INNOCARE
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InnoCare Pharma Limited
諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9969)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of InnoCare Pharma Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2021 (the "**Reporting Period**"), together with comparative figures for the six months ended 30 June 2020. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

In this announcement, "we", "us" "our" and "InnoCare" refer to the Company and where the context otherwise requires, the Group. Certain amount and percentage figure included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere totals and sums of amounts listed therein are due to rounding.

BUSINESS HIGHLIGHTS

During the six months ended 30 June 2021, we continued advancing our drug pipeline and business operations, including the following milestones and achievements:

Orelabrutinib

Since China National Medical Products Administration ("**NMPA**") had granted market approval on 25 December 2020 for the treatment of patients with relapsed and/or refractory chronic lymphocytic leukemia ("**r/r CLL/SLL**") and the treatment of patients with relapsed and/or refractory mantle cell lymphoma ("**r/r MCL**"), our first prescription was issued within three weeks upon approval. During the Reporting Period, our newly established in-house sales team generated 宜諾凱® (Orelabrutinib, BTK inhibitor) revenue of RMB101 million. Orelabrutinib has been included in the *Chinese Society of Clinical Oncology ("**CSCO**") Diagnosis and Treatment Guidelines for Malignant Lymphoma 2021* (the "**Guidelines**") and is listed as a Class I recommended regimen for the treatment of r/r CLL/SLL and r/r MCL. 2021 National Reimbursement Drug List (the "**NRDL**") revision process has been initiated and we are actively pursuing Orelabrutinib's inclusion in the NRDL.

On 13 July 2021, we entered into a License and Collaboration Agreement for Orelabrutinib for the potential treatment of multiple sclerosis ("**MS**") with Biogen Inc. (**Nasdaq: BIIB**) (hereinafter referred to as "**Biogen**").

On 17 August 2021, one of our subsidiaries entered into a Collaboration and License Agreement for the development and commercialization of Tafasitamab, a humanized Fc-modified cytolytic CD-19 targeting monoclonal antibody, in Greater China (including Hong Kong, Macau and Taiwan) with Incyte Corporation (**Nasdaq: INCY**) (hereinafter referred to as "**Incyte**").

In oncology, over 400 patients have been treated with Orelabrutinib across our B-cell malignant cancer trials. The clinical data indicate that Orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles. There are multiple registrational and exploratory trials ongoing:

- We are conducting a Phase III trial for first-line treatment of CLL/SLL, comparing Orelabrutinib monotherapy versus Rituximab plus chlorambucil. We expect to complete the trial in 2023.

- We are continuing a Phase III trial for first-line treatment of MCL, comparing Orelabrutinib in combination with R-CHOP verses R-CHOP.

- We have completed patient enrollment of Phase II trial for relapsed and/or refractory waldenstrom's macroglobulinemia ("**r/r WM**") and expect to submit the NDA in the first half of 2022.

- We expect to complete patient enrollment of Phase II trial for relapsed and/or refractory marginal zone lymphoma ("**r/r MZL**") in 2021 and submit NDA in the first half of 2022.

- We are exploring the combination therapy of Orelabrutinib plus MIL-62, a next generation CD20 antibody, for the treatment of B-cell Non-Hodgkin lymphoma ("**NHL**") in a basket trial.

In the U.S., Phase II trial for r/r MCL is expected to complete patient enrollment in 2022. In June 2021, U.S. Food and Drug Administration (FDA) has granted Breakthrough Therapy Designation (BTD) to orelabrutinib for the treatment of r/r MCL.

In addition to oncology, we are exploring Orelabrutinib as a treatment for various auto-immune diseases.

- In the U.S., the first patient was enrolled in Phase II trial for MS in the first half of 2021. We received the investigational new drug ("**IND**") approval in Poland and Ukraine in June 2021 and we plan to start patient enrollment in Europe and China in the third quarter of 2021.

- In China, a Phase II trial for systemic lupus erythematosus ("**SLE**") is ongoing and we expect to complete patient enrollment in September 2021 and plan to announce the results in the first quarter of 2022.

- The IND application for Orelabrutinib for the treatment of immune thrombocytopenia purpura ("**ITP**") was approved by Center for Drug Evaluation ("**CDE**") on 10 August 2021.

ICP-192 (Gunagratinib)

We are progressing Gunagratinib through two Phase II trials for advanced cholangiocarcinoma and for urothelial cancer in China. We are continuing dose escalation trial in advanced solid tumors and intend to expand more indications with higher dose.

On 17 June 2021, Gunagratinib was granted Orphan Drug Designation ("**ODD**") for the treatment of cholangiocarcinoma by the U.S. Food and Drug Administration ("**FDA**").

In the U.S., Gunagratinib Phase I basket trial is ongoing.

ICP-723

In the Phase I dose escalation study, three cohorts (1mg, 2mg, and 3mg) were completed and ICP-723 was found to be well tolerated – no treatment related serious adverse effect ("**SAE**") nor dose-limiting toxicity ("**DLT**") was observed. Consequently, we started the 4mg dose cohort in patients with neurotrophic tyrosine receptor kinase ("**NTRK**") fusions. Two patients with qualified NTRK fusion were enrolled, one each in 3 mg and 4 mg cohort. The NTRK fusion positive patient in 3 mg cohort reached stable disease (>20% tumor reduction) and the patient in 4 mg cohort achieved PR at the first tumor assessment at the end of cycle 1, or day 28.

We submitted the IND application in the U.S. on 26 July 2021 for the treatment of NTRK fusion positive cancers.

ICP-033

The IND application for ICP-033 was approved by the CDE in June 2021 and we expect to have the first patient enrollment in 2022. ICP-033 is a novel Receptor Tyrosine Kinase ("**RTK**") inhibitor and is intended to be used alone and in combination with immunotherapies and other targeted drugs for liver cancer, renal cell carcinoma, colorecta cancer and other solid tumors.

ICP-332

On 18 May 2021, NMPA approved Phase I clinical trial of our novel tyrosine kinase 2 ("**TYK2**") inhibitor, ICP-332. We completed the first subject dosing on 16 August 2021.

IND-Enabling Stage Drug Candidates

ICP-B02

ICP-B02 is a CD20xCD3 bispecific antibody co-developed with Keymed Biosciences Inc. (**2162.HK**) (hereinafter referred to as "**Keymed**") for the treatment of lymphoma. In preclinical studies, it demonstrated stronger T-cell-dependent cellular cytotoxicity ("**TDCC**") activities with less cytokine release as compared to its leading competitors. We submitted the IND application for ICP-B02 to the CDE, which was accepted in July 2021.

ICP-189

ICP-189 is a potent oral allosteric inhibitor of SHP2 with excellent selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a single agent and/or in combinations with other anti-tumor agents. We submitted the IND application for ICP-189 to the CDE, which was accepted in the end of July 2021.

ICP-488

ICP-488 is a small molecule binder of the pseudokinase domain Janus Homology 2 ("**JH2**") of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown to be the cause of, or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding the TYK2 JH2 domain, blocks IL-23, IL12, type 1 IFN and other inflammatory cytokine receptors. We intend to develop ICP-488 for the treatment of inflammatory diseases such as psoriasis and inflammatory bowel disease ("**IBD**"). We plan to file the IND application for ICP-488 in the second half of 2021.

ICP-490

ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. By specifically binding to $CRL4^{CRBN}$-E3 ligase complex, it induces ubiquitination and degradation of transcription factors including Ikaros and Aiolos. Clinically, ICP-490 may be used for the treatment of patients with relapsed/refractory multiple myeloma, DLBCL and autoimmune diseases such as systemic lupus erythematosus.

We are currently in pre-IND communications with the NMPA and plan to submit the IND application for ICP-490 in the first half of 2022.

ICP-B03

ICP-B03 is a tumor-conditional pro-interleukin-15 ("**IL-15**") targeting and changing immune cells inside tumor microenvironment. IL-15 is a cytokine that stimulates important anti-tumor immune cells, such as CD8+ T cells and Natural Killer ("**NK**") cells. ICP-B03 has shown strong activities in activating and proliferating immune cells without activating inhibitory regulatory T cells (Tregs), leading to a potent and durable anti-tumor response. Preclinical studies of ICP-B03 in MC38 colon cancer models have shown much longer survival rates compared to those of wild mouse models. ICP-B03 has the potential to improve anti-tumor efficacies of existing therapies, such as immune checkpoint inhibitors, chemotherapies, and etc.

We plan to apply for the IND application for ICP-B03 to the CDE in the second half of 2022.

ICP-915 (newly disclosed)

ICP-915 is a highly potent, selective small-molecule inhibitor against the G12C mutant form of Kirsten Rat Sarcoma ("**KRAS**") viral oncogene homologue. Gain-of-function mutations of KRAS have long been identified as the most prominent oncogenic drivers in about 30% of human cancers, including KRAS G12C mutation which presents in approximately 13% of non-small cell lung cancers ("**NSCLCs**"). ICP-915 may be developed as a cornerstone molecule for combinatory treatment of KRAS mutant solid tumors by tackling multiple modules of the RTK-RAS-MAPK signaling pathway. We expect to file the IND application for ICP-915 in the second half of 2022.

Other Events

On 11 March 2021, our Company announced that the Board approved the proposal for issuing RMB Shares and listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "**STAR Market**"). For details, please refer to the announcement dated 11 March 2021 published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

On 10 February 2021, our Company successfully raised approximately US$393 million through a placing of 210,508,000 Shares to Gaoling Fund L.P. and YHG Investments L.P., two funds managed by Hillhouse Capital Advisors, Ltd. (hereinafter refer as the "**Hillhouse**"), and Vivo Opportunity Fund, L.P, a fund managed by Vivo Capital VIII, LLC (hereinafter refer as the "**Vivo**"), mainly to fund our increased needs for international clinical trials and business development activities.

FINANCIAL HIGHLIGHTS

Revenue

Our revenue increased from RMB0.7 million for the six months ended 30 June 2020 to RMB101.7 million for the six months ended 30 June 2021, which was primarily attributable to the increase of sales of Orelabrutinib.

