Innovent
信达生物制药

INTERIM REPORT

中期報告 2020

信達生物製藥
Innovent Biologics, Inc.

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

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Company Profile

Overview

We are a Cayman Island-based 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 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 first half of 2020 until the date of this interim report, despite the spread of the COVID-19 pandemic in China and overseas, we have continued to deliver on our investors' expectations. We are proud of the significant achievements we have made with respect to our business operations and pipeline development, as summarized below.

Strong growth of TYVYT® (sintilimab injection) with uninterrupted production during COVID-19. Despite the challenges from COVID-19 in 2020, we have ensured the uninterrupted production and supply of TYVYT® (sintilimab injection) to patients even during the height of the pandemic in February. For the six months ended 30 June 2020, we achieved revenue of RMB920.9 million for sales of TYVYT® (sintilimab injection), an increase of approximately 177.7% as compared to the six months ended 30 June 2019. We have leveraged our unique advantage as the only PD-1 inhibitor included in the NRDL to expedite the process of entering hospital channels, expanding coverage in both major cities and lower tier cities, and building up recognition from doctors and patients. To support the strong growth of TYVYT® (sintilimab injection), our sales and marketing team of TYVYT® (sintilimab injection) has expanded from about 700 employees as of 31 December 2019 to over 1,100 employees as of 30 June 2020. Our coverage has expanded from about 2,000 hospitals and 500 DTP/pharmacies as at 31 December 2019 to about 3,500 hospitals and 900 DTP/pharmacies across more than 300 cities as at 30 June 2020.

In the rest of 2020, we will continue to broaden the hospital and pharmacy coverage of TYVYT® in tiered cities. In addition, NMPA has accepted our sNDA for TYVYT® (sintilimab injection) in combination with ALIMTA® (pemetrexed) and platinum chemotherapy for first-line therapy in nsqNSCLC in April 2020 and sNDA for TYVYT® (sintilimab injection) in combination with GEMZAR® (gemcitabine for injection) and platinum chemotherapy for first-line therapy in sqNSCLC in August 2020. We plan to submit two more sNDA for TYVYT® (sintilimab injection) in China in the end of 2020 or early 2021, including second-line therapy in NSCLC and first-line therapy in HCC. We believe the potential expansion of indications will bring TYVYT® (sintilimab injection) to broader patient groups with unmet medical needs and support continued revenue growth of the product.

Expansion of our product portfolio with the successful launch of our second commercial product BYVASDA® (bevacizumab biosimilar) and third commercial product SULINNO® (adalimumab biosimilar). In June 2020, BYVASDA® (bevacizumab biosimilar) was officially approved by the NMPA for patients with advanced NSCLC and metastatic colorectal cancer in China, becoming the second commercial product of our Company. In September 2020, SULINNO® (adalimumab biosimilar) was granted marketing approval by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis in China, becoming the Company's third commercial monoclonal antibody drug. The approval of SULINNO® marks the expansion of the Company's marketed products into the non-oncology field.

As at the date of this interim report (i.e. 23 September 2020), we have 2 assets under NDA or sNDA review in China, including IBI-301 (rituximab biosimilar) with expected approval by late 2020 or early 2021, and TYVYT® (sintilimab injection) under sNDAs review in combination with ALIMTA® (pemetexed) and platinum chemotherapy for first-line therapy in nsqNSCLC and in combination with GEMZAR® (gemcitabine for injection)

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and platinum chemotherapy for first-line therapy in sqNSCLC. Having a total of 23 assets with over 50 clinical trials ongoing, we are confident that the assets and development programs, especially the late-stage assets and the Company's prioritized assets such as IBI-188 (anti-CD47 monoclonal antibody) and IBI-318 (anti-PD-1/PD-L1 bispecific antibody), will lead to a greater number of successful commercial launches and yield tremendous value for patients and shareholders.

Rapid clinical progress both in China and overseas. During the first half of 2020, despite the impact of COVID-19, we have kept progressing our clinical studies smoothly both in China and overseas. During the six months ended 30 June 2020, we entered into registrational or pivotal clinical trials for: (i) IBI-376 (parsaclisib, PI3Kδ inhibitor) in pivotal Phase 2 trial in China for r/r FL and MZL patients; (ii) IBI-310 (anti-CTLA-4 monoclonal antibody) in combination with TYVYT® (sintilimab injection) in Phase 3 trial in China for adjuvant treatment of melanoma; (iii) IBI-306 (anti-PCSK9 monoclonal antibody) in Phase 3 trial in China for non-familial hypercholesterolemia; and (iv) IBI-375 (FGFR inhibitor) in pivotal Phase 2 trial in China for second-line mCCA.

We are also on track and progressing our other prioritized assets during the first half of 2020, including the following: (i) we completed the Phase 1a dosage escalation study of IBI-188 (anti-CD47 monoclonal antibody) in the U.S., and we are finalizing the Phase 1a study of IBI-188 in China; (ii) we completed the Phase 1a dosage escalation study of IBI-318 (anti-PD-1/PD-L1 bispecific antibody) in advanced malignancies in China; and (iii) we have dosed the first patient for the Phase 1a study of IBI-939 (TIGIT antibody) in China. As at the date of this interim report, we have also dosed the first patient for the Phase 1a study of IBI-322 (PD-L1/CD47 bispecific antibody) in China in August 2020.

In the second half of 2020, we expect to initiate pivotal clinical trial including: (i) a Phase 3 trial of TYVYT® (sintilimab injection) in combination with ramucirumab in first-line GC in China; (ii) a pivotal Phase 1b/2 trial for IBI-188 (anti-CD47 monoclonal antibody) in r/r AML in China; and (iii) a pivotal Phase 1b/3 trial in MDS in China. We also plan to: (i) initiate a Phase 1b trial for IBI-188 in MDS in the U.S. with plans for registrational development thereafter; (ii) initiate a Phase 1 study for IBI-322 (anti-PD-L1/CD47 bispecific antibody) in the U.S.; and (iii) submit an IND application to the U.S. FDA for IBI-939 (TIGIT antibody).

Collaboration with world-class partners, including the strategic collaborations with Eli Lilly and Roche Group. In addition to the development of our drug pipeline under our own technology platforms, we have actively collaborated with both domestic and overseas companies to seek R&D and commercialisation opportunities in the Chinese and international markets.

In the first half of 2020, we announced five important collaborations, including the out-licensing of the commercial rights for IBI-305 (bevacizumab biosimilar) to Coherus Biosciences, Inc. ("Coherus") in the U.S. and Canada, the collaboration with the University of Texas MD Anderson Cancer Center ("MD Anderson Cancer Center") in studying TYVYT® (sintilimab injection) in rare cancer types in the U.S., the collaboration with Sirnaomics Inc. ("Sirnaomics") in exploring the combination of TYVYT® (sintilimab injection) and Sirnaomics' RNAi drug candidate in advanced cancers in the U.S., the collaboration with Alector Inc. ("Alector") to develop and commercialize Alector's first-in-class anti-SIRP-alpha antibody in China, and the strategic collaboration with Roche Group ("Roche") that focuses on the discovery and development of bispecific antibodies and multiple cell therapies. In particular, we are pleased that the collaboration with Roche significantly enhances our cell therapy R&D capability, and extends our cross-company collaboration from drug clinical development and commercialization to the core drug discovery stage across technology platforms, which shows the recognition of our drug discovery and R&D capabilities by a global top-tier pharmaceutical company.

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In August 2020, we entered into a strategic milestone agreement to license out the exclusive rights of TYVYT® (sintilimab injection) outside of China to Eli Lilly, which plans to pursue registration of TYVYT® (sintilimab injection) in the U.S. and other markets. The Company will receive an upfront payment of US$200 million and will be eligible for up to US$825 million in potential development and commercial milestones, as well as tiered double-digit royalties on net sales. This is the first time for a China innovative, marketed large molecule medicine out-licensed to a multinational pharmaceutical company for the global market. With international expansion being part of our key strategy to fulfil the Company's mission and to achieve our long term objective, this is the first major step in bringing in our innovative portfolio to the global market. In the future, we will keep exploring global opportunities for our assets, with appropriate plans for R&D, clinical development and commercialisation.

Expansion and retention of talent. In the first half of 2020, we have expanded our team from about 2,000 employees as at 31 December 2019 to more than 2,600 employees as at 30 June 2020, consisting of over 750 employees in R&D, over 1,100 employees in commercialization, over 500 employees in CMC and about 200 employees in general and administrative functions. We believe our all-rounded and talented team is the ceaseless engine supporting our continuous success.

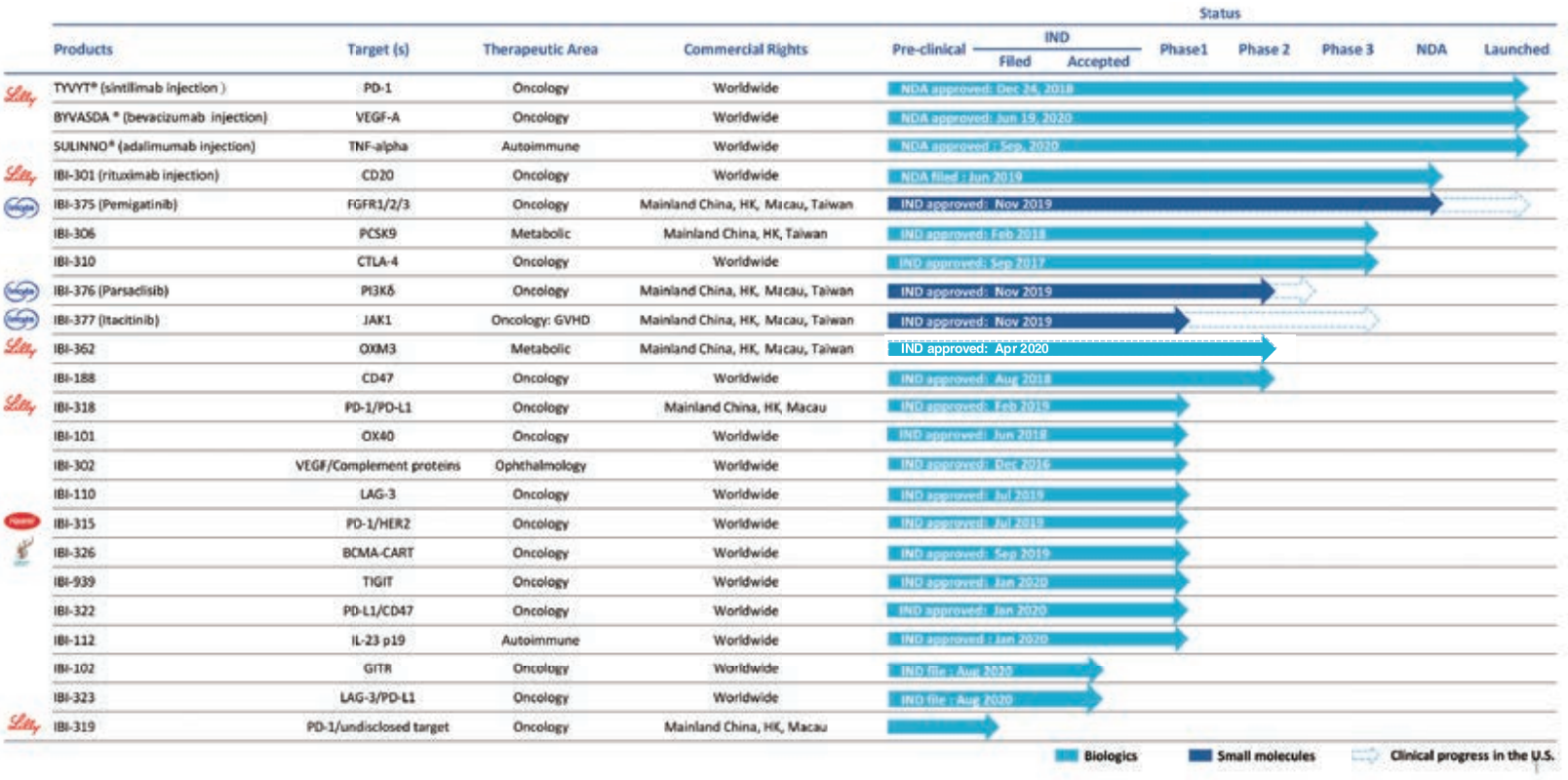
Major achievements in capital markets. In February 2020 and July 2020, we successfully raised fund of approximately HK$2.3 billion and HK$2.8 billion, respectively, through placings of new shares. As of the date of this interim report, we have approximately US$1.2 billion cash on hand. We believe the sufficient cash balance provides a strong support to our R&D development, production facility expansion and increased international clinical trial needs, as well as a good mobility in the face of changes in the macroeconomic and industry environments.

