withholding tax resulting from the restricted shares.

Based on the relevant terms of the directors' respective service agreements (which reflected the relevant contractual terms of these directors' bonus plan), the outstanding subscription receivables and the amount paid or payable for these directors of the Company in respect of the withholding tax resulting from the share subscriptions and the grant of these bonuses as at 26 August 2018, 13 May 2021 and 21 June 2021 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 RMB30.3 million bonuses and RMB113.6 million relevant tax paid for them if certain service and/or performance conditions are not satisfied in accordance with the relevant terms of the respective directors' service agreements.

During the six months ended 30 June 2021, RMB7.6 million (six months ended 30 June 2020: RMB6.1 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 RMB25.4 million (year ended 31 December 2020: RMB12.3 million) is expected to be recognised in the next twelve months and therefore, it is classified as current assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. Deposits, Prepayments, Other Receivables and Tax Recoverables (Continued)

Notes: (Continued)

(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 信達生物製藥(蘇州)有限公司 ("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 RMB8.0 million (year ended 31 December 2020: RMB8.1 million) will be repaid within a year and classified as current receivables while the remaining RMB1.4 million (year ended 31 December 2020: RMB1.4 million) will be repaid after twelve months and classified as non-current receivables.

13. Other Financial Assets

	Current		Non-current	
	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)	**At 30 June 2021 RMB'000 (unaudited)**	At 31 December 2020 RMB'000 (audited)
Wealth management plan (note a)	**–**	242,944	**–**	–
Structured deposits (note b)	**–**	114,353	**–**	–
Other investment at FVTPL (note c)	**–**	–	**45,427**	12,942
	–	357,297	**45,427**	12,942

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13. Other Financial Assets (Continued)

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 2.63% – 3.55% (31 December 2020: 2.7% to 3.5%) per annum with nil balance as at 30 June 2021. 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 nil (six months ended 30 June 2020: RMB11,429,000) is recognised during the six months ended 30 June 2021.

(b) The Group invested in financial products managed by financial institutions. The principal is guaranteed by the relevant financial institutions with yield ranging from 2.28%-5.62% (31 December 2020: 2.28% to 5.62%) per annum with nil balance at 30 June 2021. 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 nil (six months ended 30 June 2020: RMB8,006,000) is recognised during the six months ended 30 June 2021.

(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 the US, respectively. The Group has the right to demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon the occurrence of redemption events which are outside the control of the issuer and accordingly the investment is measured at FVTPL. No change in fair value is recognised during the six months ended 30 June 2021 and year ended 31 December 2020.

The Group 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. As at 30 June 2021, no financial asset is recognized as the fair value of the derivative instruments is considered as insignificant.

On 15 March 2021, the Group subscribed 3,595 preferred shares which represent 8.70% of the equity of a private entity incorporated in Indonesia and accordingly the investment is measured at FVTPL.

No change in fair value is recognised during the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. Bank Balances and Cash

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Cash at bank	**4,347,363**	1,080,415
Cash on hand	**75**	91
Term deposits with maturity date less than three months	**117,264**	195,672
Cash and cash equivalents	**4,464,702**	1,276,178
Term deposits with maturity date over three months (note)	**6,219,332**	6,414,655
Pledged bank deposits	**480,000**	73,000
	11,164,034	7,763,833

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

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Term deposits	**0.96% – 3.99%**	0.95% – 4.18%
Cash at bank	**0.01% – 0.5%**	0.01% – 0.35%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. Bank Balances and Cash (Continued)

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
USD	9,744,164	7,311,882
HKD	86,911	59,153
GBP	1,343	–

15. Trade Payables

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade payables	**277,334**	120,620

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0 – 30 days	**225,187**	103,016
31 – 60 days	**26,005**	10,457
Over 60 days	**26,142**	7,147
	277,334	120,620