Research and Development Costs

Our research and development costs decreased from RMB231.2 million for the six months ended 30 June 2020 to RMB184.9 million for the six months ended 30 June 2021. Such change in R&D costs resulted from (i) RMB142.9 million decrease of share-based compensation from RMB152.9 million to RMB10.0 million; (ii) RMB25.3 million increase of R&D employees cost from RMB32.2 million to RMB57.5 million; (iii) RMB21.6 million increase of third party contracting cost from RMB9.1 million to RMB30.7 million; (iv) RMB16.8 million increase of direct clinical trial expenses from RMB20.5 million to RMB37.3 million; and (v) RMB33.0 million increase of other R&D expenses such as trial materials, depreciation and amortisation etc., from RMB16.4 million to RMB49.4 million.

Administrative Expenses

Our administrative expenses increased RMB11.1 million from RMB47.5 million for the six months ended 30 June 2020 to RMB58.6 million for the six months ended 30 June 2021, primarily attributable to (i) an increase in employee cost from RMB13.0 million to RMB18.8 million; and (ii) an increase in professional fees from RMB2.2 million to RMB12.3 million mainly caused by legal fees relating to business development and public affairs.

Selling and Distribution Expenses

Selling and distribution expenses increased as marketing activities were increased primarily attributable to the launching of ICP-022 before the last year end and relevant sales and distribution expenses increased, including increase of share-based compensation.

Loss for The Period

As a result of the above factors, and taking into account our fair value changes of convertible redeemable preferred shares from a loss of RMB69.2 million for the six months ended 30 June 2020 to Nil for the six months ended 30 June 2021 primarily due to Company's Hong Kong listing in the first half of 2020, the loss for the period decreased from RMB337.4 million for the six months ended 30 June 2020 to RMB213.1 million for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

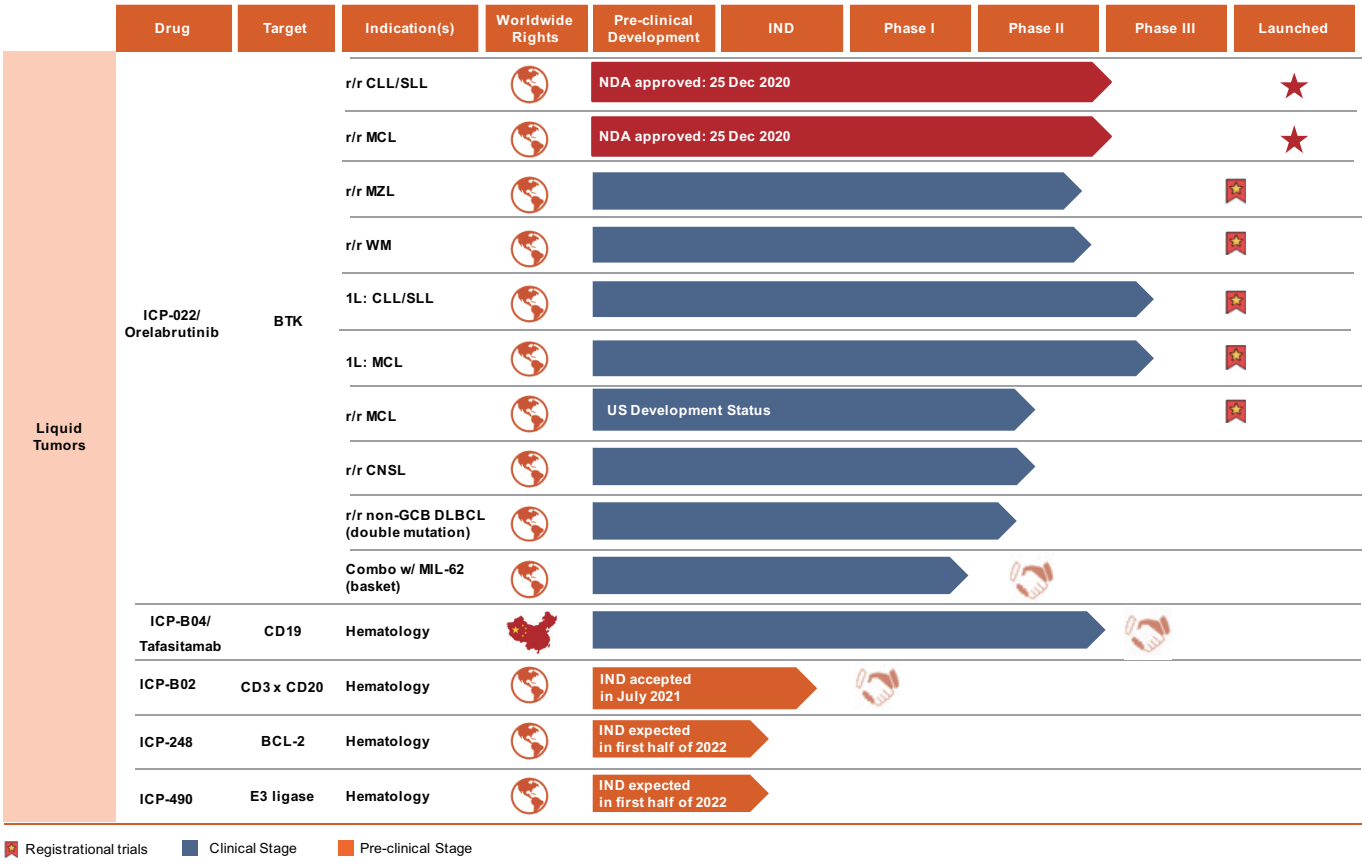
OVERVIEW

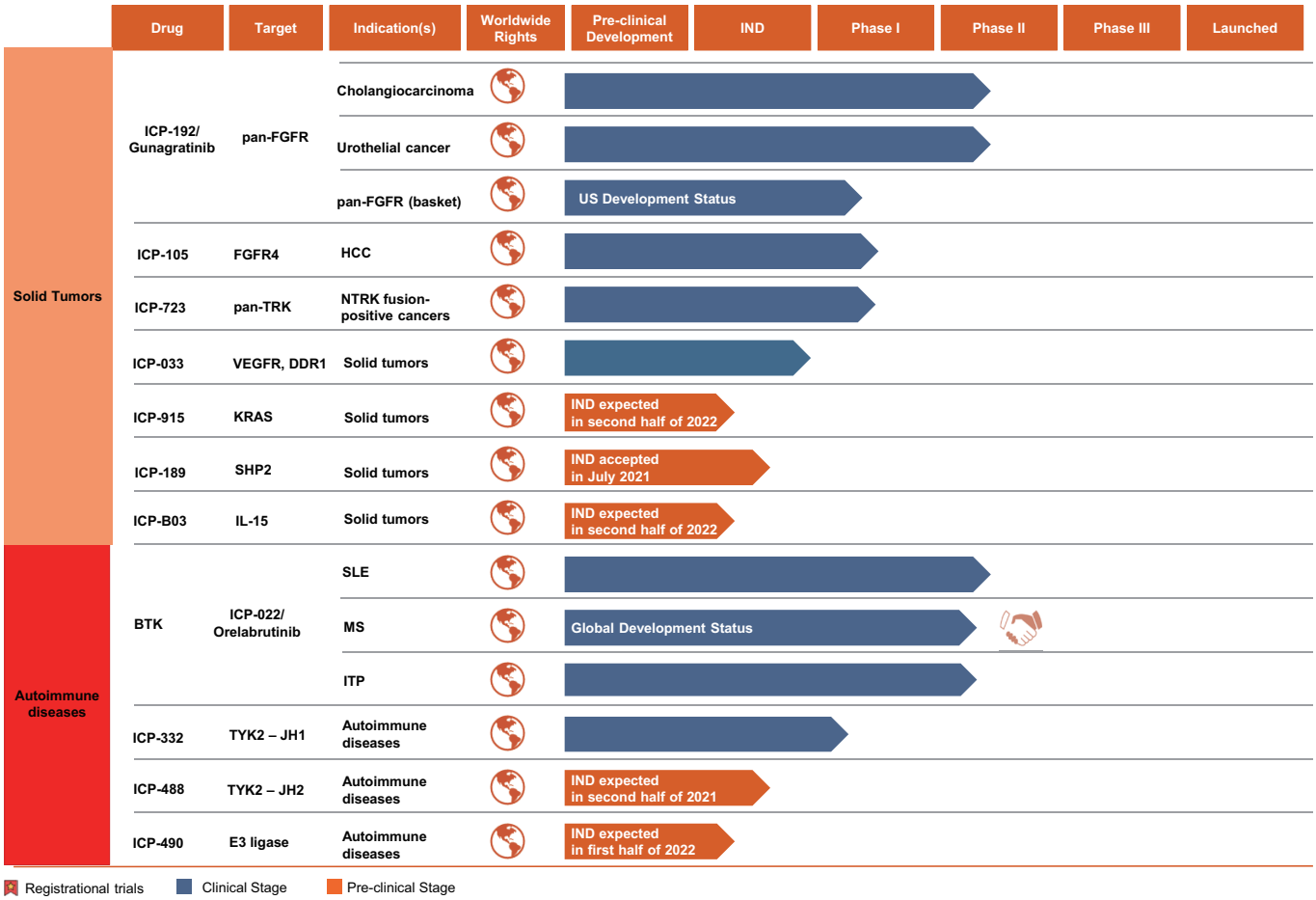
InnoCare is a commercial stage biopharmaceutical company committed to discovering, developing and commercializing potential best-in-class and/or first-in-class drugs for the treatment of cancers and autoimmune diseases – two large therapeutic areas with significant market opportunity and synergies. Led by a well-known management team of seasoned industry executives, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing and commercialization capabilities. Our vision is to become a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide.

Leveraging our management team's global vision and local expertise, we have built a balanced drug portfolio. Our drug candidates target both novel and evidence-based biological pathways. Our discovery and development efforts are focused on drug candidates with evidence-based targets that have the potential to be best-in-class from a safety and efficacy perspective. We also devote significant efforts in identifying novel targets and developing therapies with global breakthrough potential. Our strategy is to rapidly advance our clinical programs and seek approval to commercialize our product candidates in China. At the same time, we are expanding clinical trials globally including the United States and Europe for promising indications to maximize the commercial value of our assets.