In June 2020, the "B" marker was removed from the Company's stock name and stock short name following the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules, as the Company now satisfies the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. In August 2020, Hang Seng Indexes announced the inclusion of the Company's shares into the Hang Seng Composite Index, with the change taking effect from 7 September 2020. On 7 September 2020, the Company's shares were included in the Stock Connect.

Pipeline summary

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

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



Corporate Information

Board of Directors

Executive Directors

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

Non-Executive Director

Mr. Shuyun Chen

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Strategy Committee

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

Joint Company Secretaries

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

Authorised Representatives

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Ms. Lok Yee Chan

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Stock Code

1801

Company Website

www.innoventbio.com

Financial Highlights

IFRS Measure:

- **Total revenue** was RMB984.2 million for the six months ended 30 June 2020, representing an increase of 184.9% from 345.5 million for the six months ended 30 June 2019. Product revenue of TYVYT® (sintilimab injection), as the only PD-1 inhibitor admitted to the NRDL, achieved RMB920.9 million for the six months ended 30 June 2020, representing an increase of 177.7% from RMB331.6 million for the six months ended 30 June 2019, despite the lowered price of TYVYT® (sintilimab injection) after its inclusion in the NRDL effective from 1 January 2020 and the impact of COVID-19.

- **Gross profit margin**, which was 81.2% for the six months ended 30 June 2020, decreased slightly as compared with 88.1% for the six months ended 30 June 2019. This was primarily due to the lowered effective price of TYVYT® (sintilimab injection) after being included in NRDL and was partly offset by cost efficiency improvement and high utilization of capacity.

- **R&D expenses** increased by RMB137.3 million from RMB670.7 million for the six months ended 30 June 2019 to RMB808.0 million for the six months ended 30 June 2020. The spending was mainly incurred for multiple pivotal or registrational trials of TYVYT® (sintilimab injection), as well as the increased trial needs of other promising late-stage assets and prioritized assets.

- **Selling and marketing expenses** were RMB446.6 million, or 45.4% of total revenue for the six months ended 30 June 2020, as compared with RMB266.7 million, or 77.2% of total revenue for the six months ended 30 June 2019. Such increase was primarily attributable to the continuous commercialization efforts to explore the potential markets and raise public awareness of our products, as well as the continuous expansion of our sales and marketing team from 408 employees as at 30 June 2019 to 1,176 employees as at 30 June 2020. The selling and marketing expense ratio was lowered due to the improved efficiency along with the rapid sales growth of TYVYT® (sintilimab injection), as well as reduced promotion activities particularly in the first quarter of 2020 due to the impact of COVID-19.

- **Loss and total comprehensive expenses** were RMB608.2 million for the six months ended 30 June 2020, representing a decrease of 14.9% or RMB106.2 million from RMB714.4 million for the six months ended 30 June 2019, primarily attributable to the sales growth of TYVYT® (sintilimab injection).

- **Net cash from financing activities** was RMB2,186.2 million for the six months ended 30 June 2020, mainly attributable to net cash generated from our successful placement in February 2020. As of 30 June 2020, the company had approximately US$875.0 million cash on hand.

Non-IFRS Measure:

- **Adjusted loss and total comprehensive expenses**[1] were RMB453.5 million for the six months ended 30 June 2020, representing a decrease of RMB214.1 million from RMB667.6 million for the six months ended 30 June 2019, primarily attributable to the significant increase of TYVYT® (sintilimab injection) sales.

- Excluding the effect of share-based compensation expenses, (i) R&D expenses were RMB766.2 million for the six months ended 30 June 2020, as compared to RMB660.0 million for the six months ended 30 June 2019; and (ii) selling and marketing expenses were RMB424.7 million, or 43.1% of total revenue, for the six months ended 30 June 2020, as compared to RMB257.5 million, or 74.5% of total revenue, for the six months ended 30 June 2019.

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

Business Highlights

During the six months ended 30 June 2020, we have continued to deliver on our investors' expectations by making significant progress with respect to our drug pipeline and business operations in the Reporting Period, including the following major milestones and achievements:

- We generated RMB920.9 million in revenue for TYVYT® (sintilimab injection) for the six months ended 30 June 2020, despite the COVID-19 pandemic. This represents an increase of 177.7% from RMB331.6 million for the six months ended 30 June 2019, despite the lowered price of TYVYT® (sintilimab injection) after its inclusion in the NRDL effective from 1 January 2020.

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

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

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

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

- In April 2020, the NMPA accepted the sNDA in China for TYVYT® (sintilimab injection), in combination with ALIMTA® (pemetrexed) and platinum chemotherapy as first-line therapy in nsqNSCLC without sensitizing EGFR mutation or ALK rearrangement.

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

- In June 2020, we entered into a strategic collaboration with Roche that focuses on the discovery and development of bispecific antibodies and multiple cell therapies, which enables us to access certain Roche's technologies in the discovery and development of specific 2:1 T-cell bispecific antibodies (TCB) as well as its universal CAR-T platform.

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

- In June 2020, the "B" marker was removed from the Company's stock name and stock short name following the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules as the Company now satisfies the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules.

Business Highlights

- During the six months ended 30 June 2020, we entered into registrational clinical trials for four of our assets in China, including IBI-376 (parsaclisib, PI3Kδ inhibitor) in pivotal Phase 2 trial in China with r/r FL and MZL, IBI-310 (anti-CTLA-4) in Phase 3 trial in China for adjuvant treatment of melanoma, IBI-306 (PCSK9 antibody) in Phase 3 trial in China for follicular lymphoma, and IBI-375 (FGFR+TKI) in pivotal Phase 2 trial in China for second-line advanced or mCCA.

- During the six months ended 30 June 2020, we have made significant progress on our prioritized assets with exceptional clinical and commercial potential both in China and overseas: (i) we completed Phase 1a dosage escalation for IBI-188 (anti-CD47 antibody) in the U.S. in the first half of 2020 and are finalizing the Phase 1a in China. We are planning a registrational Phase 1b/2 study and a registrational Phase 1b/3 study for IBI-188 in China, and a Phase 1b study in the U.S. with plan for a registrational development thereafter; (ii) we also completed Phase 1a dosage escalation for IBI-318 (anti-PD-1/PD-L1 bispecific antibody), and we are planning IBI-318 for further development; and (iii) we have dosed the first patient for the Phase 1a study of IBI-939 (TIGIT antibody) in China, and plan to file IND for IBI-939 in the U.S. in the second half of 2020.

- During the six months ended 30 June 2020, we progressed two more drug candidates into Phase 1 studies (TIGIT antibody and OXM3), received IND approvals for 2 more drug candidates (PD-L1/CD47 bispecific antibody and anti-IL-23), and newly entered into 4 Phase 1 trials.

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

- In August 2020, the NMPA accepted our sNDA for TYVYT® (sintilimab injection) in combination with GEMZAR® (gemcitabine for injection) and platinum chemotherapy as first-line therapy in sqNSCLC.

- In August 2020, Hang Seng Indexes announced to include the Company's shares into the Hang Seng Composite Index, with the change taking effect from 7 September 2020. On 7 September 2020, the Company's shares were included in the Stock Connect.

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

- In September 2020, SULINNO® (adalimumab biosimilar) was granted marketing approval by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis in China, becoming the Company's third commercial monoclonal antibody drug. The approval of SULINNO® marks the expansion of the Company's marketed products into the non-oncology field.

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 Stock Exchange and the Company.

Management Discussion and Analysis

Business Review

During the first half of 2020, despite of the COVID-19 pandemic, we continued to deliver on our investors' expectations by making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

Our Commercial Stage Products

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

Commercial Development Milestones and Achievements

- During the first half of 2020, TYVYT® (sintilimab injection) generated RMB920.9 million in revenue, representing an increase of 177.7% over the same period of last year.

- During the first half of 2020, we have leveraged our unique advantage as the only PD-1 inhibitor included in the NRDL to expedite the process of entering hospital channels, expanding coverage in both major cities and lower tier cities, and building up recognition from doctors and patients.

- Our sales and marketing team of TYVYT® (sintilimab injection) has expanded from about 700 employees as of 31 December 2019 to over 1,100 employees as of 30 June 2020.

- Our coverage has expanded from about 2,000 hospitals and 500 DTP/pharmacies as at 31 December 2019 to about 3,500 hospitals and 900 DTP/pharmacies across more than 300 cities as at 30 June 2020.

Post-Reporting Period (Expected) Commercial Development Plans

- In the second half of 2020, we plan to continue leveraging our NRDL advantage to keep broadening our hospital and pharmacy coverage and deepening the penetration of TYVYT® (sintilimab injection).

- We plan to keep strengthening academic promotion among doctors and patients in the second half of 2020, especially by leveraging multiple key clinical results of TYVYT® (sintilimab injection) expected to be announced, including first-line nsqNSCLC, first-line sqNSCLC, and first-line HCC etc.