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

16. Other Payables and Accrued Expenses

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Accrued expenses		
– Research and development expenses (note a)	**312,943**	288,204
– Royalties and other related payments	**220,873**	196,334
– Selling and marketing expenses	**174,151**	111,205
– Legal and professional fee	**4,944**	6,355
– Others	**38,838**	47,527
	751,749	649,625
Amounts due to partners of joint operations (note b)	**30,023**	51,499
Interest payables	**2,072**	1,628
Other payables	**78,227**	16,353
Other tax payable	**356**	5,685
Payables in respect of acquisition of property, plant and equipment	**294,960**	85,835
Payables in respect of acquisition of intangible asset	**64,613**	–
Staff payroll payables	**147,231**	163,009
	1,369,231	973,634

Notes:

a. Amounts included accrued service fees 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 Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. Borrowings

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Fixed-rate borrowings – at amortised cost	**1,838,136**	1,180,178
	1,838,136	1,180,178
Analysed as:		
Secured	**1,080,000**	690,000
Unsecured*	**758,136**	490,178
	1,838,136	1,180,178
The carrying amounts of the above borrowings are repayable**:		
Within one year	**370,000**	255,000
Within a period of more than one year but not exceeding two years	**433,000**	95,000
Within a period of more than two years but not exceeding five years	**670,000**	743,000
Within a period of more than five years	**365,136**	87,178
	1,838,136	1,180,178
Less: Amounts due within one year shown under current liabilities	**(370,000)**	(255,000)
Amounts shown under non-current liabilities	**1,468,136**	925,178

* 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 RMB518.3 million as at 30 June 2021 (31 December 2020: RMB146.6 million).

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. Borrowings (Continued)

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

	2021	2020
Effective interest rate:		
Fixed-rate borrowings	**3.25% – 4.9%**	3.25% – 4.9%

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Property, plant and equipment (note 9)	**507,911**	527,514
Right of use assets – leasehold land	**50,970**	51,593
Pledged bank deposits (note 14)	**480,000**	73,000
Other financial assets (note 13)	**–**	60,000
	1,038,881	712,107

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. Share Capital

	Number of ordinary shares	Amount US$'000
Authorised		
At 1 January 2020, 31 December 2020 and 30 June 2021	**5,000,000,000**	**50**

	Number of shares	Amount US$'000	Equivalent amount of ordinary shares RMB'000
Issues and fully paid			
At 1 January 2020 (audited)	1,262,562,210	12	87
Issuance of ordinary shares (note a)	78,000,000	1	6
Exercise of share options (note b)	2,563,500	–	–
At 30 June 2020 (unaudited)	1,343,125,710	13	93
Issuance of ordinary shares (note a)	56,200,000	1	4
Exercise of share options (note b)	3,450,287	–	–
At 31 December 2020 (audited)	**1,402,775,997**	**14**	**97**
Issuance of ordinary shares (note c)	**52,000,000**	**1**	**3**
Exercise of share options (note d)	**3,677,000**	**–**	**–**
At 30 June 2021 (unaudited)	**1,458,452,997**	**15**	**100**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. Share Capital (Continued)

Notes:

(a) 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 RMB2,099.67 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 at par value of US$0.00001 each and remaining amount was recognised as share premium of the Company.

On 23 July 2020, the Company and 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 RMB2,514.20 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 at par value of US$0.00001 each and remaining amount was recognised as share premium of the Company.

(b) 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).

(c) On 15 January 2021, the Company and the Sole Placing Agent entered into a placing agreement. An aggregate of 52,000,000 ordinary shares issued by the Company have been placed by the Sole Placing Agent on 22 January 2021 at HK$90.90 per share with the net proceeds of HK$4,661.18 million (equivalent to RMB3,885.39 million) (after deducting transaction cost of HK$65.62 million (equivalent to RMB54.70 million)). The net proceeds received by the Company was recognised as share capital at par value of US$0.00001 each and remaining amount was recognised as share premium of the Company.