Product Pipeline

As of the date of this announcement, we have built a robust pipeline that includes 1 commercial product with 2 approved indications, 7 clinical stage assets with over 19 trials ongoing globally, and another 7 IND enabling stage candidates. Our current pipeline drugs cover a variety of novel and validated therapeutic targets and drug modalities including monoclonal antibodies, bispecific antibodies, and small molecules across oncology and autoimmune.


Drug
Target
Indication(s)
Worldwide Rights
Pre-clinical Development
IND
Phase I
Phase II
Phase III
Launched
Liquid Tumors
ICP-022/ Orelabrutinib
BTK
r/r CLL/SLL
NDA approved: 25 Dec 2020
r/r MCL
NDA approved: 25 Dec 2020
r/r MZL
r/r WM
1L: CLL/SLL
1L: MCL
r/r MCL
US Development Status
r/r CNSL
r/r non-GCB DLBCL (double mutation)
Combo w/ MIL-62 (basket)
ICP-B04/ Tafasitamab
CD19
Hematology
ICP-B02
CD3 x CD20
Hematology
IND accepted in July 2021
ICP-248
BCL-2
Hematology
IND expected in first half of 2022
ICP-490
E3 ligase
Hematology
IND expected in first half of 2022
Registrational trials
Clinical Stage
Pre-clinical Stage


Drug
Target
Indication(s)
Worldwide Rights
Pre-clinical Development
IND
Phase I
Phase II
Phase III
Launched
Solid Tumors
ICP-192/ Gunagratinib
pan-FGFR
Cholangiocarcinoma
Urothelial cancer
pan-FGFR (basket)
US Development Status
ICP-105
FGFR4
HCC
ICP-723
pan-TRK
NTRK fusion-positive cancers
ICP-033
VEGFR, DDR1
Solid tumors
ICP-915
KRAS
Solid tumors
IND expected in second half of 2022
ICP-189
SHP2
Solid tumors
IND accepted in July 2021
ICP-B03
IL-15
Solid tumors
IND expected in second half of 2022
Autoimmune diseases
BTK
ICP-022/ Orelabrutinib
SLE
MS
Global Development Status
ITP
ICP-332
TYK2 – JH1
Autoimmune diseases
ICP-488
TYK2 – JH2
Autoimmune diseases
IND expected in second half of 2021
ICP-490
E3 ligase
Autoimmune diseases
IND expected in first half of 2022
Registrational trials
Clinical Stage
Pre-clinical Stage

BUSINESS OVERVIEW

Orelabrutinib

Orelabrutinib for Oncology Indications

宜諾凱® (Orelabrutinib, BTK inhibitor), our first commercialized product, a highly selective, irreversible BTK inhibitor received approval from the NMPA in two indications: (i) the treatment of patients with r/r CLL/SLL; and (ii) the treatment of patients with r/r MCL. In January 2021, we commenced sales of 宜諾凱® (Orelabrutinib) and generated RMB101 million in revenue during the Reporting Period. As of 30 June 2021, with an in-house team of 150+ experienced sales and marketing members, Orelabutinib's sales coverage had rapidly penetrated to 230+ cities, 500+ nationally leading hospitals and 4,000+ doctors. To date, Orelabrutinib has been included in a total of 19 local government supported/guided commercial insurance coverage. In the remainder of 2021, we will expand our sales and marketing team to broaden Orelabrutinib's market reach. 2021 NRDL revision process has been initiated and we are actively pursuing Orelabrutinib's inclusion in the NRDL.

On 26 April 2021, Orelabrutinib was included in the *Chinese Society of Clinical Oncology ("**CSCO**") Diagnosis and Treatment Guidelines for Malignant Lymphoma 2021* (the "***Guidelines***") and is listed as a Class I recommended regimen for the treatment of r/r CLL/SLL and r/r MCL. In the Guidelines, Orelabrutinib is recommended as treatment options for r/r diffuse large B-cell lymphoma ("**DLBCL**") and primary central nervous system lymphoma ("**pCNSL**") based on preliminary clinical studies.

(宜諾凱®, Orelabrutinib, BTK inhibitor)

On 17 August 2021, one of our subsidiaries entered into a Collaboration and License Agreement for the development and commercialization of Tafasitamab, a humanized Fc-modified cytolytic CD-19 targeting monoclonal antibody, in Greater China with Incyte. Tafasitamab is approved by the U.S. Food and Drug Administration in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). We will pay Incyte US$35 million up front and Incyte is eligible to receive up to an additional US$82.5 million in potential development, regulatory and commercial milestones, as well as tiered royalties. We will receive the rights to develop and exclusively commercialize Tafasitamab in hematology and oncology in mainland China, Hong Kong, Macau and Taiwan. The strategic collaboration with Incyte will not only enhance our strength in the field of hematology and oncology, but also offer us good opportunity to explore the potential clinical benefit of our BTK inhibitor Orelabrutinib in combination with Tafasitamab. Tafasitamab is being clinically investigated as a therapeutic option in B-cell malignancies in a number of ongoing combination trials. In addition, we believe that Tafasitamab, an innovative and diffrenciated CD19 antibody, is critical to solidifying our long-term strategy of developing our large molecule capabilities.

For a detailed overview of the said strategic collaboration with Incyte and detailed mechanism of Tafasitamab, please see our announcement dated 17 August 2021 published on the website of the Stock Exchange.

Summary of Clinical Data

As at the date of this announcement, we have dosed over 400 patients across all of our clinical trials of Orelabrutinib. The clinical data indicate that Orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles, especially that no severe Grade ≥3 atrial fibrillation case was reported to date.

Orelabrutinib for CLL/SLL

A Phase II open-label, multicenter study of Orelabrutinib was conducted to treat patients with r/r CLL/SLL. Patients were treated with Orelabrutinib, given 150 mg orally once daily ("**QD**"). The primary endpoint was objective response rate ("**ORR**"). The duration of response ("**DOR**"), progression-free survival ("**PFS**") and safety were chosen as secondary endpoints. A total of 80 patients with r/r CLL (n=70)/SLL (n=10) were enrolled. The median follow-up time was 25.6 months, and the last patient completed a minimum of 12 cycles of Orelabrutinib treatment.

The Investigator evaluated efficacy results efficacy results were presented below. Following a minimum of 12 cycle treatment, the ORR (PR-L or above) reached 93.9%, the complete response ("**CR**") including CRi increased to 21.3%. The disease control rate ("**DCR**") had reached 95%. Median time for achieving first response was 1.87 months. The median DOR, PFS and OS were not reached. The estimated 12-month DOR, PFS, and overall survival ("**OS**") were was 77.1%, 81.1% and 86.3%, respectively.

Orelabrutinib for CLL/SLL

	Orelabrutinib (ICP-CL-00103, N=80)
Median Follow-up Time	25.6 months
ORR	93.9%
CR/CRi	21.3%
PR	61.3%
PR-L	11.3%

Most adverse events ("**AEs**") were mild to moderate. The most frequent AEs of any cause were well characterized as hematological toxicities: thrombocytopenia, neutropenia, and anemia; upper respiratory tract infection, pneumonia and hypokalemia. No case of atrial fibrillation nor secondary malignancy was reported. No patient was observed having severe hypertension and only one patient had grade 3 diarrhea. Major hemorrhage was reported in 2 patients, one with intracranial hemorrhage (65-year-old male patient with more than 10 years of hypertension) and the other with vitreous hemorrhage which was resulted from posterior vitreous detachment that was assessed as unlikely to be related to the treatment of Orelabrutinib.

This study confirms that Orelabrutinib has an excellent safety profile and is efficacious in treating r/r CLL patients. Orelabrutinib showed a significant higher CR rate compared to other BTK inhibitors at a similar treatment period. This trial is still ongoing, and we anticipate a further increase of CR rate with longer duration of treatment.

Orelabrutinib for MCL

A Phase II open-label, multicenter, two stage study was conducted to evaluate the long-term safety and efficacy of Orelabrutinib as a monotherapy for r/r MCL. The primary endpoint was ORR assessed per Lugano criteria. Safety and other efficacy (DOR, PFS, OS) evaluations were chosen as secondary endpoints. A total of 106 patients were enrolled with a median follow up time of 23 months.

The efficacy results were evaluated by investigator. According to the protocol analysis, among the 99 patients, 87.9% ORR and 93.9% disease control rate were achieved. The CR-rate was 37.3% when measured with the conventional computerized tomography ("**CT**") method. The 12-month DOR was 73.3% and the median PFS was 25.7 months. The median OS was not reached.

Orelabrutinib showed an excellent safety profile in r/r MCL patients. The frequently reported treatment related adverse events ("**TRAE**") were primarily hematological toxicities including thrombocytopenia, neutropenia, leukopenia and hypertension. The most frequently reported grade 3 or higher AEs of any cause was thrombocytopenia. No treatment related grade 3 or above GI toxicity, cardio toxicity or severe bleeding were observed. Compared to the safety data of a median follow up of 10.5 months, the safety profiles were essentially the same. These results suggested that safety events primarily occurred during early treatment and appeared less frequently with continued Orelabrutinib treatment.

In conclusion, Orelabrutinib has shown high efficacy in treating patients with r/r MCL. Orelabrutinib was safe and well tolerated with no treatment related grade 3 or higher diarrhea, atrial fibrillation/flutter or severe bleeding in this study. This is an ongoing study, and we will continue to evaluate Orelabrutinib as a treatment for MCL. Results of prolonged treatment is expected to produce a higher rate in depth of response while maintaining an exceptional safety profile.

Combined Safety Profile

Orelabrutinib has demonstrated an excellent safety profile. The table below shows AEs of special interests from Orelabrutinib's combined safety profile. As at the date of this announcement, we have not found any severe atrial fibrillation associated with use of Orelabrutinib, a major concern in patients with potential cardiovascular complications. We have also found a low rate of diarrhea and/or severe diarrhea, a primary side effect among other BTK inhibitors. The improved safety profile, as a result of high target selectivity, combined with the convenience of once-daily dosing, will make Orelabrutinib the preferred treatment option for B-cell malignancies.