Clinical Development Milestones and Achievements during Reporting Period

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

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

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

Management Discussion and Analysis

- Filed sNDA for TYVYT® (sintilimab injection) in China:
  - In April 2020, we filed sNDA for TYVYT® (sintilimab injection) in China in combination with ALIMTA® (pemetrexed) and platinum chemotherapy as the first-line therapy in nsqNSCLC without sensitizing EGFR mutation or ALK rearrangement, based on the pre-specified interim analysis of the Phase 3 ORIENT-11 study.
- Met primary endpoint in:
  - the Phase 3 ORIENT-12 study to evaluate TYVYT® (sintilimab injection) in combination with gemcitabine and platinum chemotherapy in first-line sqNSCLC; and
  - the Phase 2 ORIENT-2 study in China to evaluate TYVYT® (sintilimab injection) as a monotherapy as a second-line treatment for patients with advanced or metastatic ESCC.
- Continued the post-enrollment patient follow-up for:
  - the Phase 3 study to evaluate TYVYT® (sintilimab injection) as a monotherapy in second-line sqNSCLC in China (ORIENT-3); and
  - the Phase 2/3 study to evaluate TYVYT® (sintilimab injection) in combination with our BYVASDA® (bevacizumab biosimilar), as a first-line treatment for patients with advanced HCC in China (ORIENT-32).
- Completed the patient enrollment of:
  - the Phase 1b/2 trial of TYVYT® (sintilimab injection) in combination with fruquitinib (developed by Hutchison China MediTech Limited ("Chi-Med")) in advanced solid tumors.
- Continued the patient enrollment of:
  - the Phase 3 trial for TYVYT® (sintilimab injection) in combination with capecitabine and oxaliplatin in the treatment of first line GC (ORIENT-16);
  - the China arm of the global Phase 3 study of TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line esophageal carcinoma (ORIENT-15); and
  - the Phase 3 for trial for TYVYT® (sintilimab injection) with BYVASDA® (bevacizumab biosimilar) and pemetrexed and cisplatin in the treatment of NSCLC patients with EGFR mutation after the failure of TKI treatment (ORIENT-31).
- Received IND approval for:
  - the combination of TYVYT® (sintilimab injection) and Surufatinib (developed by Chi-Med) in advanced malignancies in China; and
  - the initiation of a global Phase 3 ORIENT-15 study in the U.S. for TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line ESCC.
- Submitted IND application for:
  - The Phase 3 study for TYVYT® (sintilimab injection) in combination with Eli Lilly's Cyramza® (ramucirumab) in the first line treatment of advanced GC in China.

Management Discussion and Analysis

- Presented key results from four clinical studies of TYVYT® (sintilimab injection) by online posters/ abstracts at the 56th Annual Meeting of the American Society of Clinical Oncology ("ASCO") in May-June 2020, including:
  - the Phase 1b results of TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab biosimilar) in the treatment of advanced HCC;
  - the long-term follow-up results of TYVYT® (sintilimab injection) in the treatment of relapsed/refractory classical Hodgkin's lymphoma (ORIENT-1);
  - the two-year follow-up results of TYVYT® (sintilimab injection) in relapsed/refractory extranodal NK/T-cell lymphoma (nasal type, ORIENT-4); and
  - the results of the pivotal Phase 2 study in China to evaluate TYVYT® (sintilimab injection) as a monotherapy as a second-line treatment for patients with advanced or metastatic ESCC (ORIENT-2).
- Entered into collaborations with strategic partners to explore the potential of TYVYT® (sintilimab injection), including:
  - the collaboration with MD Anderson Cancer Center to co-develop TYVYT® (sintilimab injection) in rare cancers in the U.S. The collaboration will provide us with opportunities to pursue approval of TYVYT® (sintilimab injection) by the U.S. FDA for multiple rare cancer indications in addition to larger cancer indications for TYVYT® (sintilimab injection) that we are independently pursuing for approval;
  - the collaborations with Sirnaomics to conduct clinical studies combining TYVYT® (sintilimab injection) and Sirnaomics' RNAi drug candidate STP705 (cotsiranib), for combination treatment in advanced cancers, such as HCC, with high unmet need in the U.S..

Post-Reporting Period (Expected) Milestones and Achievements

- In July 2020, the first patient was successfully dosed in a Phase 1b trial of TYVYT® (sintilimab injection) and Surufatinib (developed by Chi-Med) in advanced malignancies in China.
- In August 2020, the NMPA accepted the sNDA for TYVYT® (sintilimab injection) in combination with GEMZAR® (gemcitabine for injection) and platinum chemotherapy as first-line therapy in sqNSCLC.
- In August 2020, we announced the interim analysis data of the phase 3 trial ORIENT-11 in an oral presentation at the International Association for the Study of Lung Cancer 2020 World Conference on Lung Cancer Virtual Presidential Symposium. This trial was to assess the efficacy of TYVYT® (sintilimab injection) in combination with ALIMTA® (pemetrexed) and platinum chemotherapy as first-line therapy in nsqNSCLC.
- In late 2020 or early 2021, we expect to submit two sNDAs to the NMPA for TYVYT® (sintilimab injection) in various cancer indications, including:
  - second-line NSCLC; and
  - first-line HCC.
- In the second half of 2020, we expect to complete patient enrollment in:
  - Phase 3 trial for TYVYT® (sintilimab injection) in combination with capecitabine and oxaliplatin in the treatment of first line gastric cancer (Orient-16); and

Management Discussion and Analysis

  - the China arm of the global Phase 3 trial of TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line esophageal carcinoma (ORIENT-15).

- In the second half of 2020, we expect to complete first patient dosing in:

  - the Phase 3 study for TYVYT® (sintilimab injection) in combination with Lilly's Cyramza (ramucirumab) in the first line treatment of advanced GC in China; and

  - the ex-China arm of our global Phase 3 ORIENT-15 study for TYVYT® (sintilimab injection) in combination with paclitaxel and cisplatin or 5-FU and cisplatin in first-line esophageal carcinoma.

- We plan to present key results of trials for TYVYT® (sintilimab injection) at medical meetings in the second half of 2020, including:

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

  - the results of the Phase 3 ORIENT-12 study to evaluate TYVYT® (sintilimab injection) in combination with gemcitabine and platinum chemotherapy in first-line sqNSCLC at the virtual annual meeting of ESMO;

  - the result of the Phase 2 part of the Phase 2/3 ORIENT-32 study to evaluate TYVYT® (sintilimab injection) in combination with BYVASDA® (bevacizumab biosimilar) as a first-line treatment for patients with advanced HCC in China at the virtual annual meeting of ESMO;

  - the interim data of the Phase 2/3 ORIENT-32 study to evaluate TYVYT® (sintilimab injection) in combination with our BYVASDA® (bevacizumab biosimilar), as a first-line treatment for patients with advanced HCC in China at the annual meeting of the Society for Immunotherapy of Cancer ("SITC") or the annual meeting of ESMO Asia Congress; and

  - the final data of the Phase 3 study to evaluate TYVYT® (sintilimab injection) as a monotherapy in second-line sqNSCLC in China (ORIENT-3) with presentation at appropriate medical meeting under planned.

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

Milestones and Achievements during Reporting Period

- In January 2020, we entered into an out-license agreement with Coherus, a leading biosimilar company, to commercialise our IBI-305 (bevacizumab biosimilar) in the U.S. and Canada.

- In June 2020, BYVASDA® (bevacizumab biosimilar) was officially approved by the NMPA for patients with advanced NSCLC and metastatic colorectal cancer in China, becoming our second commercial stage drug in China. We have launched BYVASDA® (bevacizumab biosimilar) on market after we received the approval.

Management Discussion and Analysis

Post-Reporting Period (Expected) Milestones and Achievements

- We will continue working on the province listing and hospital entry for BYVASDA® (bevacizumab biosimilar) during the second half of 2020. We will leverage the rich oncology promotion experience of our sales and marketing team for TYVYT® (sintilimab injection) in the commercialisation of BYVASDA® (bevacizumab biosimilar).

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

Post-Reporting Period (Expected) Milestones and Achievements

- In September 2020, SULINNO® (adalimumab biosimilar) was granted marketing approval by the NMPA for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis in China, becoming the Company's third commercial monoclonal antibody drug. The approval of SULINNO® marks the expansion of the Company's marketed products into the non-oncology field.

- SULINNO® is the first launched non-oncology drug in our portfolio, and we have separately established an experienced sales and marketing team focusing on the promotion of non-oncology drugs.

Our NDA Stage Drug Candidate

IBI-301 (rituximab biosimilar), *a recombinant chimeric murine/human anti-CD20 monoclonal antibody co-developed with Eli Lilly; accepted into the National Major New Drugs Innovation and Development Program; NDA submitted in China*

Post-Reporting Period Expected Milestones and Achievements

- We expect to receive approval for the NDA by the end of 2020 or early 2021. Our preparation for the launch of IBI-301's commercialisation has been in progress.

Our Clinical-Stage Drug Candidates

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

Milestones and Achievements during Reporting Period

- We have initiated a Phase 3 clinical trial in China evaluating IBI-306 as monotherapy for the treatment of non-familial hypercholesterolemia, and have enrolled the first patient.

- During the first half of 2020, we have continued to enroll patients for:
  - a Phase 3 clinical trial in China for HeFH; and
  - a pivotal Phase 2b/3 clinical trial in China for homozygous familial hypercholesterolemia.

Post-Reporting Period Expected Milestones and Achievements

- By the end of 2020 or the first half of 2021, we expect to complete patient enrollment for:
  - the Phase 3 trial in China for the treatment of non-familial hypercholesterolemia; and
  - the Phase 3 clinical trial in China for HeFH.

Management Discussion and Analysis

- We plan to present the results of the Phase 1 and Phase 2 study in the annual meeting of European Society of Cardiology in August 2020.

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

Milestones and Achievements during Reporting Period

- In April 2020, we enrolled the first patient in the Phase 3 registrational study in China for IBI-310 in combination with our TYVYT® (sintilimab injection) in the adjuvant treatment of melanoma.

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

Post-Reporting Period (Expected) Milestones and Achievements

- In July 2020, we enrolled the first patient for a Phase 1 clinical study of IBI-310 in previously treated HCC, and we expect to complete the patient enrolment for the Phase 1b study in the second half of 2020.

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

Milestones and Achievements during Reporting Period

- We dosed the first patient of the Phase 1a dosage escalation studies for IBI-188 in both the U.S. and China in 2019. As at 30 June 2020:

  – in the U.S., we completed the Phase 1a dosage escalation study to evaluate IBI-188 in advanced malignant tumors and lymphomas; and

  – in China, we are finalizing the Phase 1a trial to evaluate IBI-188 in advanced malignant tumors.

Post-Reporting Period Expected Milestones and Achievements

- In the second half of 2020, we plan to:

  – in China, initiate a pivotal Phase 1b/2 trial in r/r AML with first patient of the Phase 1b study enrolled;

  – in China, initiate a pivotal Phase 1b/3 trial in MDS with first patient of the Phase 1b study enrolled; and

  – in the U.S., initiate the Phase 1b trial in MDS with plans for registrational development thereafter.

- We plan to present the safety result of the phase 1a study to evaluate IBI-188 in advanced malignant tumors and lymphomas in the U.S. at the annual meeting of SITC.

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

Milestones and Achievements during Reporting Period

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

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

- We dosed the first patient in the Phase 2 potentially registrational trial of IBI-375 (pemigatinib) as treatment for patients with second-line mCCA with FGFR2 fusion or rearrangement in China.

Management Discussion and Analysis

- We submitted NDA application in Taiwan for IBI-375 (pemigatinib) for the treatment of patients with second-line mCCA with FGFR2 fusion or rearrangement. The NDA application was accepted by Taiwan FDA.

Post-Reporting Period (Expected) Milestones and Achievements

- In the second half of 2020, we expect to complete enrollment of the Phase 2 potentially registrational trial of IBI-375 (pemigatinib) as treatment for patients with second-line mCCA with FGFR2 fusion or rearrangement in China.

- We joined the Incyte-sponsored global Phase 3 clinical trial (FIGHT-302) evaluating the efficacy and safety of IBI-375 (pemigatinib) versus gemcitabine plus cisplatin chemotherapy in first-line treatment of mCCA with FGFR2 fusion or rearrangement. We expect to dose the first patient in the fourth quarter of 2020 in China.