(d) During the six months ended 30 June 2021, a total of 3,677,000 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$727,000 (equivalent to RMB4,685,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions

(i) Pre-IPO Share Incentive Plan (the "Pre-IPO Plan")

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2021, except for the following:

(a) Share award program

The following table summarised the Group's unvested restricted shares movement:

	Numbers of unvested restricted shares	Weighted average grant date fair value per share RMB
Unvested as at 1 January 2020	197,920	1.04
Vested	(197,920)	1.04
Unvested as at 30 June 2020	–	–
Unvested as at 1 January 2021	–	–
Vested	–	–
Unvested as at 30 June 2021	–	–

No additional restricted shares was granted during six months ended 30 June 2021 under the Pre-IPO Plan.

The total expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to directors of the Company is nil for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB1,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions (Continued)

(i) Pre-IPO Share Incentive Plan (the "Pre-IPO Plan") (Continued)

(b) Option

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

	Number of share options Employees six months ended	
	2021	2020
At the beginning of the period	**51,229,213**	57,518,000
Forfeited	**(65,000)**	(265,000)
Exercised	**(3,677,000)**	(2,563,500)
At the end of the period	**47,487,213**	54,689,500

As at 30 June 2021, 531,683 (six months ended 30 June 2020: 5,329,500) 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 6.86 years, exercise price ranges from US$0.02 to US$1.34 and weighted average exercise price being US$0.26.

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

	Weighted average exercise price Employees six months ended	
	2021	2020
Forfeited	**US$0.20**	US$0.22
Exercised	**US$0.20**	US$0.13

The total expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB28,285,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB23,056,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions (Continued)

(ii) 2018 RS Plan

On 15 April 2020 and 11 June 2020, the Company granted a maximum of 12,461,647 restricted shares at nil consideration to 2 and nil directors and 368 and 299 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively.

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. These restricted shares shall vest in 2021.

The restricted shares shall initially be unvested. 6,901,796 restricted shares granted in 2019 shall be vested on a 20% per annum over a 5 year vesting period with the first vesting date as May 2020, subject to the accomplishment of certain non-market performance conditions. For 2,277,031 restricted shares granted in 2019, 50% of the restricted shares shall vest on the fifth anniversary of the vesting commencement date while another 50% shall vest on the sixth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. For the remaining granted options, 75% of the restricted shares shall vest on the third anniversary of the vesting commencement date while another 25% shall vest on the forth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled.

The following table summarised the Group's unvested restricted shares movement:

	Numbers of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2020	16,554,963	23.42
Granted	12,470,272	39.47
Vested	(1,380,359)	26.25
Unvested as at 30 June 2020	27,644,876	30.52
Unvested as at 1 January 2021	**27,644,876**	**30.52**
Vested	**(1,388,984)**	**26.36**
Unvested as at 30 June 2021	**26,255,892**	**30.74**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions (Continued)

(ii) 2018 RS Plan (Continued)

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 condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees and directors of the Company are RMB102,070,000 (six months ended 30 June 2020: RMB60,277,000) for the six months ended 30 June 2021.

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

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

(iii) Post-IPO ESOP

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

	Number of share options			
	Directors of the Company six months ended		Employees six months ended	
	2021	2020	**2021**	2020
At the beginning of the period	**7,802,381**	5,095,238	**54,522,626**	19,780,345
Granted	**1,378,571**	2,707,143	**17,039,998**	28,783,889
Forfeited	**–**	–	**(234,342)**	–
At the end of the period	**9,180,952**	7,802,381	**71,328,282**	48,564,234

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions (Continued)

(iii) Post-IPO ESOP (Continued)

On 30 March 2021 and 23 June 2021, the Company granted a total of 18,418,569 share options to 2 and nil directors and 589 and 326 employees of the Group, subject to the accomplishment of certain non-market performance conditions.

The granted options shall initially be unvested. For 74,990 shares granted in 2019 and 714,286 shares granted in 2021, 50% of the granted options shall vest on the fifth anniversary of the vesting commencement date and the remaining 50% of the granted shares shall vest on the sixth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. 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.

For the outstanding options, vesting period ranges from 14 March 2022 to 22 June 2027, weighted average remaining contractual life being 9.14 years, exercise price ranges from HK$25.85 to HK$90.05 and weighted average exercise price being HK$48.08.