AEs of Special Interest

Patient evaluated	N = 304
Grade 3 or 4 Atrial Fibrillation	0.0%
≥ Grade 3 Diarrhea	0.3%
Secondary malignancy	0.7%
≥ Grade 3 Infection	12.80%

Other Ongoing Clinical Trials

We are executing a broad clinical development program for Orelabrutinib and are currently conducting several registrational or exploratory clinical trials in oncology, both as a monotherapy and as part of a combination therapy, and both in China and the U.S.

- We expect to complete patient enrollment of Phase II trial for r/r MZL in 2021 and submit NDA in the first half of 2022.

- A Phase II trial of r/r WM where we have completed patient enrollment and expect to submit an NDA in the first half of 2022.

- An ongoing Phase III trial for first-line treatment of CLL/SLL. For treatment-naive ("**TN**") CLL, comparing with Rituximab plus chlorambucil as the first line treatment, our sample size contains 218 patients in total and we expect to complete the trial in 2023.

- A Phase III trial of Orelabrutinib in combination with R-CHOP as a first-line treatment for TN MCL verses the single treatment of R-CHOP.

- An ongoing Phase II trial for the treatment of r/r central nervous system lymphoma ("**CNSL**").

- An ongoing Phase II trial for the treatment of r/r non-GCB DLBCL (double mutation).

- A Phase I combinational basket trial with MIL-62. We are currently conducting a Phase I/IIa clinical trial for a combination therapy of Orelabrutinib with MIL-62, a next generation CD20 antibody developed by Beijing Mabworks Biotech Company Limited, for the treatment of relapsed and/or refractory patients with NHL.

- In the U.S., we are conducting a Phase II trial for r/r MCL which was granted Orphan Drug Designation by the U.S. FDA in 2020 and was granted the Breakthrough Therapy Designation in June 2021. We expect to complete the patient enrollment in 2022 and phase II result is expected to be published by the end of 2022.

Orelabrutinib for MS

On 13 July 2021, we entered into a License and Collaboration Agreement for Orelabrutinib for the potential treatment of MS with Biogen. Under the terms of the said agreement, Biogen will have exclusive rights to Orelabrutinib in the field of MS worldwide and certain autoimmune diseases outside of China (including Hong Kong, Macau and Taiwan), while we will retain exclusive worldwide rights to Orelabrutinib in the field of oncology and certain autoimmune diseases in China (including Hong Kong, Macau and Taiwan). We will receive a US$125 million upfront payment and is eligible to receive up to US$812.5 million in potential development milestones and potential commercial payments should the collaboration achieve certain development, commercial milestones and sales thresholds. We are also eligible to receive tiered royalties in the low to high teens' percentage on potential future net sales of any product resulting from the collaboration. With the ability to cross the blood brain barrier, Orelabrutinib has the potential to inhibit B cell and myeloid cell effector functions in the central nervous system ("**CNS**"), and may provide a clinically meaningful benefit in all forms of MS.

For a detailed overview of the Mechanism of Action of a BTK inhibitor, please see our Prospectus. For a detailed overview of the said strategic collaboration with Biogen Inc., please see our announcement dated 13 July 2021 published on the website of the Stock Exchange

We have initiated a global Phase II trial for MS in the U.S., Europe and China. It is a randomized, double-blind, placebo-controlled phase II clinical study to evaluate the use of Orelabrutinib in patients with RRMS regarding its efficacy, safety, tolerability, pharmacokinetics and biological activity.

In November 2020 and April 2021, Orelabrutinib was approved by the U.S. FDA and China NMPA to conduct Phase II clinical studies for the treatment of MS, respectively. The first patient enrollment was initiated in the U.S. in July 2021 and we expect to start patient enrollment in China in the third quarter of 2021.

In June 2021, the clinical trial application ("**CTA**") of Orelabrutinib for the treatment of MS was approved by the Polish Authorities and the Ukrainian Ministry of Health and the Ethics Committee. Further Phase II clinical trials will be conducted in Poland and Ukraine and we anticipate to start patient enrollment in those two countries in the third quarter of 2021.

Orelabrutinib for Autoimmune Diseases

Because of Orelabrutinib's excellent target selectivity and good safety profile, we are also evaluating it as a novel therapy for the treatment of autoimmune and neurological diseases.

- In China, a Phase II trial for SLE is ongoing. We expect to complete patient enrollment in September 2021 and the earliest data readout could be ready in the first quarter of 2022.

- In August 2021, the IND application of Orelabrutinib for the treatment of ITP was approved in China.

ICP-192 (Gunagratinib)

Gunagratinib is a potent and highly selective pan-FGFR (fibroblast growth factor receptors) inhibitor that we are developing for the treatment of various types of solid tumors. Studies have shown that mutations and aberrant activation of FGFRs are implicated with the development of various cancers, including bile duct, breast, lung, head and neck, gastric and urothelial cancers, accounting for approximately 7.1% of solid tumors. As Gunagratinib is currently one of the most advanced clinical stage pan-FGFR inhibitors being developed in China, we believe we are well-positioned to capitalize this market opportunity.

For a detailed overview of the Mechanism of Action of a pan-FGFR inhibitor, please see our Prospectus.

Current Status

Gunagratinib is a novel pan-FGFR inhibitor that potently and selectively inhibits FGFR activities irreversibly by covalent binding. Preclinical data showed that Gunagratinib overcomes the acquired resistance to the first-generation reversible FGFR inhibitors, e.g., infigratinib.

Gunagratinib is currently undergoing Phase I/II clinical studies in China and the U.S.. In China, we are running a Phase I trial, and have not observed DLT in the highest dosage cohort as at the date of this announcement. We are progressing Gunagratinib through two Phase II trials for advanced cholangiocarcinoma and urothelial cancers, two indications with high incidence of FGFR aberrations.

Early efficacy data of the current Phase I/II clinical trial are presented below. Of the 30 patients that were dosed, 12 patients with FGF/FGFR gene aberrations who have completed at least one tumor assessment, the overall response rate (ORR) was 33.3%, including 1 patient (8.3%) of cholangiocarcinoma with complete response (CR) and 3 patients (25%) with partial response (PR). The disease control rate (DCR) was 91.7% (11 of 12 patients).

Gunagratinib early efficacy data in patients with FGF/FGFR alterations

Evaluable patients with FGF/FGFR aberration, n	12
CR, n	1 (8.3%)
PR, n	3 (25%)
SD, n	7 (58.3%)
DCR. %	91.7

On 17 June 2021, Gunagratinib was granted Orphan Drug Designation for the treatment of cholangiocarcinoma by the U.S. FDA. In the U.S., we are conducting at Phase I/II dose escalation trial in advanced solid tumors followed by dose expansion trials in cholangiocarcinoma and urothelial cancer. The First-patient dosing was completed earlier this year.

ICP-723

ICP-723 is a second-generation small molecule pan-inhibitor of tropomyosin-related kinase ("**pan-TRK inhibitor**") designed to treat patients with NTRK gene fusion-positive cancers who were TRK inhibitor treatment-naive or who have developed resistance to the first generation TRK inhibitors, regardless of cancer types. First generation pan-TRK inhibitors have shown dramatic responses in patients with TRK gene fusions, however, duration of response was limited due to acquired resistance. Preclinical data showed that ICP-723 markedly inhibited the activity of the wild type TRKA/B/C as well as mutant TRKA with resistant mutation G595R or G667C. This finding provides strong evidence that ICP-723 could overcome acquired resistance to the first-generation TRK inhibitors.

Mechanism of Action

The TRK family consists of three proteins referred to as TRKA, TRKB and TRKC, which are encoded by neurotrophic receptor tyrosine kinase genes NTRK1, NTRK2 and NTRK3, respectively. TRKs play an important role in maintaining normal nervous system function. Unwanted joining of separated NTRK genes, or NTRK gene fusions, have been found to contribute to tumorigenesis in a variety of different cancers, with high prevalence in infantile fibrosarcoma, salivary gland carcinomas and thyroid carcinoma. NTRK fusions have also been detected at lower frequencies, in soft-tissue sarcomas, thyroid cancer, mammary analogue secretory carcinoma of salivary glands, lung cancer, colorectal cancer, melanoma, breast cancer, etc.

Current Status

We are currently conducting Phase I clinical trials in China to assess the safety, tolerability and PK of ICP-723 in advanced solid tumor patients and to evaluate the preliminary anti-tumor activity of ICP-723 in patients with NTRK fusions. In the phase I dose escalation study, three cohorts (1, 2, and 3mg) were completed and no treatment related SAE or DLT were observed in all patients. As at the date of this announcement, we have begun the 4mg dose with TRK fusion patients. Two patients with qualified NTRK fusion were enrolled, one each for 3 mg and 4 mg cohort respectively. The NTRK fusion positive patient in 3 mg cohort had over 20% tumor reduction at

the first tumor assessment at the end of cycle 1 (day 28) and the response lasted until now for over 5 cycles. The patient in 4 mg cohort achieved PR at the first tumor assessment at the end of cycle 1 (day 28).

The PK data showed that the plasma exposure was high, which is within the range of efficacious exposure in preclinical models, and T1/2 is around 18 hours, supporting a once-daily dosing.

In the U.S., we submitted the IND application on 26 July 2021 for the treatment of NTRK fusion positive cancers.

ICP-105

ICP-105 is a potent and selective FGFR4 inhibitor that we are developing for the treatment of advanced hepatocellular carcinoma ("**HCC**") with FGFR4 pathway overactivation. HCC, one of the most lethal cancers, is especially prevalent in China, accounting for nearly 50% of all new cases globally. While several FGFR4 inhibitors are under clinical development, there are currently no marketed FGFR4 inhibitors globally.

For a detailed overview of the Mechanism of Action of a FGFR4 inhibitor, please see our Prospectus.