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

Milestones and Achievements during Reporting Period

- In April 2020, we dosed the first Chinese patient in the Phase 2 potentially registrational trial evaluating the efficacy and safety of parsaclisib in patients with r/r FL or MZL.

Post-Reporting Period (Expected) Milestones and Achievements

- We plan to continue enrolling patients for the Phase 2 potentially registrational trial in China.

IBI-377 (itacitinib), *a novel JAK1 inhibitor in-licensed from Incyte*

Milestones and Achievements during Reporting Period

- In January 2020, Incyte announced that its Phase 3 trial of IBI-377 (itacitinib) in patients with newly diagnosed acute graft-versus-host disease did not meet the primary endpoint.

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

Milestones and Achievements during Reporting Period

- In the first half of 2020, we have completed dosage escalation of the Phase 1a study of IBI-318 in advanced malignancies in China.

- In June 2020, we presented the preliminary results of the Phase 1a study of IBI-318 in patients with advanced tumors at the 56th annual meeting of ASCO.

Post-Reporting Period (Expected) Milestones and Achievements

- We plan to further develop IBI-318.

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 Reporting Period

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

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

- In September 2019, we received IND approval from the NMPA to evaluate IBI-326 in hematology.

Milestones and Achievements during Reporting Period

- We are in active communication with IASO BIO on conducting the clinical trial of IBI-326 in the patients with hematology.

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

Management Discussion and Analysis

Milestones and Achievements during Reporting Period

- In the first half of 2020, we have completed Phase 1a study of IBI-302 and have enrolled the first patient for a Phase 1b study in China to evaluate IBI-302 for wet AMD.

Post-Reporting Period Expected Milestones and Achievements

- We expect to have the data readout for the Phase 1 study in China to evaluate IBI-302 for wet AMD in the second half of 2020.

- We also expect to present the clinical results of the Phase 1 study at the annual meeting of American Academy of Ophthalmology in November 2020.

IBI-101, *a novel fully humanized anti-OX40 monoclonal antibody*

Milestones and Achievements during Reporting Period

- We completed patient enrollment of the Phase 1 trials to evaluate IBI-101 in advanced solid tumors in the first half of 2020.

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

Milestones and Achievements during Reporting Period

- In December 2019, we dosed the first patient in a Phase 1 clinical trial in China to evaluate IBI-110 in advanced solid tumors. During the first half of 2020, we have continued to enroll patients for the Phase 1 clinical trial.

Post-Reporting Period Expected Milestones and Achievements

- We expect to complete the Phase 1 patient enrolment in late second half of 2020 or the first half of 2021.

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

Milestones and Achievements during Reporting Period

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

Post-Reporting Period (Expected) Milestones and Achievements

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

- We plan to initiate Phase 1 study for IBI-322 and dose the first patient in the U.S. later this year.

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

Milestones and Achievements during Reporting Period

- In January 2020, we received IND approval from the NMPA for IBI-939 in the treatment of advanced solid tumors and hematological malignancies.

- In May 2020, we have successfully dosed the first patient in a Phase 1 clinical study conducted in China to evaluate IBI-939 in the treatment of patients with advanced malignancies.

Post-Reporting Period Expected Milestones and Achievements

- We plan to submit IND application for a Phase 1 study of IBI-939 in the U.S. by the end of 2020.

IBI-362, *an OXM3 in-licensed from Eli Lilly, potentially global best-in-class clinical-stage diabetes drug candidate*

Milestones and Achievements during Reporting Period

- We received IND approval from the NMPA and we successfully dosed the first patient in a Phase 1b/2 clinical trial of IBI-362 in China to evaluate the safety and tolerability of IBI-362 in overweight or obese subjects.

Management Discussion and Analysis

- We received IND approval from the NMPA to evaluate the safety and tolerability of IBI-362 in Type II diabetes patients.

Post-Reporting Period Expected Milestones and Achievements

- We plan to dose the first patient in a Phase 1b/2 clinical trial of IBI-362 in China to evaluate the safety and tolerability of IBI-362 in Type II diabetes.

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

Milestones and Achievements during Reporting Period

- We received IND approval from the NMPA for IBI-112 in inflammatory enteritis and other autoimmune diseases.

Post-Reporting Period (Expected) Milestones and Achievements

- In August 2020, we initiated Phase 1 study in China to evaluate the safety and tolerance of IBI-112 in China.

Our Select Preclinical Drug Candidates

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

Post-Reporting Period Expected Milestones and Achievements

- We submitted IND application for IBI-323 to the NMPA in advanced cancer in August 2020.

IBI-319, *a bispecific antibody incorporating sintilimab anti-PD-1-binding backbone*

Post-Reporting Period Expected Milestones and Achievements

- We submitted IND application for IBI-319 to the NMPA in August 2020.

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

Our Strategic Collaboration with Domestic and Overseas Partners

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

- In January 2020, we entered into an out-license agreement with Coherus to commercialise IBI-305 (bevacizumab biosimilar) in the U.S. and Canada.

- In March 2020, the Company entered into an in-licensing agreement with Alector to develop and commercialize AL008, a first-in-class anti-SIRP-alpha antibody targeting CD47-SIRP-alpha pathway, a potent survival pathway co-opted by tumors to evade the innate immune system, for the treatment of oncology indications in China. AL008 has a unique dual mechanism of action that non-competitively antagonizes the CD47-SIRP-alpha pathway by inducing the internalization and degradation of the inhibitory receptor on macrophages to relieve immune suppression (a don't eat me signal) while also engaging Fc R2A, an activating IgG Fc receptor, to promote immuno-stimulatory pathways that drive anti-tumor immunity.

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

Management Discussion and Analysis

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

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

Our Manufacturing Facilities

- We are currently operating 5*1,000L bioreactors to support our production needs for TYVYT® (sintilimab injection), BYVASDA® (bevacizumab biosimilar) and other product candidates in our pipeline.

In addition, we have completed GMP commissioning and process validation and commenced GMP production with our second manufacturing facilities housing 6*3,000L stainless steel bioreactors. This expansion has increased our total production capacity to 23,000L and further boosted our manufacturing capacity per batch by multiple times through continued process optimization. This expansion of manufacturing capacity will also contribute to the lowered production cost owing to greater economies of scale, and facilitate accelerated introduction of new drugs through more clinical trials.

- We plan to further expand our manufacturing facilities to provide sufficient capacity commensurate with our growing and maturing drug pipeline and to support our continued business expansions.

Other Corporate Development

- In February 2020, in support of our solid business and commercial operations, we drew strong financial backing and raised approximately HK$2.3 billion through a placing of new shares.

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

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

- In August 2020, Hang Seng Indexes announced the inclusion of the Company’s shares into the Hang Seng Composite Index, with the change taking effect from 7 September 2020. On 7 September 2020, the Company’s shares were included in the Stock Connect.

- We have substantially expanded our patent portfolio. As of 30 June 2020, we owned 28 issued patents and 82 patent applications in China, 5 issued patents and 14 patent applications in the U.S., and 29 issued patents and 157 patent applications in the rest of the world relating to our products and technologies. These patent applications included 48 international patent applications under the Patent Cooperation Treaty.

Management Discussion and Analysis

Important Events after the End of the Reporting Period

Save as disclosed above, there are no important events that have occurred after the end of Reporting Period and up to the date of this interim report.

FINANCIAL REVIEW

Six Months Ended 30 June 2020 Compared to Six Months Ended 30 June 2019

IFRS measure

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	**984,206**	345,517
Cost of sales	**(184,817)**	(40,952)
Gross profit	**799,389**	304,565
Other income	**107,357**	55,956
Other gains and losses	**97,549**	(9,765)
Research and development expenses	**(807,954)**	(670,700)
Administrative and other expenses	**(186,835)**	(78,110)
Selling and marketing expenses	**(446,623)**	(266,721)
Royalties and other related payments	**(134,936)**	(12,897)
Finance costs	**(32,613)**	(36,734)
Loss before tax	**(604,666)**	(714,406)
Income tax expense	**(3,528)**	–
Loss and total comprehensive expenses for the period	**(608,194)**	(714,406)
Non-IFRS measure:		
Adjusted loss and total comprehensive expenses for the period	**(453,533)**	(667,639)

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

Management Discussion and Analysis

1. Revenue

For the six months ended 30 June 2020, the Group generated revenue from contracts with customers of RMB984.2 million. The Group generates revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D services provided to its customers. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	Six Months Ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Sales of pharmaceutical products	**920,888**	331,630
License fee income	**63,212**	10,939
Research and development service fee income	**106**	2,948
Total revenue from contracts with customers	**984,206**	345,517

During the six months ended 30 June 2020, the Group recorded revenue from sales of TYVYT® (sintilimab injection) of RMB920.9 million, as compared with RMB331.6 million for the six months ended 30 June 2019.

During the six months ended 30 June 2020, the Group recorded license fee income of RMB63.2 million, as compared with RMB10.9 million for the six months ended 30 June 2019. In January 2020, the Group entered into an out-license agreement with a customer and realised license fee income of RMB35.3 million. Under the Exclusive License and Collaboration Agreement for China and Co-Development Agreement entered into between the Group and Eli Lilly in March 2015 (the "Lilly China Agreement") on the products of TYVYT® (sintilimab injection) and IBI-301 (rituximab biosimilar), the group received collaboration payments and started to recognise revenue at the commercialization stage of relevant products. During the six months ended 30 June 2020 and 2019, such license fee income recorded was RMB27.9 million and RMB10.9 million, respectively.

In addition, the Group continued to provide R&D services to customers. During the six months ended 30 June 2020, the Group generated R&D service revenue of approximately RMB0.1 million.

2. Cost of Sales

The Group's cost of sales consists of cost of raw material, direct labor, manufacturing cost and manufacturing overhead related to the production of the products sold. For the six months ended 30 June 2020, the Group recorded cost of sales of RMB184.8 million, mainly attributable to the production costs of TYVYT® (sintilimab injection), as compared with RMB41.0 million for the six months ended 30 June 2019.

3. Other Income

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

Management Discussion and Analysis

For the six months ended 30 June 2020, other income of the Group increased by RMB51.4 million to RMB107.4 million, from RMB56.0 million for the six months ended 30 June 2019. The increase was primarily due to the interest earned on the total proceeds of two placements of new shares for approximately RMB4,222.4 million in October 2019 and February 2020.

4. Other Gains and Losses

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

For the six months ended 30 June 2020, other gains and losses of the Group was a gain of RMB97.5 million, primarily benefit from the favorable impact of foreign exchange rates and higher net gains on other financial assets.

5. Research and Development Expenses

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

For the six months ended 30 June 2020 and 2019, the Group incurred R&D expenses of RMB808.0 million and RMB670.7 million, respectively. The increase was mainly driven by (i) increased expense of clinical trials and other associated R&D activities; and (ii) increased staff costs accompanied with expanding of relative R&D departments.

6. Administrative and Other Expenses

For the six months ended 30 June 2020, administrative and other expenses of the Group increased to RMB186.8 million from RMB78.1 million for the six months ended 30 June 2019. The significant increase was caused by hiring of new administrative staff and other administrative expenses in line with business expansion.

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 RMB446.6 million for the six months ended 30 June 2020, as compared with RMB266.7 million for the six months ended 30 June 2019. The Group continuously devotes commercialization efforts to explore potential market for our products to yield tremendous value for the patients and shareholders.