As at 30 June 2021 and 2020, 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 six months ended		Employees six months ended	
	2021	2020	**2021**	2020
Granted	**HK$78.20**	HK$33.95	**HK$82.79**	HK$40.60
Forfeited	**–**	–	**HK$28.30**	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions (Continued)

(iii) Post-IPO ESOP (Continued)

Fair value of share options granted

During the six months ended 30 June 2021, 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 volatility, are required to be determined by the directors of the Company with best estimate.

The key inputs into the model were as follows:

	2021
Fair value per option on grant date	**HK$48.55 – HK$62.53**
Weighted average share price of the Company on grant date	**HK$78.20 – HK$90.05**
Exercise price	**HK$78.20 – HK$90.05**
Expected volatility	**65.91% – 66.38%**
Risk-free rate	**1.21% – 1.45%**
Expected dividend yield	**0%**
Post-vesting exit rate	**0%**
Expected exercise multiple	**2.2 – 2.8**

The directors of the Company estimated the risk-free interest rate based on the yield of Hong Kong Government Bonds issued under the Institutional Bond Issuance Programme with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB214,270,000 (six months ended 30 June 2020: RMB71,327,000) for the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. 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.

On 30 March 2021 and 23 June 2021, the Company granted a total of 3,227,333 and 2,128,056 restricted shares at nil consideration to 2 and nil directors and 589 and 326 employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively.

On 30 March 2021, the Company granted a maximum of equivalent in value to RMB360,000 restricted shares (equivalent to 5,451 shares) at nil consideration to 3 independent non-executive directors of the Group.

The restricted shares shall initially be unvested. For 8,131,864 restricted shares granted in 2020 and 5,360,840 granted in 2021, 75% of the restricted shares 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. For the remaining restricted shares, 50% of the restricted shares shall vest on the fifth anniversary of the vesting commencement date while another 50% shall vest on the sixth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. 5,451 restricted shares granted to 3 independent non-executive directors shall vest on 1 January, 2022.

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 Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. Share-Based Payment Transactions (Continued)

(iv) 2020 RS Plan (Continued)

The following table summarised the Group's unvested restricted shares movement:

	Number of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2020	–	–
Granted	–	–
Unvested as at 30 June 2020	–	–
Unvested as at 1 January 2021	**8,131,864**	**46.19**
Granted	**5,360,840**	**66.81**
Unvested as at 30 June 2021	**13,492,704**	**54.39**

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 condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB66,164,000 (six months ended 30 June 2020: nil) for the six months ended 30 June 2021.

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 Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. Commitment

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
Acquisition of property, plant and equipment	**1,560,953**	685,224
Acquisition of intangible asset	**–**	38,414
Other investment at FVTPL	**7,504**	7,504
	1,568,457	731,142

In addition to the aforementioned commitment, the Group entered into an exclusive license agreement with AnHeart on 31 May 2021 for the co-development and commercialization of AnHeart's lead drug candidate. The Group will pay upfront payment, research and development fees ("R&D fees"), and potential milestone payments totaling US$189.0 million (equivalent to RMB1,221.0 million) together with tiered royalties based on annual net sales.

21A. Transactions with Dr. Yu

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

21B. Compensation of Key Management Personnel

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

	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Short term benefits	**13,751**	13,612
Share-based payment expenses	**48,946**	56,242
	62,697	69,854

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. Fair Value Measurements of Financial Instruments

The fair value of financial assets and liabilities (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 asset and financial liabilities that are measured at fair value on a recurring basis

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

Financial assets	Fair value as at **30 June 2021 RMB'000**	31 December 2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	unobservable inputs to fair value
(1) Other financial asset – wealth management plan	**-**	242,944	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	**45,427**	12,942	Level 2	Recent transaction price	N/A	N/A

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

23. Events After The End Of The Reporting Period

Except as disclosed elsewhere of the condensed consolidated financial statements, the Group has the following subsequent event entered into subsequent to 30 June 2021.