ICP-033

ICP-033 is a multi-kinase inhibitor mainly targeting discoidin domain receptor 1 ("**DDR1**") and vascular endothelial growth factor receptor ("**VEGFR**") that inhibits angiogenesis and tumor cell invasion, normalizes abnormal blood vessels, and reverses the immunosuppressive state of the tumor microenvironment. Pre-clinical studies have shown that ICP-033 exhibits strong antitumor effects both in vivo and in vitro. ICP-033 is intended to be used alone or in combination with immunotherapies and other targeted drugs for liver cancer, renal cell carcinoma, colorectal cancer and other solid tumors.

The IND application for ICP-033 was approved by the CDE in June 2021 and we expect to initiate the patient enrollment in 2022.

ICP-332

ICP-332 is a small-molecule inhibitor of TYK2 that we are developing for the treatment of various autoimmune disorders. TYK2 is a member of the JAK family and plays a critical role in transducing signals downstream of IL-12/IL-23 family interleukin receptors as well as type I interferon (IFN) receptor. These cytokine/receptor pathways drive the functions of T helper 17 (TH17), TH1, B and myeloid cells which are critical in the pathobiology of multiple autoimmune and chronic inflammatory diseases including psoriasis, psoriatic arthritis, inflammatory bowel disease, lupus, atopic dermatitis, etc. ICP-332 was designed to be a potent and selective TYK2 inhibitor with 400 folds of selectivity against JAK2 to avoid the adverse events associated with non-selective JAK inhibitors. Thus, by selective inhibition of TYK2, ICP-332 may become a potential therapy for multiple autoimmune diseases with better safety profiles.

The IND application for ICP-332 was approved by the CDE in May 2021 and we completed the first subject dosing on 16 August 2021.

IND-ENABLING STAGE DRUG CANDIDATES

ICP-B02

ICP-B02 is a CD20xCD3 bispecific antibody co-developed with Keymed for the treatment of lymphoma. In preclinical studies, it demonstrated stronger TDCC activities with less cytokine release as compared to its leading competitors.

The development of ICP-B02 is based on our collaboration with Keymed. We established a 50:50 joint venture in August 2018 for the discovery, development and commercialization of biologics. In June 2020, we entered into a license and collaboration agreement, under which Keymed granted to us an exclusive license for 50% ownership of CM355 (ICP-B02). The two companies will jointly develop, manufacture and commercialize ICP-B02 globally. Keymed also agreed to transfer all the rights to ICP-B02 to the joint venture after the receipt of the IND approval for ICP-B02.

We submitted the IND application for ICP-B02 to the CDE, which was accepted in July 2021.

ICP-B03

ICP-B03 is a tumor-conditional pro-interleukin-15 ("**IL-15**") targeting and changing immune cells inside tumor microenvironment. IL-15 is a cytokine that stimulates important anti-tumor immune cells, such as CD8+ T cells and Natural Killer ("**NK**") cells. ICP-B03 has shown strong activities in activating and proliferating immune cells without activating inhibitory regulatory T cells (Tregs), leading to a potent and durable anti-tumor response. Preclinical studies of ICP-B03 in MC38 colon cancer models have shown much longer survival rates compared to those of wild mouse models. ICP-B03 has the potential to improve anti-tumor efficacies of existing therapies, such as immune checkpoint inhibitors, chemotherapies etc.

We plan to file the IND application for ICP-B03 to the CDE in the second half of 2022.

ICP-189

ICP-189 is a potent oral allosteric inhibitor of SHP2 with excellent selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a single agent and/or in combinations with other antitumor agents. SHP2 is a non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway for the regulation of cellular proliferation and survival.

We submitted the IND application for ICP-189 to the CDE, which was accepted in the end of July 2021.

ICP-248

ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. BCL2 is an important part of apoptotic pathway and is overexpressed in a variety of hematologic malignancies. BCL-2 inhibitors have shown proven anti-tumor effects by activating the endogenous mitochondrial apoptosis pathway that causes rapid cancer cell apoptosis. However, as resistance to existing BCL-2 inhibitors is nearly inevitable, the optimal clinical treatment will be to use them in combination with other treatments. By increasing metabolic stability and reducing impact on liver drug enzymes, we have developed ICP-248 to be more suitable for combinational therapies. Given the outstanding safety and efficacy profile of Orelabrutinib, we are confident that the combination of ICP-248 and Orelabrutinib will overcome resistance seen in existing BCL-2 inhibitors. We intend to develop ICP-248 in combination with Orelabrutinib for the treatment of acute lymphoblastic leukemia ("**ALL**"), acute myeloid leukemia ("**AML**"), follicular lymphoma ("**FL**"), CLL, DLBCL and other hematological malignancies.

We expect to file the IND application for ICP-248 to the CDE in the first half of 2022.

ICP-488

ICP-488 is a small molecule binder of the pseudokinase domain JH2 of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown to be the cause of, or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding the TYK2 JH2 domain, blocks IL-23, IL12, type 1 IFN and other inflammatory cytokine receptors. We intend to develop ICP-488 for the treatment of inflammatory diseases such as psoriasis and IBD.

We plan to file the IND application for ICP-488 to the CDE in the second half of 2021.

ICP-490

ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. By specifically binding to $CRL4^{CRBN}$-E3 ligase complex, it induces ubiquitination and degradation of transcription factors including Ikaros and Aiolos. Clinically, ICP-490 may be used for the treatment of patients with relapsed/refractory multiple myeloma, DLBCL and autoimmune diseases such as systemic lupus erythematosus.

We are currently in pre-IND communications with the NMPA and plan to submit the IND application for ICP-490 in the first half of 2022.

ICP-915

ICP-915 is a highly potent, selective small-molecule inhibitor against the G12C mutant form of KRAS. Gain-of-function mutations of KRAS have long been identified as the most prominent oncogenic drivers in about 30% of human cancers, including KRAS G12C mutation in approximately 13% of NSCLCs.

ICP-915 is a covalent KRAS G12C inhibitor, binding to the mutant cysteine resides specifically and irreversibly, thus preventing activation of KRAS. ICP-915 has high cellular potencies and superior Pharmacokinetic ("**PK**") profiles in various preclinical animal species, which led to its better efficacies in KRAS G12C mutant xenograft models. ICP-915 may be developed as a cornerstone molecule for combinatory treatments of KRAS mutant solid tumors by tackling multiple modules of the RTK-RAS-MAPK signaling pathway combining with our other receptor tyrosine kinase ("**RTK**") inhibitors (ICP-192, ICP-033) or SHP2 inhibitor (ICP-189).

We expect to file the IND application for ICP-915 to the CDE in the second half of 2022.

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.

Manufacturing

We have constructed our own in-house manufacturing facilities and commercialization capabilities. Our 50,000m^2 Guangzhou manufacturing facility complies with GMP requirements of the U.S., Europe, Japan and China, and will have an annual production capacity of one billion pills. We have successfully obtained a manufacturing license for the facility.

Starting from May 2021, we have been preparing for the production of Orelabrutinib tablets and plan to complete the transfer of production technology in the second half of 2021. We plan to complete the inspections by relevant drug regulatory authorities and commence our own commercial production of Orelabrutinib in the first half of 2022.

In addition, we plan to further expand our manufacturing facilities to provide sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. We have started the construction of the second phase expansion for the facility in Guangzhou site that is designed to house additional 30,000m^2 production capacities.

Commercialization

Our commercial strategy was primarily developed for the market launch and penetration of Orelabrutinib in China. We have engaged with the top hematology Key Opinion Leaders and designed a large-scale physician education program to portray Orelabrutinib's advantages. By simultaneously focusing on rapid market expansion and building a high-quality brand perception, we aim to strengthen our competitive clinical advantage across all levels of medical services.

Currently, our team consists of more than 150 sales and marketing members covering over 500+ nationally leading liquid oncology hospitals. We plan to expand the commercialization team to 200+ personnel covering over 900 of the top hospitals by the end of 2021.

Other Corporate Developments

On 2 February 2021, the Company and certain investors had entered into two subscription agreements pursuant to which the Company has conditionally agreed to allot and issue and the investors, namely Gaoling Fund L.P., YHG Investment L.P. and Vivo Opportunity Fund, L.P., have conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 Shares of the Company, representing approximately 16.33% of the then total issued shares of the Company as at the date of the subscription agreements and approximately 14.04% of the total issued shares of the Company as enlarged by the allotment and issue of the subscription shares, at the subscription price of HK$14.45 per subscription share.

The gross proceeds and net proceeds from the issue of the subscription shares were approximately HK$3,041.84 million and HK$3,041.44 million, respectively.

The above-mentioned subscription was completed on 10 February 2021. For details of the said subscription, please refer to the announcements of the Company dated 3 February 2021 and 10 February 2021 available at the website of the Stock Exchange. Up to 30 June 2021, the proceeds of the subscription has been utilized in accordance with its intended use as set out in the relevant announcement of the Company.

On 11 March 2021, the Board of the Company approved the proposed Issue of RMB shares on the STAR Market. For details, please refer to the announcement and circular of the Company dated 11 March 2021, 26 May 2021 and 3 June 2021.

On 16 March 2021, the Group granted 2,200,000 RSUs which shall be vested at an exercise price of US$0.055 to certain eligible individuals under the 2016 Pre-IPO Incentivisation Plan and 2,510,000 RSUs which shall be vested at an exercise price of US$0.178 to certain eligible individuals under the 2018 Pre-IPO Incentivisation Plan.

On 23 March 2021, the Group granted 280,000 RSUs which shall be vested at an exercise price of US$0.178 to certain eligible individuals under the 2018 Pre-IPO Incentivisation Plan.

IMPACT OF THE COVID-19 OUTBREAK

Since the outbreak of the novel coronavirus ("**COVID-19**") in early 2020, the Company has adopted immediate measures to maintain effective and high-quality level of operation. Although we experienced some delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 pandemic, there has not been any material disruption of our ongoing clinical trials. The COVID-19 pandemic has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in the clinical trials. In addition, our supply chain, product sales and business operation has not experienced any material disruption since the outbreak of COVID-19. We have not experienced and currently do not expect any material regulatory delays in respect of our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID-19 pandemic. We have not experienced any material impact from COVID-19 on the progress, status or filing update of our ongoing research and clinical activities.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2021, the Group and Biogen Inc. ("**Biogen**") have entered into a license and collaboration agreement for orelabrutinib, an oral small molecule Bruton's tyrosine kinase inhibitor for the potential treatment of multiple sclerosis. Under the terms of the agreement, the Group will receive a US$125 million upfront payment and is eligible to receive up to US$812.5 million in potential development milestones and potential commercial payments should the collaboration achieve certain development, commercial milestones and sales thresholds.