8. Royalties and Other Related Payments

Royalties and other related payments were RMB134.9 million for the six months ended 30 June 2020, as compared with RMB12.9 million for the six months ended 30 June 2019. This represented the royalties for various licensing-in products as well as other related payments to the third parties.

9. Income Tax Expense

Income tax expense was RMB3.5 million for the six months ended 30 June 2020, which represented the withholding tax paid for out-license income. The Group had no provision for taxation for the six months ended 30 June 2019.

10. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss and total comprehensive expenses for the period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Company's management.

Management Discussion and Analysis

Adjusted loss and total comprehensive expenses for the period represents the loss and total comprehensive expenses for the period excluding the effect of certain non-cash item, namely the share-based compensation expenses. The term adjusted loss and total comprehensive expenses for the period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this 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.

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 periods indicated:

	Six Months Ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss and total comprehensive expenses for the period	**(608,194)**	(714,406)
Added:		
Share-based compensation expenses	**154,661**	46,767
Adjusted loss and total comprehensive expenses for the period	**(453,533)**	(667,639)

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

	Six Months Ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Research and development expenses	**(807,954)**	(670,700)
Added:		
Share-based compensation expenses	**41,791**	10,792
Adjusted research and development expenses for the period	**(766,163)**	(659,908)

Management Discussion and Analysis

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

	Six Months Ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Selling and marketing expenses	**(446,623)**	(266,721)
Added:		
Share-based compensation expenses	**21,953**	9,259
Adjusted selling and marketing expenses for the period	**(424,670)**	(257,462)

Selected Data from Statement of Financial Position

	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Total current assets	**7,162,472**	5,455,423
Total non-current assets	**1,791,720**	1,775,106
Total assets	**8,954,192**	7,230,529
Total current liabilities	**1,084,885**	1,043,556
Total non-current liabilities	**1,464,742**	1,430,842
Total liabilities	**2,549,627**	2,474,398
Net current assets	**6,077,587**	4,411,867

Management Discussion and Analysis

11. Liquidity and Source of Funding and Borrowing

As at 30 June 2020, the Group's cash and cash equivalents and current portion of other financial assets increased to RMB6,194.4 million from RMB4,695.2 million as at 31 December 2019. The increase primarily resulted from the placement of new shares for approximately RMB2,122.7 million in February 2020.

As at 30 June 2020, the current assets of the Group were RMB7,162.5 million, including bank balances and cash of RMB4,633.3 million and other financial assets of RMB1,561.1 million. As at 30 June 2020, the current liabilities of the Group were RMB1,084.9 million, including trade payables of RMB196.1 million, other payables and accrued expenses of RMB617.1 million, contract liabilities of RMB110.2 million, borrowings of RMB146.0 million and lease liabilities of RMB15.5 million. As at 30 June 2020, the Group had available unutilised short-term bank loan facilities of approximately RMB85.0 million, which was the same as at 31 December 2019.

12. Key Financial Ratios

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

	As at 30 June 2020	As at 31 December 2019
Current ratio[(1)]	**6.6**	5.2
Quick ratio[(2)]	**6.2**	4.9
Gearing ratio[(3)]	**NM[(3)]**	NM[(3)]

13. Material Investments

The Group did not make any material investments during the six months ended 30 June 2020.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2020.

15. Pledge of Assets

As at 30 June 2020, the Group had a total of RMB548.0 million of property, plant and equipment, RMB52.2 million of land use rights and RMB130.0 million of financial assets pledged to secure its loans and banking facilities.

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%. Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative.

Management Discussion and Analysis

16. Contingent Liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities.

17. Foreign Exchange Exposure

During the six months ended 30 June 2020, the Group mainly operated in China and a majority of its transactions were settled in Renminbi (RMB), the functional currency of the Company's primary subsidiaries. As at 30 June 2020, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 30 June 2020. We currently do not have a foreign currency hedging policy as our Directors consider that our foreign exchange risk exposure is minimal. We will consider hedging significant foreign currency exposure if such need arises.

18. Employees and Remuneration

As at 30 June 2020, the Group had a total of 2,673 employees. The following table sets forth the total number of employees by function as of 30 June 2020:

Function	Number of employees	% of total
Research and Development	751	28
Manufacturing	546	20
Selling and Marketing	1,176	44
General and Administrative	200	8
Total	2,673	100

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

The total remuneration cost incurred by the Group for the six months ended 30 June 2020 was RMB578.7 million, as compared to RMB326.5 million for the six months ended 30 June 2019.

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.

Management Discussion and Analysis

The Company also has adopted the Pre-IPO Plan, the Post-IPO ESOP, the 2018 RS Plan and the 2020 RS Plan. Please refer to the section headed "Other Information – Equity Plans" in this report for further details.

During the six months ended 30 June 2020, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

19. Interim Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2020.

Other Information

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

As at 30 June 2020, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position
Dr. Yu	Beneficial owner	119,705,272[2]	8.91%	Long position
		371,747[3]	0.03%	Short position
	Grantor of a trust	10,000,000[4]	0.74%	Long position
Dr. Charles Leland Cooney	Beneficial owner	42,981[5]	0.00%	Long position
Mr. Ronald Hao Xi Ede	Beneficial owner	11,447,135[6]	0.85%	Long position
Ms. Joyce I-Yin Hsu	Beneficial owner	3,891[7]	0.00%	Long position
Dr. Kaixian Chen	Beneficial owner	3,891[8]	0.00%	Long position

Notes:

1. The calculation is based on the total number of 1,343,125,710 Shares in issue as at 30 June 2020.

2. Includes (i) 105,139,190 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 6,214,286 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Yu's entitlement to the aggregate of 8,351,796 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

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

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

5. Includes (i) 39,090 Shares held by Dr. Charles Leland Cooney; and (ii) Dr. Cooney's entitlement to the aggregate of 3,891 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares. Such number of shares is an indicative number calculated with the exchange rate and closing price as of the date of the grant for illustrative purpose only.

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

7. Represents Ms. Joyce I-yin Hsu's entitlement to the aggregate of 3,891 Shares underlying Restricted Shares granted to her, subject to the conditions of these underlying Restricted Shares. Such number of shares is an indicative number calculated with the exchange rate and closing price as of the date of the grant for illustrative purpose only.

8. Represents Dr. Kaixian Chen's entitlement to the aggregate of 3,891 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares. Such number of shares is an indicative number calculated with the exchange rate and closing price as of the date of the grant for illustrative purpose only.

Other Information

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position/ Lending pool
FIL Limited[2]	Interest in a controlled corporation	93,878,777	6.99%	Long position
Pandanus Partners L.P.[2]	Interest in a controlled corporation	93,878,777	6.99%	Long position
Pandanus Associates Inc.[2]	Interest in a controlled corporation	93,878,777	6.99%	Long position
FMR LLC	Interest in a controlled corporation	102,197,880	7.61%	Long position
The Capital Group Companies, Inc[3]	Interest in a controlled corporation	78,277,090	5.83%	Long position
TLS BETA PTE. LTD. ("TLS Beta")[4]	Beneficial owner	64,482,850	4.80%	Long position
Temasek Life Sciences Private Limited[4]	Interest in a controlled corporation	75,712,850	5.64%	Long position
Fullerton Management Pte Ltd[4]	Interest in a controlled corporation	75,712,850	5.64%	Long position
Temasek Holdings (Private) Limited[4]	Interest in a controlled corporation	110,491,350	8.23%	Long position

Other Information

Notes:

1. The calculation is based on the total number of 1,343,125,710 Shares in issue as at 30 June 2020.

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

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

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

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

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

Save as disclosed above, as at 30 June 2020, no persons other than the Directors or chief executives of the Company whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations” above had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

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 2019 annual report of the Company.

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan as at 30 June 2020 are as follows:

					Number of options				
Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Outstanding as at 1 January 2020	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2020
Other grantees than Directors, senior management and connected persons									
In aggregate	Between 10 May 2012 and 9 October 2018	10 years from the date of grant	4 years to 6 years from the date of grant	Between US$0.017 and US$1.342	57,518,000	(2,563,500)	–	(265,000)	54,689,500
Total					**57,518,000**	(2,563,500)	–	(265,000)	54,689,500

Note:

1. The weighted average closing price of the Company's Shares immediately before the dates on which the options were exercised during the period was HK$31.84.

2. Post-IPO ESOP

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

Further details of the Post-IPO ESOP are set out in the Prospectus and the 2019 annual report of the Company.

Other Information

Details of the movements of the options granted under the Post-IPO ESOP as at 30 June 2020 are as follows:

Name or category of grantee	Date of grant	Option period	Vesting Period	Exercise price	Number of options: Outstanding as at 1 January 2020	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2020	Closing price of the Shares immediately before the date of grant
Directors										
Dr. Yu	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	4,142,857	–	–	–	4,142,857	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	–	2,071,429	–	–	2,071,429	HK$34.00
Mr. Ronald Hao Xi Ede	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	952,381	–	–	–	952,381	HK$28.45
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	–	635,714	–	–	635,714	HK$34.00
Chief Operation Officer										
Dr. Qinwei Zhou	15 March 2019	10 years from the date of grant	1,142,857 Share options: 75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023; 1,481,979 Share options: 50% shall vest on 15 March 2024; and 50% shall vest on 15 March 2025	HK$28.30	2,624,836	–	–	–	2,624,836	HK$28.45
Other grantees than Directors, senior management and connected persons										
	15 March 2019	10 years from the date of grant	740,990 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	–	–	–	9,539,964	HK$28.45
	14 June 2019	10 years from the date of grant	75% shall vest on 14 June 2022; and 25% shall vest on 14 June 2023	HK$26.25	965,713	–	–	–	965,713	HK$26.40
	29 August 2019	10 years from the date of grant	75% shall vest on 29 August 2022; and 25% shall vest on 29 August 2023	HK$25.85	2,055,713	–	–	–	2,055,713	HK$24.45
	4 December 2019	10 years from the date of grant	75% shall vest on 4 December 2022; and 25% shall vest on 4 December 2023	HK$28.15	4,594,119	–	–	–	4,594,119	HK$28.15
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	–	14,972,249	–	–	14,972,249	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
Total					24,875,583	31,491,032	–	–	56,366,615	

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.

Other Information

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

As at 30 June 2020, 29,028,283 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 2019 annual report of the Company.

Details of the movements of the restricted Shares granted under the 2018 RS Plan as at 30 June 2020 are as follows:

Name or category of grantee	Date of grant	Held at 1 January 2020	Granted during the Period	Vested during the Period	Lapsed during the Period	Held at 30 June 2020	Vesting Period	Closing price at date of grant
Director								
Dr. Yu	2 May 2019	6,901,796	–	–	–	6,901,796	5 years from the date of grant	HK$25.15
	15 April 2020	–	1,450,000	–	–	1,450,000	4 years from the date of grant	HK$33.95
Mr. Ronald Hao Xi Ede	15 April 2020	–	320,000	–	–	320,000	4 years from the date of grant	HK$33.95
Dr. Charles Leland Cooney	15 April 2020	–	3,891	–	–	3,891	1 January 2021	HK$33.95
Ms. Joyce I-Yin Hsu	15 April 2020	–	3,891	–	–	3,891	1 January 2021	HK$33.95
Dr. Kaixian Chen	15 April 2020	–	3,891	–	–	3,891	1 January 2021	HK$33.95
Other grantees than Directors, senior management and connected persons								
	2 May 2019	2,835,085	–	–	–	2,835,085	2,732,437 Restricted Shares: 6 years from the date of grant; 102,648 Restricted Shares: 4 years from the date of grant	HK$25.15
	14 June 2019	1,056,000	–	–	–	1,056,000	4 years from the date of grant	HK$25.90
	29 August 2019	1,555,000	–	–	–	1,555,000	4 years from the date of grant	HK$25.85
	4 December 2019	4,207,082	–	–	–	4,207,082	4 years from the date of grant	HK$28.15
	15 April 2020	–	3,982,880	–	–	3,982,880	4 years from the date of grant	HK$33.95
	11 June 2020	–	6,708,767	–	–	6,708,767	4 years from the date of grant	HK$47.80
Total		16,554,963	12,473,320	–	–	29,028,283		

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.