On 14 July 2021, the Group entered into a series of multifaceted strategic collaboration agreements with Ascentage Pharma. The collaboration includes: i) the joint commercialization of HQP1351 with Guangzhou Healthquest Pharma Co., Ltd. and Ascentage Pharma Group Corp Limited, each a subsidiary of Ascentage Pharma, in Mainland China, Hong Kong, Macau and Taiwan (the "Territory"); ii) the collaborative clinical development of the combination therapy studies involving CD20 antibody HALPRYZA® (rituximab injection), CD47 antibody IBI-188 (letaplimab), and Bcl-2 inhibitor APG-2575 with Suzhou Yasheng Pharmaceutical Co., Ltd., another subsidiary of Ascentage Pharma, in the Territory; and iii) the equity investment in Ascentage Pharma. The Company agreed to subscribe, and Ascentage Pharma agreed to issue and allot, a total of 8,823,863 ordinary shares ("Subscription Share") of Ascentage Pharma, representing approximately 3.48% of the existing share capital of Ascentage Pharma as at 14 July 2021, at a subscription price of HK$44.00 per Subscription Share. On the same date, the Company entered into a warrant subscription deed with Ascentage Pharma, pursuant to which the Company agreed to subscribe, and Ascentage Pharma agreed to issue 6,787,587 warrants, conferring the rights to subscribe for an aggregate of 6,787,587 ordinary shares of Ascentage Pharma (the "Warrant Share"), representing approximately 2.67% of the existing share capital of Ascentage Pharma as at 14 July 2021, at a subscription price of HK$57.20 per Warrant Share.

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
"AML"	acute myeloid leukemia
"ASCO"	American Association for Clinical Oncology
"AnHeart"	AnHeart Therapeutics Co., Ltd.
"Ascentage Pharma"	Ascentage Pharma Group International
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee	the audit committee of the Company
"BLA"	Biologics License Application
"Board" or "Board of Directors"	the board of directors of our Company
"CD20"	cluster differentiation 20
"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
"CMC"	chemistry, manufacturing and controls
"CML"	chronic myeloid leukemia
"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
"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

Definitions

"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)
"CTLA-4"	cytotoxic T-lymphoayte-associated protein 4
"Director(s)"	the director(s) of our Company
"Dr. Yu"	Dr. De-Chao Michael Yu, our chief executive officer, Chairman and Executive Director
"DTP"	Direct-To-Patient
"EGFR"	epidermal growth factor receptor
"Eli Lilly" or "Lilly"	Eli Lilly and Company, a U.S. company, organised and existing under the laws of the State of Indiana on 17 January 1901, having a place of business at Lilly Corporate Center, Indianapolis, Indiana 46285
"ESCC"	Esophageal squamous cell carcinoma
"ESMO"	European Society for Medical Oncology
"FGFR"	fibroblast growth factor receptor
"G/GEJ"	gastric or gastroesophageal junction
"GLP-1"	glucagon-like petide-1
"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 carcinoma
"HeFH"	heterozygous familial hyperchloesterolemia
"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

Definitions

"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
"IO"	immune-oncology
"LDL-C"	low-density lipoprotein cholesterol
"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 were listed and on which dealings in the Shares were first 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 GEM of the Stock Exchange
"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
"nAMD"	neovascular age-related macular degeneration
"NDA"	new drug application
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"NSCLC"	non-small cell lung cancer
"nsqNSCLC"	non-squamous non-small cell lung cancer
"OS"	overall survival
"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

Definitions

"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan adopted by the Company on 10 May 2012 as amended from time to time
"PoC"	proof-of-concept
"Prospectus"	the prospectus of the Company dated 18 October 2018
"r/r FL"	recurrent or refractory follicular lymphoma
"r/r MM"	relapsed or refractory multiple myeloma
"R&D"	research and development
"Reporting Period"	the six months ended 30 June 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"sNDA"	supplemental new drug application
"sqNSCLC"	squamous non-small cell lung cancer
"TIGIT"	T-cell immunoreceptor with Ig and ITIM domain
"TKI"	tyrosine kinase inhibitor
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA"	The U.S. Food Drug Administration
"wet AMD"	wet age-related macular degeneration
"%"	per cent

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