In August 2021, the Group and Incyte Corporation ("**Incyte**") have entered into a collaboration and license agreement for the development and commercialization of tafasitamab, a humanized Fc-modified cytolytic CD19 targeting monoclonal antibody, in Greater China. Under the terms of the agreement, the Group will pay Incyte US$35 million up front payment, and an additional US$82.5 million in potential development, regulatory and commercial milestones, as well as tiered royalties.

Save as disclosed in the announcement, no other important events affecting the Company occurred after 30 June 2021 and up to the date of this announcement.

FUTURE DEVELOPMENT AND PROSPECTS

To accomplish our vision of becoming a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide, we will focus on pursuing the following:

Building a global leading franchise in hema-oncology

With Orelabrutinib as a backbone therapy and the support of our abundant pipeline in hematology, such as ICP-248, ICP-490, ICP-B02, Tafasitamab and potential future internal and external pipeline development, we aim to become a leading player in hematology in China and worldwide.

We will continue to roll out the commercialization of 宜諾凱® (Orelabrutinib) in China. We are expanding our sales and marketing team and actively pursuing NRDL inclusion of Orelabrutinib in the second half of 2021.

We have initiated a broad clinical program for Orelabrutinib in various B-cell malignancies in China to broaden its indication including: MZL, WM, CNSL, first-line treatment of CLL/SLL, MCL and DLBCL. We are actively exploring combinational therapy for Orelabrutinib in hard-to-treat B-cell NHL, especially DLBCL.

We are actively propelling the timely approval of Orelabrutinib in the U.S. in r/r MCL and actively pursuing potential combination therapy partners to maximize the value of its superior clinical profile in NHL market ex-China.

Develop Orelabrutinib in MS through partnership with Biogen

According to the Multiple Sclerosis International Federation ("**MSIF**"), more than 2.8 million people around the world are affected by MS currently. According to Frost & Sullivan Analysis, global market of MS drugs reached US$23.0 billion in 2018, and it is expected to be up to US$48.9 billion by 2030. BTK plays important roles in the development and function of B cells, macrophages, and microglia, which are involved in the immunopathological characteristics of MS. We believe BTK inhibitors have the potential to transform the treatment paradigm of MS. Orelabrutinib, which has demonstrated sustained anti-inflammatory activity, excellent safety profile and a superior Brain Blood Barrier ("**BBB**") penetration capability, has the potential to become best-in-class BTK inhibitor for MS.

We will work closely with Biogen, the absolute leading player in the global MS market, to quickly push forward our Phase II MS global clinical trials and hopefully to establish Orlabrutinib as the best-in-class BTK inhibitor for MS treatment.

Develop Orelabrutinib and other potential candidates for autoimmune diseases

Orelabrutinib's favorable safety profile and established B-cell pathway regulation capability enabled us to aggressively pursue its application in treating various auto-immune disease. In China, we will continue to advance Orelabrutinib through the Phase II trial for SLE and have initiated exploration in other autoimmune indications such as ITP and NMOSD.

In addition to Orelabrutinib, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488, for the treatment of various T-cell mediated autoimmune diseases, such as psoriasis, IBD and SLE. With both Orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well-positioned to provide oral drug solutions for the substantial unmet medical needs in autoimmune diseases.

Build a comprehensive drug portfolio for solid tumor treatment in China and worldwide

We believe the potential best-in-class molecules ICP-192 and ICP-723 will enable us to establish a solid initial presence in the field of solid tumor treatment. Our rapidly maturing early stage pipeline including ICP-033, ICP-189, ICP-915 and ICP-B03 should enable us to provide a comprehensive treatment solution for a large array of solid tumors for both China and global patients.

Continue to expand our pipeline through in-house discovery and business development efforts

We will continue to develop our multiple candidates that are currently at IND-enabling stage and generate new molecular entities from our proven in-house drug discovery platform.

To further enhance our pipeline and optimize our operational efficiency, we will actively pursue in-licensing opportunities that will complement our existing portfolio. A strong emphasis will be placed on licensing assets that allow us to fully leverage and capitalize our commercial and manufacturing platform, and those that have potential synergies with our current pipeline for combination therapies.

Establish in-house biological drug R&D capability through internal and external efforts

With the long-term goal of becoming a world leading biopharma company, we believe it is necessary to build up our internal biological drug R&D capability. Collaborative activities surrounding ICP-B02, ICP-B03 and Tafasitamab have clearly demonstrated our commitment and provided us a great starting point. We have also started building an internal talent team for biological drug R&D and are actively planning for internal infrastructure for biological drugs.

FINANCIAL REVIEW

Revenue

	For the six months ended June 30,			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
	(in thousands, except percentages)			
Revenue from continuing operations				
Sales of drugs	**100,978**	**99.3**	–	–
Research and development services	**679**	**0.7**	748	100
Total Revenue	**101,657**	**100**	748	100

Our revenue increased from RMB0.7 million for the six months ended June 30, 2020 to RMB101.7 million for the six months ended June 30, 2021, which was primarily attributable to the increase of sales of Orelabrutinib.

Gross Profit and Gross Profit Margin

	For the six months ended June 30,			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
	(in thousands, except percentages)			
Sales of drugs	**91,154**	**99.3**	–	–
Research and development services	**679**	**0.7**	748	100
	91,833	**100**	748	100

As a result of the foregoing, our gross profit increased from RMB0.7 million for the six months ended June 30, 2020 to RMB91.8 million for the six months ended June 30, 2021.

Segmental Information

Since the Group's revenue and operating losses were mainly from the activities related to research and development in China, and most of the Group's identifiable operating assets and liabilities are located in China, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

Other Income and Gains

Our other income and gains increased by 68.6% from RMB50.6 million for the six months ended June 30, 2020 to RMB85.3 million for the six months ended June 30, 2021, primarily attributable to (i) RMB19.8 million increase in bank interest income from RMB40.1 million for the six months ended June 30, 2020 to RMB59.9 million for the six months ended June 30, 2021; and (ii) RMB16.0 million increase in foreign exchange gain from RMB3.5 million for the six months ended June 30, 2020 to RMB19.5 million for the six months ended June 30, 2021, mainly due to offshore RMB exchanging to USD presented as functional currency.

Research and development costs

Our research and development costs decreased by 20.0% from RMB231.2 million for the six months ended June 30, 2020 to RMB184.9 million for the six months ended June 30, 2021. Such change in R&D costs resulted from the following:

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Employee cost	**57,512**	**31.1**	32,222	13.9
Share-based compensation	**9,972**	**5.4**	152,900	66.1
Third party contracting cost	**30,720**	**16.6**	9,144	4.0
Direct clinical trial expenses	**37,309**	**20.2**	20,469	8.9
Depreciation and amortisation	**7,941**	**4.3**	2,718	1.2
Others	**41,411**	**22.4**	13,704	5.9
Research and development costs	**184,865**	**100.0**	231,157	100.0

(i) RMB25.3 million increase of R&D employees cost from RMB32.2 million to RMB57.5 million;

(ii) RMB142.9 million decrease of share-based compensation from RMB152.9 million to RMB10.0 million;

(iii) RMB21.6 million increase of third party contracting cost from RMB9.1 million to RMB30.7 million;

(iv) RMB16.8 million increase of direct clinical trial expenses from RMB20.5 million to RMB37.3 million; and

(v) RMB33.0 million increase of other R&D expenses such as trial materials, depreciation and amortisation etc., from RMB16.4 million to RMB49.4 million.

Administrative Expenses

Our administrative expenses increased by 23.4% from RMB47.5 million for the six months ended June 30, 2020 to RMB58.6 million for the six months ended June 30, 2021, primarily attributable to (i) an increase in employee cost from RMB13.0 million to RMB18.8 million; (ii) an increase in professional fees from RMB2.4 million to RMB12.3 million mainly caused by legal fees relating to business development and public affairs; (iii) an increase in share-based compensation from RMB4.4 million to RMB19.4 million; and (iv) a decrease in Hong Kong listing expense from RMB20.4 million to Nil.

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Employee cost	**18,780**	**32.0**	13,008	27.4
Depreciation and amortisation	**989**	**1.7**	2,377	5.0
Professional fees	**12,341**	**21.1**	2,180	4.6
Listing expense	**–**	**–**	20,370	42.9
Share-based compensation	**19,373**	**33.1**	4,381	9.2
Others	**7,120**	**12.1**	5,167	10.9
Administrative Expenses	**58,603**	**100.0**	47,483	100.0

Other expenses

Our other expenses decreased by 36.3% from RMB32.8 million for the six months ended June 30, 2020 to RMB20.9 million for the six months ended June 30, 2021, primarily due to the decrease of RMB11.2 million of fair value changes of the convertible loan with Guangzhou Kaide Technology Development Co., Ltd from loss of RMB31.8 million to loss of RMB20.6 million.

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Non-operating expenses	**258**	**1.2**	1,000	3.0
Fair value changes of convertible loan	**20,629**	**98.8**	31,831	97.0
Other Expenses	**20,887**	**100.0**	32,831	100.0

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB7.6 million for the six months ended June 30, 2020 to RMB125.0 million for the six months ended June 30, 2021, primarily attributable to the launching of ICP-022 before the last year end and relevant sales and distribution expenses increased. For the Reporting Period, we recorded (i) an increase in employee cost from RMB3.5 million to RMB41.3 million; (ii) an increase in market research and market promotion from RMB1.0 million to RMB53.8 million; and (iii) an increase in share-based compensation from RMB2.7 to RMB21.5 million.