As of 30 June 2020, the Company has not identified any grantee under the 2020 RS Plan or granted any restricted shares to any grantee.

Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020 and the circular of the Company dated 28 May 2020.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed 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, at no time during the six months ended 30 June 2020 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2020.

Material Litigation

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2020. 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 2020.

Use of Net Proceeds

(a) Use of Net Proceeds from the Global Offering

The Company's shares were listed on the Stock Exchange on 31 October 2018 with a total of 271,802,000 offer shares (including shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the global offering were approximately HK$3,645.9 million (equivalent to RMB3,234.7 million). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus, 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.

Other Information

As at 30 June 2020, approximately RMB2,733.7 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus RMB million	Utilization as at 30 June 2019 RMB million	Unutilized as at 30 June 2019 RMB million	**Utilization as at 30 June 2020 RMB million**	**Unutilized as at 30 June 2020 RMB million**
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches (including production, sales and marketing) of TYVYT® (sintilimab injection)	1,682.1	493.8	1,188.3	**1,641.3**	**40.8**
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches (including production, sales and marketing) of BYVASDA® (bevacizumab biosimilar)	258.8	24.2	234.6	**99.2**	**159.6**
Fund ongoing and planned clinical trials, preparation for registration filings and planned commercial launches (including sales and marketing) of IBI-301 (rituximab biosimilar)	129.3	40.6	88.7	**93.3**	**36.0**
Fund ongoing and planned clinical trials, preparation for registration filings and commercial launches (including production, sales and marketing) of IBI-305 (adalimumab biosimilar)	32.4	7.3	25.1	**28.9**	**3.5**
For the ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of the other drug candidates in the Group's pipeline	808.7	511.6	297.1	**555.2**	**253.5**
For working capital and general corporate purposes	323.4	215.0	108.4	**315.8**	**7.6**
	3,234.7	1,292.5	1,942.2	**2,733.7**	**501.0**

Other Information

(b) Use of Net Proceeds from the 2019 Placing

The placing of existing Shares and top-up subscription of new shares pursuant to the share placing and subscription agreement dated 9 October 2019 (the "2019 Placing Agreement") was completed on 18 October 2019 (the "2019 Placing"). The net proceeds raised from the 2019 Placing were approximately HK$2,351.3 million (equivalent to RMB2,122.7 million). An aggregate of 97,000,000 new placing shares, representing approximately 7.73% of the enlarged issued share capital of the Company immediately after the completion of the 2019 Placing, were placed to not less than six placees who and whose ultimate beneficial owners 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 2019 Placing Agreement.

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 Eli Lilly) that are currently in Phase I clinical trial, and for future capacity expansion and general corporate use, as appropriate.

As at 31 December 2019, approximately RMB219.3 million of the net proceeds of the 2019 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2019 Placing, and RMB1,903.4 million remained unutilised. As at 30 June 2020, approximately RMB587.2 million of the net proceeds of the 2019 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2019 Placing, and RMB1,535.5 million remained unutilized. The table below sets out the use of proceeds from the 2019 Placing as at 31 December 2019 and 30 June 2020:

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 2019 RMB million	Unutilised as at 31 December 2019 [2] RMB million	**Utilisation as at 30 June 2020 RMB million**	**Unutilised as at 30 June 2020 [2] RMB million**
Incyte in-licensed products[1]	201.3	N/A	**273.7**	**N/A**
IBI-302 (anti-VEGF/complement bispecific fusion protein)	10.3	N/A	**18.4**	**N/A**
IBI-318 (anti-PD-1/anti-PD-L1 bispecific antibody)	7.7	N/A	**12.3**	**N/A**
Development of other pipeline candidates	–	N/A	**209.7**	**N/A**
Future capacity expansion		N/A	**-**	**N/A**
General corporate use	–	N/A	**73.1**	**N/A**
	219.3	1,903.4	**587.2**	**1,535.5**

Notes:

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

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

Other Information

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 36 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 2020 Placing

The placing of new shares pursuant to the placing agreement dated 12 February 2020 (the "2020 Placing Agreement") was completed on 20 February 2020 (the "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 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 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 2020 Placing Agreement.

The net proceeds raised from the 2020 Placing were approximately HK$2,330.6 million (equivalent to 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 2020 Placing, that is, preparing for future capacity expansion of the possible rapid growth due to the inclusion of TYVYT® (sintilimab injection) in the NRDL, as well as in anticipation of the other new drugs the Company expects to launch in the next few years, and general corporate use, as appropriate.

As at 30 June 2020, approximately RMB85.2 million of the net proceeds of the 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the 2020 Placing, and RMB2,014.5 million remained unutilised. The table below sets out the use of proceeds from the 2020 Placing as at 30 June 2020:

Use of net proceeds from the 2020 Placing as disclosed in the Company's announcements relating to the 2020 Placing	Utilisation as at 30 June 2020 RMB million	Unutilised as at 30 June 2020 RMB million[2]
Future capacity expansion	**71.5**[1]	**N/A**
General corporate use	**13.7**	**N/A**
	85.2	**2,014.5**

Notes:

(1) This included the supplement of 5*1000L production line and 6*3000L capacity expansion.

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

Other Information

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 36 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 an 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. Shuyen Chen and Dr. Kaixian Chen. Ms. Joyce I-yin Hsu, the 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 2020 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. The Audit Committee considers that this interim report is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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 2020, the Company has complied with all applicable code provisions set out in the CG Code except for the following deviation.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. The Company does not have separate chairman of the Board and chief executive officer, and Dr. De-Chao Michael Yu 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 2020.

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 2020. 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 2020.

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 43 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2020 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
27 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue from contracts with customers	4	**984,206**	345,517
Cost of sales		**(184,817)**	(40,952)
Gross profit		**799,389**	304,565
Other income		**107,357**	55,956
Other gains and losses		**97,549**	(9,765)
Research and development expenses		**(807,954)**	(670,700)
Administrative and other expenses		**(186,835)**	(78,110)
Selling and marketing expenses		**(446,623)**	(266,721)
Royalties and other related payments		**(134,936)**	(12,897)
Finance costs		**(32,613)**	(36,734)
Loss before tax		**(604,666)**	(714,406)
Income tax expense	5	**(3,528)**	–
Loss and total comprehensive expenses for the period	6	**(608,194)**	(714,406)
Loss per share	7		
– Basic (RMB Yuan)		**(0.46)**	(0.62)
– Diluted (RMB Yuan)		**(0.46)**	(0.62)

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Notes	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	**1,391,908**	1,344,788
Right-of-use assets	9	**82,786**	91,516
Intangible assets	10	**35,207**	–
Deposits for acquisition of property, plant and equipment		**56,353**	84,849
Other receivables and tax recoverables	12	**223,482**	251,969
Other financial assets	14	**1,984**	1,984
		1,791,720	1,775,106
Current assets			
Inventories		**467,136**	358,597
Trade receivables	11	**377,769**	247,854
Deposits, prepayments and other receivables	12	**120,910**	151,626
Contract assets	13	**2,256**	2,185
Other financial assets	14	**1,561,115**	462,519
Bank balances and cash	15	**4,633,286**	4,232,642
		7,162,472	5,455,423
Current liabilities			
Trade payables	16	**196,065**	84,275
Other payables and accrued expenses	17	**617,129**	885,004
Contract liabilities		**110,241**	41,727
Borrowings	18	**146,000**	17,000
Lease liabilities		**15,450**	15,550
		1,084,885	1,043,556
Net current assets		**6,077,587**	4,411,867
Total assets less current liabilities		**7,869,307**	6,186,973

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Notes	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Non-current liabilities			
Contract liabilities		**635,574**	581,786
Borrowings	18	**793,000**	808,000
Government grants		**19,765**	16,518
Lease liabilities		**16,403**	24,538
		1,464,742	1,430,842
Net assets		**6,404,565**	4,756,131
Capital and reserves			
Share capital	19	**93**	87
Reserves		**6,404,472**	4,756,044
Total equity		**6,404,565**	4,756,131

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company					
	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 2019 (audited)	79	11,751,242	(313,652)	20,363	(7,263,618)	4,194,414
Loss and total comprehensive expenses for the period	–	–	–	–	(714,406)	(714,406)
Recognition of equity-settled share based payment	–	–	–	46,767	–	46,767
Vesting of restricted shares	–	324	–	(324)	–	–
Exercise of share options (note 19a)	–	3,327	–	(1,582)	–	1,745
At 30 June 2019 (unaudited)	79	11,754,893	(313,652)	65,224	(7,978,024)	3,528,520
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 19d)	**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	**–**	**54**	**–**	**(54)**	**–**	**–**
Exercise of share options (note 19e)	**–**	**4,087**	**–**	**(1,787)**	**–**	**2,300**
At 30 June 2020 (unaudited)	**93**	**15,989,064**	**(313,652)**	**320,822**	**(9,591,762)**	**6,404,565**

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before tax	**(604,666)**	(714,406)
Adjustments for:		
Loss on disposal of property, plant and equipment	**747**	–
Depreciation of property, plant and equipment	**47,698**	34,577
Depreciation of right-of-use assets	**8,730**	4,322
Net foreign exchange gains	**(48,365)**	(6,706)
Gain from changes in fair value of other financial assets (financial assets mandatorily measured at fair value through profit or loss ("FVTPL"))	**(19,435)**	(52)
Share-based payment expenses	**154,661**	46,767
Research and development expenses paid by partners of joint operations	**2,417**	8,378
Government grants income	**(1,328)**	(961)
Interest income	**(61,154)**	(50,415)
Interest on bank borrowings	**12,273**	12,201
Interest arising from a contract which contains significant financing component	**19,523**	23,998
Interest expense on lease liabilities	**817**	535
Operating cash flows before movements in working capital	**(488,082)**	(641,762)
(Increase) decrease in contract assets	**(71)**	6,158
Increase in trade receivables	**(129,915)**	(178,431)
Increase in inventories	**(108,539)**	(165,460)
Decrease (increase) in deposits, prepayments and other receivables	**62,838**	(38,568)
Increase in trade payables	**111,790**	17,572
Decrease in other payables and accrued expenses	**(294,874)**	(45,976)
Increase in contract liabilities	**102,779**	130,096
Increase in government grants related to income	**3,995**	–
Cash used in operations	**(740,079)**	(916,371)
Withholding tax paid	**(3,528)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(743,607)**	(916,371)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Interest received	**57,791**	27,011
Placement of term deposits with maturity dates over three months	**(1,750,921)**	(2,150,379)
Release of pledged term deposits	**–**	498
Purchase of property, plant and equipment	**(66,746)**	(139,982)
Purchase of other financial assets	**(3,363,007)**	(80,000)
Release of term deposits with maturity dates over three months	**1,893,028**	1,097
Proceeds on release of other financial assets	**2,283,846**	26,500
Proceeds from disposal of property plant and equipment	**30**	–
Receipt of government grants related to property, plant and equipment	**580**	–
Repayment to a partner of joint operations	**(2,560)**	(5,867)
NET CASH USED IN INVESTING ACTIVITIES	**(947,959)**	(2,321,122)
FINANCING ACTIVITIES		
Interest paid	**(21,540)**	(20,097)
New borrowings raised	**120,000**	15,000
Repayment of borrowings	**(6,000)**	(5,000)
Repayment of lease liabilities	**(8,202)**	(3,473)
Proceeds from exercise of share option	**2,300**	1,745
Issuance of ordinary shares	**2,122,190**	–
Payment of transaction costs attributable to issuance of new shares	**(22,523)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**2,186,225**	(11,825)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**494,659**	(3,249,318)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**2,425,806**	4,524,854
Effects of foreign exchange rate changes	**48,092**	6,224
CASH AND CASH EQUIVALENTS AT 30 JUNE, REPRESENTED BY	**2,968,557**	1,281,760
Bank balances and cash	**143,210**	815,526
Term deposits with maturity date within three months	**2,825,347**	466,234
	2,968,557	1,281,760

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. Basis of Preparation

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

2. Principal Accounting Policies

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

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 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

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

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and 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.

Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 this 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 2019.

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	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**920,888**	331,630
Licence fee income	**35,286**	–
Overtime		
Research and development service fee income	**106**	2,948
Licence fee income	**27,926**	10,939
	984,206	345,517

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 2020, 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 2020

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 or use the underlying IP or licence. Licence fee income is recognised at a point of time upon the customer obtains control of IP or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

The consideration for licence comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and royalties).

For licence that the Group provided for customers' right to access, upfront payment 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 payment and variable consideration received are recorded under contract liabilities and recognised as revenue only when customers have ability to use the licence.

Research and development agreements with a customer

The Group entered into research and development agreements with a customer. The Group earns revenues by providing research services to its customers through fee-for-service contracts. Contract duration is over a year. Upfront payments (if any) received by the Group 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 2020, transaction price allocated to the remaining performance obligation amounting to RMB106,000 and it is expected to recognised as revenue within a year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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

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	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The PRC	**948,920**	345,517
United States of America ("US")	**35,286**	**–**
	984,206	345,517

5. Income Tax Expense

The income tax represents the withholding tax arising from the licence-out income received from a customer in the US during the six months ended 30 June 2020 (during the six month ended 30 June 2019: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. Loss for the Period

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Directors' emoluments	**62,487**	27,739
Other staffs costs:		
Salaries and other allowances	**333,134**	195,567
Performance related bonus	**45,168**	53,010
Retirement benefit scheme contributions	**33,749**	20,028
Share-based payment expenses	**104,121**	30,133
Total staff costs	**578,659**	326,477
Auditors' remuneration	**1,222**	1,161
Depreciation of property, plant and equipment	**47,698**	34,577
Depreciation of right-of-use assets	**8,730**	4,322
Short-term lease expenses	**1,586**	937
Gain from changes in fair value of other financial assets (financial assets mandatorily measured at FVTPL)	**(19,435)**	(52)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share	**(608,194)**	(714,406)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,321,066,386**	1,151,936,239

The computation of basic loss earnings per share excluded the unvested restricted shares of the Company. Details of these restricted shares are set out in note 20.

(b) Diluted

30 June 2019 and 2020

The Company had two categories of potential ordinary shares, unvested restricted shares awarded under share award program and Restricted Shares Plan (the "RS Plan") of the Company and the shares options awarded under the Pre-IPO Share Incentive Plan (the "Pre-IPO Plan") and Post-IPO share option scheme (the "Post-IPO ESOP"), as details set out in note 20. As the Group incurred losses for the period ended 30 June 2019 and 30 June 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 2019 and 30 June 2020 is the same as basic loss per share.

8. Dividends

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

9. Movements in Property, Plant and Equipment and Right-Of-Use Assets

During the current interim period, the Group paid approximately RMB67 million for construction costs mainly for new production plant and machinery. There were disposals of property, plant and equipment with carrying amount of approximately RMB747,000.

During the current interim period, no new lease agreement was entered by the Group and no written off of property, plant and equipment by the Group.

10. Intangible Assets

During the current interim period, the Group capitalised development cost paid of a total of RMB35.2 million.

11. Trade Receivables

The Group allows an average credit period of 45 to 60 days to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0 – 60 days	**367,769**	247,854
61 – 90 days	**10,000**	–
	377,769	247,854

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. Deposits, Prepayments and Other Receivables

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Prepayments	**52,480**	79,993
Other receivables	**41,513**	46,187
Prepaid bonus (note a)	**92,155**	98,299
Other loans (note b)	**26,586**	32,271
Other tax recoverables	**126,470**	141,888
Rental deposits	**5,188**	4,957
	344,392	403,595
Analysed as:		
Non-current	**223,482**	251,969
Current	**120,910**	151,626
	344,392	403,595

Notes:

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

Based on the relevant terms of the directors' respective service agreements (which reflected the relevant contractual terms of these directors' bonus plan), the outstanding receivables and the amount paid or payable for these directors of the Company in respect of the withholding tax resulting from the share subscriptions and the grant of these bonuses as at 26 August 2018 were converted to bonuses paid in advance to directors of the Company. These directors of the Company shall be liable to return the whole or part of the bonuses and the relevant tax paid for them if certain service and/or performance conditions are not satisfied in accordance with the relevant terms of the respective directors' service agreements. This arrangement is considered as a non-cash transaction.

During the six months ended 30 June 2020, RMB6.1 million (six months ended 30 June 2019: 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 RMB12.3 million (year ended 31 December 2019: 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 2020

12. Deposits, Prepayments and Other Receivables (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 RMB14.6 million (year ended 31 December 2019: RMB13.2 million) will be repaid within a year and classified as current receivables while the remaining RMB12 million (year ended 31 December 2019: RMB19.1 million) will be repaid after twelve months and classified as non-current receivables.

13. Contract Assets

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Research and development contract	**2,256**	2,185

A contract asset is recognised over the period of research and development services performed and represents the entity's right to collect considerations for the services transferred to date. Contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The Group classifies these contract assets as current asset because the Group expects to collect upon the agreed payment terms, which is expected to be within one year.

There were no impairment losses recognised on any contract asset during the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. Other Financial Assets

	Current		Non-current	
	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)	**At 30 June 2020 RMB'000 (unaudited)**	At 31 December 2019 RMB'000 (audited)
Wealth management plan (note a)	**846,154**	462,519	**–**	–
Structured deposits (note b)	**714,961**	–	**–**	–
Other investment at FVTPL (note c)	**–**	–	**1,984**	1,984
	1,561,115	462,519	**1,984**	1,984

Notes:

(a) The Group invested in wealth management plans managed by financial institutions in the PRC. The principal is either guaranteed or unguaranteed by the relevant financial institutions with an expected return rate as stated in the contract ranging from 2.8% to 3.90% (31 December 2019: 3.75% to 3.90%) per annum as at 30 June 2020. All investments had maturity date within one year and classified as financial assets mandatorily measured at FVTPL. Change in fair value of the wealth management plans amounting to RMB11,429,000 is recognised during the period ended 30 June 2020 (30 June 2019: RMB52,000).

(b) The Group invested in financial products managed by a financial institution. The principal is guaranteed by the relevant financial institutions with yield ranging from 2.85% to 3.35% (31 December 2019: nil) per annum as at 30 June 2020. The relevant financial products will be settled either in investment currency of RMB or in alternative currency USD at predefined conversion rate depending on the USD/RMB exchange rate at expiry of the contract. All investments had maturity date within one year and classified as financial assets mandatorily measured at FVTPL. Change in fair value of the structured deposits amounting to RMB8,006,000 is recognised during the period ended 30 June 2020 (30 June 2019: nil).

(c) On 19 December 2019, the Group subscribed 263,175 convertible redeemable shares which represent 6.44% of the equity of a private entity incorporated in the US. 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 year ended 30 June 2020.

Further, the Group also entitled to further subscribe a total of 2,523,377 convertible redeemable shares at a fixed price of US$1.0766 per share in accordance with the subscription agreement, which represents 6.44% of the enlarged equity of the private equity if the Group and other investors fully subscribe the convertible redeemable shares and converted. As at 30 June 2020, the fair value of the derivative instruments is considered as insignificant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

15. Bank Balances and Cash

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Cash at bank	**143,070**	2,051,724
Term deposits	**4,490,076**	2,180,860
Cash on hand	**140**	58
	4,633,286	4,232,642
Analysed as:		
Cash and cash equivalents	**2,968,557**	2,425,806
Term deposits with maturity date between three months to one year	**1,664,729**	1,806,836
	4,633,286	4,232,642

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Term deposits	**1.77% – 4.18%**	1.76% – 4.18%
Cash at bank	**0.01% – 0.35%**	0.01% – 0.35%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

16. Trade Payables

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Trade payables	**196,065**	84,275

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0 – 30 days	**160,362**	64,649
31 – 60 days	**33,648**	17,258
Over 60 days	**2,055**	2,368
	196,065	84,275

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

17. Other Payables and Accrued Expenses

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Accrued expenses		
– Research and development expenses (note a)	**280,001**	266,534
– Selling and marketing expenses	**91,949**	106,912
– Royalties and other related payments	**11,720**	223,045
– Legal and professional fee	**3,919**	5,176
– Others	**31,573**	26,610
	419,162	628,277
Amounts due to partners of joint operations (note b)	**11,643**	11,786
Interest payables	**1,226**	1,238
Other payables	**19,697**	34,443
Other tax payable	**5,010**	1,751
Payables in respect of acquisition of property, plant and equipment	**27,396**	54,550
Staff payroll payables	**132,995**	152,959
	617,129	885,004

Notes:

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

18. Borrowings

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Variable-rate borrowings – at amortised cost	**939,000**	825,000
Analysed as:		
Secured	**600,000**	485,000
Unsecured*	**339,000**	340,000
	939,000	825,000
The carrying amounts of the above borrowings are repayable**:		
Within one year	**146,000**	17,000
Within a period of more than one year but not exceeding two years	**50,000**	35,000
Within a period of more than two years but not exceeding five years	**433,000**	373,000
Within a period of more than five years	**310,000**	400,000
	939,000	825,000
Less: Amounts due within one year shown under current liabilities	**(146,000)**	(17,000)
Amounts shown under non-current liabilities	**793,000**	808,000

* In accordance with loan agreements, the Group is required to register the pledge with relevant authority upon receipt of the building certificate in which the relevant building is under construction progress with carrying amount of RMB451.5 million (31 December 2019: RMB387.6 million) as at 30 June 2020.

** 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 2020

18. Borrowings (Continued)

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

	2020	2019
Effective interest rate:		
Variable-rate borrowings	**3.25% – 4.9%**	4.9%

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Property, plant and equipment	**548,018**	569,709
Land use rights	**52,217**	52,842
Wealth management plan	**130,000**	–
	730,235	622,551

19. Share Capital

	Number of ordinary shares	Amount US$'000
Authorised		
At 1 January 2019, 31 December 2019 and 30 June 2020	**5,000,000,000**	**50**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

19. Share Capital (Continued)

	Number of shares	Amount US$'000	Equivalent amount of ordinary shares RMB'000
Issues and fully paid			
At 1 January 2019 (audited)	1,153,602,710	11	79
Exercise of share options (note a)	3,395,000	–	–
At 30 June 2019 (unaudited)	1,156,997,710	11	79
Issuance of ordinary shares (note b)	97,000,000	1	7
Exercise of share options (note c)	8,564,500	–	1
At 31 December 2019 (audited)	**1,262,562,210**	**12**	**87**
Issuance of ordinary shares (note d)	**78,000,000**	**1**	**6**
Exercise of share options (note e)	**2,563,500**	**–**	**–**
At 30 June 2020 (unaudited)	**1,343,125,710**	**13**	**93**

Notes:

(a) During the six months ended 30 June 2019, the Company issued a total of 3,395,000 ordinary shares to the Group's employees as the result of exercise of share options after vesting period with a total exercise price of US$255,000 (equivalent to RMB1,745,000).

(b) On 4 October 2019, (1) the Company, (2) Dr. Yu and Great Biono Fortune LP (collectively referred to as the "Vendors") and (3) Morgan Stanley & Co. International plc and Goldman Sachs (Asia) L.L.C. (collectively referred to as the "Placing Agents") entered into a Placing and Subscription Agreement. An aggregate of 97,000,000 ordinary shares (the "Placing Shares") held by the Vendors have been placed by the Placing Agents. All Placing Shares was subscripted by HKSCC Nominees Limited at HK$24.60 with net proceeds (after deducting all applicable costs and expenses, including commission and levies) of HK$2,351.3 million (equivalent to RMB2,122.7 million) on 9 October 2019. After that, the Company allotted and issued 97,000,000 ordinary shares to the Vendors on 18 October 2019 at HK$24.60 per share with the net proceeds of HK$2,351.3 million (equivalent to RMB2,122.7 million). The net proceeds received by the Company was recognised as share capital at par value of US$0.00001 each and the remaining amount was recognised as share premium of the Company.

(c) During the period from 1 July 2019 to 31 December 2019, the Company issued a total of 8,564,500 ordinary shares to the Group's employees as the result of exercise of share options after vesting period with a total exercise price of US$590,000 (equivalent to RMB4,143,000).

(d) 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). The net proceeds received by the Company was recognised as share capital and the remaining amount was recognised as share premium of the Company.

(e) During the six months ended 30 June 2020, the Company issued a total of 2,563,500 ordinary shares to the Group's employees as the result of exercise of share options after vesting period with a total exercise price of US$328,990 (equivalent to RMB2,300,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

20. Share-Based Payment Transactions

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

There is no material change relating to the share-based payment transactions for the six months ended 30 June 2020, except for the following:

(a) Share award program

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

	Numbers of vested restricted shares	Weighted average grant date fair value per share RMB
Unvested as at 1 January 2019	2,572,920	1.04
Vested	(1,187,500)	1.04
Unvested as at 30 June 2019	1,385,420	1.04
Unvested as at 1 January 2020	**197,920**	**1.04**
Vested	**(197,920)**	**1.04**
Unvested as at 30 June 2020	**–**	**–**

No additional restricted shares was granted during the six months ended 30 June 2020 under the 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 are RMB1,000 (six months ended 30 June 2019: RMB77,000) for the six months ended 30 June 2020.

(b) Option and share appreciation rights grant program

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 2020	2019
At the beginning of the period	**57,518,000**	71,910,000
Forfeited	**(265,000)**	(2,225,000)
Exercised	**(2,563,500)**	(3,395,000)
At the end of the period	**54,689,500**	66,290,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

20. Share-Based Payment Transactions (Continued)

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

(b) Option and share appreciation rights grant program (Continued)

As at 30 June 2020, 5,329,500 (six months ended 30 June 2019: 11,275,000) outstanding options were exercisable.

For the outstanding options, vesting period ranges from 9 May 2015 to 8 October 2024, weighted average remaining contractual life being 7.73 years, exercise price ranges from US$0.02 to US$1.34 and weighted average exercise price being US$0.25.

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	
	2020	2019
Granted	**N/A**	N/A
Forfeited	**US$0.22**	US$0.19
Exercised	**US$0.13**	US$0.10

No share appreciation rights was outstanding nor issued during any of the reporting period.

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 RMB23,056,000 (six months ended 30 June 2019: RMB17,233,000) for the six months ended 30 June 2020.

(ii) 2018 RS Plan

On 15 April 2020, 11 June 2020 and 12 June 2020, the Company granted a maximum of 12,461,647 restricted shares at nil consideration to 14, 7 and 2 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 11,673 shares) at nil consideration to 3 independent non-executive directors of the Group.

The restricted shares shall initially be unvested. 75% of the restricted shares shall vest in 2023 while another 25% shall vest in 2024, subject to the performance condition to be fulfilled.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

20. Share-Based Payment Transactions (Continued)

(ii) 2018 RS Plan (Continued)

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

	Numbers of vested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2019	–	–
Granted	10,792,881	22.75
Unvested as at 30 June 2019	10,792,881	22.75
Unvested as at 1 January 2020	**16,554,963**	**23.4**
Granted	**12,473,320**	**39.5**
Unvested as at 30 June 2020	**29,028,283**	**30.3**

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 RMB60,277,000 (six months ended 30 June 2019: RMB12,873,000) for the six months ended 30 June 2020.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

20. Share-Based Payment Transactions (Continued)

(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	
	2020	2019	**2020**	2019
At the beginning of the period	**5,095,238**	–	**19,780,345**	–
Granted	**2,707,143**	5,095,238	**28,783,889**	13,130,513
At the end of the period	**7,802,381**	5,095,238	**48,564,234**	13,130,513

On 15 April 2020 and 11 June 2020, the Company granted a total of 31,491,032 share options to 2 and nil directors and 14 and 7 employees of the Group, subject to the accomplishment of certain non-market performance conditions.

The granted options shall initially be unvested. 75% of the granted options shall vest in 2023 while another 25% shall vest in 2024, 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 14 March 2025, weighted average remaining contractual life being 9.44 years, exercise price ranges from HK$25.85 to HK$47.80 and weighted average exercise price being HK$34.71.

As at 30 June 2020 and 2019, no outstanding options were exercisable.

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

	Weighted average exercise price			
	Directors of the Company six months ended		Employees six months ended	
	2020	2019	**2020**	2019
Granted	**HK$33.95**	HK$28.30	**HK$40.60**	HK$28.15

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

20. Share-Based Payment Transactions (Continued)

(iii) Post-IPO ESOP (Continued)

Fair value of share options granted

During the six months ended 30 June 2020, Binomial Options Pricing Model was used to determine the fair value of the options granted. Key assumptions, such as expected dividend yield, post-vesting exit rate, expected exercise multiple, risk-free interest rate and volatility, are required to be determined by the directors of the Company with best estimate.

The key inputs into the model were as follows:

	2020
Fair value per option on grant date	**HK$20.1 – HK$29.47**
Weighted average share price of the Company on grant date	**HK$33.95 – HK$47.8**
Exercise price	**HK$33.95 – HK$47.8**
Expected volatility	**62.83% – 62.92%**
Risk-free rate	**0.54% – 0.72%**
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 Hong Kong Government Bonds 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 RMB71,327,000 (six months ended 30 June 2019: RMB16,584,000) for the six months ended 30 June 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

21. Capital Commitment

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
Acquisition of property, plant and equipment	**178,191**	75,442
Other investment at FVTPL	**18,952**	18,952
	197,143	94,394

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 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Short term benefits	**13,612**	12,368
Retirement benefit scheme contributions	**82**	42
Share based payment expenses	**56,242**	18,337
	69,936	30,747

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 2020

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		Fair value hierarchy	Valuations techniques and key inputs
	30 June 2020 RMB'000	31 December 2019 RMB'000		
(1) Other financial assets – wealth management plan	**846,154**	462,519	Level 2	Income approach – in this approach, the discounted cash flow method was used to estimate the return from the underlying assets.
(2) Other financial assets – structured deposits	**714,961**	–	Level 2	Income approach – in this approach, the discounted cash flow method was used to estimate the return from the underlying assets.
(3) Other financial assets – other investment at FVTPL	**1,984**	1,984	Level 2	Recent transaction price

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

22. Fair Value Measurements of Financial Instruments (Continued)

(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.

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 2020.

a. In 23 July 2020, the Company and the Sole Placing Agent entered into a primary placing agreement. An aggregate of 56,200,000 ordinary shares have been placed at a placing price of HK$49.60 per share. The net proceeds from the placing amount to approximately HK$2,787.52 million (equivalent to RMB2,516.82 million).

Definitions

"2018 RS Plan"	the Innovent Biologics, Inc. 2018 Restricted Share Plan adopted by the Company on 15 October 2018
"2020 RS Plan"	the Innovent Biologics, Inc. 2020 Restricted Share Plan adopted by the Company on 12 June 2020
"ALK"	anaplastic lymphoma kinase
"AML"	acute myeloid leukemia
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CD47"	cluster differentiation 47
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CMC"	chemistry, manufacturing and controls
"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
"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
"DTP"	Direct-To-Patient
"Director(s)"	the director(s) of our Company

Definitions

"Dr. Yu"	Dr. De-Chao Michael Yu, our chief executive officer, Chairman and Executive Director
"EGFR"	epidermal growth factor receptor
"Eli 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
"FDA"	U.S. Food Drug Administration
"FGFR"	fibroblast growth factor receptor
"GC"	gastric carcinoma
"GMP"	Good Manufacturing Practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HCC"	hepatocellular carcinomas
"HeFH"	heterozygous familial hypercholesterolemia
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Incyte"	Incyte Biosciences International Sàrl, a subsidiary of Incyte Corporation (the shares of which are listed on the Nasdaq Global Select Market (Ticker Symbol: INCY))
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	31 October 2018 the date on which the Shares are listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange

Definitions

"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
"mCCA"	metastatic cholangiocarcinoma
"MDS"	myelodysplastic syndrome
"OXM3"	oxyntomodulin analog
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MZL"	marginal zone lymphoma
"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)
"NRDL"	National Reimbursement Drug List of China
"NSCLC"	non-small cell lung cancer
"nsqNSCLC"	non-squamous non-small cell lung cancer
"PCSK9"	proprotein convertase subtilisin/kexin type 9 enzyme
"PD-1"	programmed cell death protein 1
"PD-L1"	PD-Lgand 1
"Post-IPO ESOP"	the post-IPO share option scheme adopted by the Company on 12 June 2018
"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan adopted by the Company on 10 May 2012 as amended from time to time
"Prospectus"	the prospectus of the Company dated 18 October 2018
"R&D"	research and development

Definitions

"Reporting Period"	the six months ended 30 June 2020
"RMB" or "Renminbi"	renminbi, the lawful currency of PRC
"r/r FL"	recurrent or refractory follicular lymphoma
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"SIRP"	signal regulatory protein
"sNDA"	supplemental new drug application
"sqNSCLC"	squamous non-small cell lung cancer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TIGIT"	T-cell immunoreceptor with Ig and ITIM domains
"TKI"	tyrosine kinase inhibitor
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"VEGF"	vascular endothelium growth factor
"wet AMD"	wet age-related macular degeneration
"%"	per cent

Innovent

信达生物制药

Innovent Biologics Group

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