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Employee cost	**41,336**	**33.1**	3,546	46.5
Share-based compensation	**21,466**	**17.2**	2,696	35.3
Market research and market promotion	**53,770**	**43.0**	1,008	13.2
Others	**8,461**	**6.7**	379	5.0
Selling and Distribution Expenses	**125,033**	**100.0**	7,629	100.0

Fair value changes of convertible redeemable preferred shares

Our fair value changes of convertible redeemable preferred shares is Nil for the six months ended June 30, 2021 comparing to RMB69.2 million for the six months ended June 30, 2020, primarily attributable to the preferred shares converting to common shares due to the Hong Kong IPO in the first half of last year.

Analysis of Key Items of Financial Position

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of	
	June 30, 2021	December 31, 2020
	(RMB in thousands)	
CURRENT ASSETS		
Trade receivables	**22,818**	152
Prepayments, other receivables and other assets	**119,569**	120,563
Inventories	**6,740**	1,878
Cash and bank balances	**6,254,811**	3,969,640
Total current assets	**6,403,938**	4,092,233
CURRENT LIABILITIES		
Trade payables	**14,739**	5,520
Other payables and accruals	**104,992**	85,454
Deferred income	**3,833**	6,646
Lease liabilities	**19,935**	6,833
Total current liabilities	**143,499**	104,453
NET CURRENT ASSETS	**6,260,439**	3,987,780

We had net current assets of RMB6,260.4 million as of June 30, 2021, which was primarily attributable to our cash and bank balances of RMB6,254.8 million and prepayments, other receivables and other assets of RMB119.6 million, partially offset by other payables and accruals of RMB105.0 million.

Trade Receivables

Our trade receivables mainly consist of the receivables by selling Orelabrutinib, and other receivables from providing testing service.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Within 3 months	**22,818**	152
	22,818	152

The Group's trade receivables are mainly caused by sales of Orelabrutinib, and our trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables are immaterial and relate to several customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets decreased from RMB120.6 million as of December 31, 2020 to RMB119.6 million as of June 30, 2021, primarily due to (i) RMB5.2 million decrease in value-added tax recoverable from RMB47.7 million as of December 31, 2020 to RMB42.5 million as of June 30, 2021; (ii) RMB7.8 million increase in interest receivable from RMB26.2 million as of December 31, 2020 to RMB34.0 million as of June 30, 2021; and (iii) RMB6.6 million decrease in prepayments from RMB39.2 million as of December 31, 2020 to RMB32.6 million as of June 30, 2021.

Trade Payables

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Within 3 months	**13,427**	3,987
3 months to 6 months	**722**	382
6 months to 12 months	**576**	1,086
Over 1 year	**14**	65
	14,739	5,520

Other Payables and Accruals

Our other payables and accruals increased from RMB85.5 million as of December 31, 2020 to RMB105.0 million as of June 30, 2021, primarily due to (i) an increase in payable for property, plant and equipment from RMB30.7 million as of December 31, 2020 to RMB52.9 million as of June 30, 2021; (ii) an decrease in payroll payables from RMB26.3 million as of December 31, 2020 to RMB22.5 million as of June 30, 2021; and (iii) an decrease in accruals from RMB23.9 million as of December 31, 2020 to RMB14.7 million as of June 30, 2021.

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Payables for property, plant and equipment	**52,899**	30,746
Payroll payables	**22,495**	26,305
Accruals	**14,673**	23,902
Others	**14,925**	4,501
Other Payables and Accruals	**104,992**	85,454

Indebtedness and finance lease

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	30 June 2021	31 December 2020
	(RMB in thousands)	
Included in current liabilities		
Lease liabilities	**19,935**	6,833
Included in non-current liabilities		
Lease liabilities	**58,246**	17,165
Total indebtedness	**78,181**	23,998

Our total indebtedness increased from RMB24.0 million as of December 31, 2020 to RMB78.2 million as of June 30, 2021, due to the increase of lease-in real estates.

The Property, Plant and Equipment

The property, plant and equipment increased from RMB306.4 million as of December 31, 2020 to RMB376.1 million as of June 30, 2021, which is mainly caused by increase of Guangzhou InnoCare Pharma Tech Co., Ltd. ("**Guangzhou InnoCare**") construction in progress, which is to be built as the manufacturing center for the Group.

Guangzhou InnoCare is located at 18 Kangzhao San Road, Huangpu, Guangzhou, China, with a land site and gross floor area of approximately 83,000 square meters and 65,000 square meters, respectively. The current construction plan of Guangzhou InnoCare comprises two stages. As at the date of this announcement, we have completed stage one, and stage two is expected to be completed in the first half of 2023. Guangzhou InnoCare is owned as to 93% by the Company. It is estimated that the construction costs of stage two of Guangzhou InnoCare would be approximately RMB165 million, which will be paid out of the Group's working capital.

Right-of-use assets

The right of use assets increased from RMB96.7 million as of December 31, 2020 to RMB147.1 million as of June 30, 2021, which is mainly caused by increase of lease-in real estates.

Key Financial Ratios

The following table sets forth our selected key financial ratio:

	As of	
	June 30, 2021	31 December, 2020
Current ratio	**44.6**	39.2

Current ratio equals current assets divided by current liabilities as of the end of the year.

The increase in current ratio was primarily due to the increase of cash and bank balances from RMB3,969.6 million as of December 31, 2020 to RMB6,254.8 million as of June 30, 2021, partially offset by an increase in other payables and accruals from RMB85.5 million as of December 31, 2020 to RMB105.0 million as of June 30, 2021.

LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements to be satisfied by a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds from the IPO.

We currently do not have any plan for material additional external debt financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

On March 23, 2020, 250,324,000 Shares of US$0.000002 each were issued at a price of HK$8.95 per Share in connection with the Company's Listing on the Hong Kong Stock Exchange. The proceeds of HK$3,883 representing the par value of shares, were credited to the Company's share capital. The remaining proceeds of HK$2,240.4 million (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from U.S. dollar to Hong Kong dollar is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States as of March 23, 2020.

On April 15, 2020, the international underwriters of the Global Offering exercised the over-allotment option in full, pursuant to which the Company is required to allot and issue the option shares, being 37,548,000 Shares, representing approximately 15% of the maximum number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK$322.59 million (after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option).

On February 10, 2021, pursuant to two subscription agreements entered into between the Company and certain investors, a total of 210,508,000 Shares of the Company were subscribed at a subscription price of HK$14.45 per subscription share. For further details, please refer to the announcements of the Company dated 3 February 2021 and 10 February 2021.

As of June 30, 2021, our cash and bank balances were RMB6,254.8 million, as compared to RMB3,969.6 million as of December 31, 2020. The increase was mainly due to the funds we received from our financing activities. Our primary uses of cash are to fund research and development efforts of new drug candidates, working capital and other general corporate purposes. Our cash and cash equivalents are held in RMB, USD, AUD and HKD.

Significant Investments, Material Acquisitions and Disposals

As at June, 30, 2021, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

GEARING RATIO

The gearing ratio (calculated as total debt (includes loans and borrowings and convertible loan) divided by total assets and multiplied by 100%) as at June 30, 2021 was 17% (December 31, 2020: 25%).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

BANK LOANS AND OTHER BORROWINGS

As of June 30, 2021, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CONTINGENT LIABILITIES

As of June 30, 2021, we did not have any material contingent liabilities and litigations.

FOREIGN EXCHANGE RISK

Our financial statements are expressed in RMB, but certain of our cash and cash equivalents, time deposits, trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

LIQUIDITY RISK

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as of June 30, 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's 2021 extraordinary general meeting (the "**EGM**") held on 3 June 2021, the Shareholders passed a special resolution in relation to the amendments to the Articles of Association of the Company (the "**Articles of Association**"). The amendments were in relation to the convening of the general meetings of the Company. The amended Articles of Association will become effective upon the completion of the STAR Market Listing. For further details of the said amendments to the Articles of Association, please refer to the Company's circular dated 3 June 2021.

CHANGES IN INFORMATION OF DIRECTORS, COMPANY SECRETARY AND CHIEF EXECUTIVES

During the Reporting Period and up to the date of this announcement, the composition of the Board of Directors, Company Secretary, and Chief Executives of the Company changed as follows:

Ms. Yeung Ching Man	–	tendered her resignation as the Company Secretary of the Company (the "**Company Secretary**") and has ceased to act as (i) an authorised representative of the Company (the "**Authorised Representative**") under Rule 3.05 of the Listing Rules; and (ii) an authorized representative of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the acceptance of service of process and notices in Hong Kong (the "**Process Agent**") with effect from 9 February 2021.
Mr. Wong Keith Shing Cheung	–	appointed as the Company Secretary, Authorised Representative and Process Agent in replacement of Ms. Yeung Ching Man with effect from 9 February 2021.
Dr. Rick Xu	–	retired from Chief Medical Officer of the Company following a transition period announced on 1 March 2021.
Dr. Xiang-Yang Zhang	–	appointed as the Chief Medical Officer of the Company effective on 1 March 2021.
Mr. Lijun Lin	–	resigned as a non-executive Director with effect from 31 March 2021
Mr. Ronggang Xie	–	appointed as a non-executive Director with effect from 31 March 2021.

RE-ELECTION OF DIRECTORS

On 10 March 2021, the Nomination Committee of the Company nominated four members of the Board of Directors of the Company (namely, Dr. Renbin Zhao, who is the executive Director, Dr. Yigong Shi, Mr. Ronggang Xie, who are the non-executive Directors, and Dr. Zemin Zhang, who is the independent non-executive Director) to the Board for it to recommend to the Shareholders for re-election at the 2020 annual general meeting (the "**AGM**"). The nominations were made in accordance with the Company's terms of reference of the Nomination Committee and the board diversity policy. The re-election resolutions set out in the AGM Notice were duly passed by the shareholders of the Company as ordinary resolutions by way of poll at the annual general meeting of the Company held on 10 June 2021.

CHANGE OF BUILDING NAME OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

During the Reporting Period, the Company announced the change of building name of the principal place of business of the Company in Hong Kong from "Sunlight Tower" to "Dah Sing Financial Centre" with effect from 8 March 2021, and the principal place of business of the Company in Hong Kong will be known as 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the Chairperson and the Chief Executive should be segregated and should not be performed by the same individual. The roles of the Chairperson and Chief Executive Officer of the Company are held by Dr. Jisong Cui who is a co-founder of the Company. The Board believes that this structure will not impair the balance of power and authority between our Board and the management of the Company, given that: (i) a decision to be made by the Board requires approvals by at least a majority of Directors and that the Board comprises three Independent Non-executive Directors out of nine Directors, and the Board believes there is sufficient check and balance in the Board; (ii) Dr. Jisong Cui and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefits and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board also believes that the combined role of Chairperson and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Further, in view of Dr. Jisong Cui's experience, personal profile and her roles in the Company as mentioned above, Dr. Jisong Cui is the Director best suited to identify strategic opportunities and focus of the Board due to her extensive understanding of our business as the Chief Executive Officer. Finally, as Dr. Jisong Cui is the co-founder of the Company, the Board believes that vesting the roles of both Chairperson 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 and communication within the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairperson and Chief Executive Officer is necessary.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2021. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Dr. Zeming Zhang, Dr. Kaixian Chen, and Ms. Lan Hu (the Chairperson of the Audit Committee).

The Audit Committee has reviewed the consolidated financial statements of the Group for the six months ended 30 June 2021 and has met with the independent auditor, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control, risk management and financial reporting matters with senior management members of the Company.

OTHER BOARD COMMITTEES

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

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as at the end of the Reporting Period.

USE OF NET PROCEEDS

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO and the exercise of over-allotment option of approximately HK$2,415.67 million. Up to 30 June 2021, HKD604.5 million, or 25% out of the net proceeds have been utilized as specified in the below table. The Company intends to use the remaining net proceeds in the manner consistent with that mentioned in the section head "Future Plans and Use of Proceeds" in the Prospectus. The remaining proceeds will be used in the following two to three years. The completion time of using such proceeds will be determined based on the Company's actual business needs and future business development.

	Use of proceeds as stated in the Prospectus *(in HK$'000) (approximate)*	**Actual use of proceeds up to 30 June 2021** *(in HK$'000) (approximate)*	**Net proceeds unutilized as of 30 June, 2021** *(in HK$'000) (approximate)*	**Expected timeline for usage of proceeds**
50% for ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of orelabrutinib concurrently in both China and the U.S.	1,207,835	311,747	896,088	The amount is expected to be fully utilized by the second half of 2023
25% for our two clinical stage product candidates, ICP-192 and ICP-105	603,917.5	38,169	565,748.5	The amount is expected to be fully utilized by the second half of 2023
15% for the R&D of the six IND-enabling stage candidates in our pipeline and the R&D and in-licensing of new drug candidates	362,350.5	87,970	274,380.5	The amount is expected to be fully utilized by the second half of 2023
10% for working capital and general corporate purposes	241,567	166,597	74,970	The amount is expected to be fully utilized by the second half of 2023
Total	2,415,670	604,483	1,811,187	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
			(Restated)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*5*	**101,657**	748
Cost of sales		**(9,824)**	–
Gross profit		**91,833**	748
Other income and gains	*5*	**85,347**	50,574
Selling and distribution expenses		**(125,033)**	(7,629)
Research and development costs		**(184,865)**	(231,157)
Administrative expenses		**(58,603)**	(47,483)
Other expenses		**(20,887)**	(32,831)
Fair value changes of convertible redeemable preferred shares	*13*	**–**	(69,181)
Impairment losses on financial assets		**(125)**	–
Share of losses of joint ventures		**(14)**	–
Finance costs		**(1,035)**	(485)
LOSS BEFORE TAX		**(213,382)**	(337,444)
Income tax credit	*7*	**302**	–
LOSS FOR THE PERIOD	*6*	**(213,080)**	(337,444)
Attributable to:			
Owners of the parent		**(209,417)**	(334,785)
Non-controlling interests		**(3,663)**	(2,659)
		(213,080)	(337,444)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*9*	**(RMB0.16)**	(RMB0.43)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
			(Restated)
	Notes	***RMB'000***	*RMB'000*
LOSS FOR THE PERIOD	*6*	**(213,080)**	(337,444)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(21,066)**	(58,421)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(234,146)**	(395,865)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(234,146)**	(395,865)
Attributable to:			
Owners of the parent		**(230,483)**	(393,206)
Non-controlling interests		**(3,663)**	(2,659)
		(234,146)	(395,865)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	**30 June 2021 (Unaudited) *RMB'000***	31 December 2020 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**376,119**	306,398
Goodwill		**3,125**	3,125
Other intangible assets		**36,278**	37,017
Right-of-use assets		**147,099**	96,733
Investments in joint ventures		**2,014**	1,159
Other non-current assets		**13,733**	1,045
Total non-current assets		**578,368**	445,477
CURRENT ASSETS			
Inventories		**6,740**	1,878
Trade receivables	*11*	**22,818**	152
Prepayments, other receivables and other assets	*12*	**119,569**	120,563
Cash and bank balances		**6,254,811**	3,969,640
Total current assets		**6,403,938**	4,092,233
CURRENT LIABILITIES			
Trade payables		**14,739**	5,520
Other payables and accruals		**104,992**	85,454
Deferred income		**3,833**	6,646
Lease liabilities		**19,935**	6,833
Total current liabilities		**143,499**	104,453
NET CURRENT ASSETS		**6,260,439**	3,987,780
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,838,807**	4,433,257
NON-CURRENT LIABILITIES			
Convertible loan	*14*	**1,170,178**	1,149,550
Lease liabilities		**58,246**	17,165
Deferred income		**100,000**	100,000
Deferred tax liabilities		**5,734**	6,036
Total non-current liabilities		**1,334,158**	1,272,751
NET ASSETS		**5,504,649**	3,160,506

	Notes	**30 June 2021 (Unaudited) *RMB'000***	31 December 2020 (Audited) *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital		**19**	16
Reserves		**5,451,800**	3,103,996
		5,451,819	3,104,012
Non-controlling interests		**52,830**	56,494
TOTAL EQUITY		**5,504,649**	3,160,506

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2015. The registered office of the Company is located at the offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009 Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the research, development, manufacturing and commercialization of biological products. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 23 March 2020.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand(RMB'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. Since the Group had no interest-bearing bank borrowings, the amendment did not have any impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. Since the group had no rent concessions of the covid-19 pandemic during the period, the amendment did not have any impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

Since the Group's revenue and operating losses were mainly from the activities related to research and development in Mainland China, and most of the Group's identifiable operating assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

Information about major customers

Revenue from each of the major customers which amounted to 10% or more of the Group's revenue during the period is set out below:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Customer A	**16,428**	–
Customer B	**10,292**	–
Customer C	**–**	427
Customer D	**–**	40
	26,720	467

4. PRIOR PERIOD ADJUSTMENTS

In preparing the unaudited interim financial information for the six months ended 30 June 2021, the management has identified the following errors in previously issued condensed consolidated financial statements.

The convertible redeemable preferred shares were automatically converted into ordinary shares on 23 March 2020. As a result, the ending balance of the convertible redeemable preferred shares as of 23 March 2020 were reclassified into share capital and share premium of the Company. The Company's reporting currency is different from its functional currency, and the differences between the balance of convertible redeemable preferred shares as of 31 December 2019 and 23 March 2020 should include both the fair value changes of convertible redeemable preferred shares and exchange differences on translation of foreign operations during the period in between. Due to a human error, the total differences, including the exchange difference on translation of foreign operations of RMB72,398,000, were incorrectly recorded in fair value changes of convertible redeemable preferred shares, resulting in an overstatement of fair value changes of convertible redeemable preferred shares of RMB72,398,000 and understatement of the exchange differences on translation of foreign operations of the same amount.

Consequently, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2020 and certain explanatory notes have been restated to reflect these corrections. There were reclassifications between accumulated losses and foreign exchange reserve with no impact to the consolidated statements of financial position as of 30 June 2020 and 31 December 2020, as they form an integral part of the reserves in the consolidated statements of financial position of the Group.

Impact to the condensed consolidated statements of profit or loss and comprehensive income for the six months ended 30 June 2020 is as below:

	The Group as previously reported *RMB'000*	**Prior period adjustment** *RMB'000*	**The Group as restated** *RMB'000*
Fair value changes of convertible redeemable preferred shares	(141,579)	72,398	(69,181)
Exchange differences on translation of foreign operations	13,977	(72,398)	(58,421)
Loss for the period	(409,842)	72,398	(337,444)
Loss for the period attributable to owners of the parent	(407,183)	72,398	(334,785)
Loss per share attributable to ordinary equity holders of the parent – Basic and diluted	(RMB0.53)	RMB0.10	(RMB0.43)

Impact to the condensed consolidated statement of cash flows for the six months ended 30 June 2020 is as below:

	The Group as previously reported *RMB'000*	**Prior period adjustment** *RMB'000*	**The Group as restated** *RMB'000*
Loss before tax	(409,842)	72,398	(337,444)
Fair value changes of convertible redeemable preferred shares	(141,579)	72,398	(69,181)

5. REVENUE, OTHER INCOME AND GAINS

Revenue is analysed as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of drugs	**100,978**	–
Research and development services	**679**	748
	101,657	748
Timing of revenue recognition from contracts with customers		
– At a point in time	**101,657**	748

The performance obligation is satisfied upon delivery of the drugs and research and development services report and payment is generally due within 90 days from delivery.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income and gains		
Government grants (note)	**5,928**	5,661
Bank interest income	**59,933**	40,091
Investment income from investments in wealth management products	**–**	1,199
Foreign exchange gains, net	**19,485**	3,454
Others	**1**	169
	85,347	50,574

Note: Government grants have been received from the PRC local government authorities to mainly support the subsidiaries' research and development activities. There are no unfulfilled conditions related to these government grants.

6. LOSS FOR THE PERIOD

The Group's loss is arrived at after charging:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**3,017**	834
Depreciation of right-of-use assets	**8,388**	4,272
Amortisation of other intangible assets	**2,124**	118
Fair value changes of a convertible loan	**20,628**	31,831
Fair value changes of convertible redeemable preferred shares	**–**	69,181
Share-based payment expenses	**50,811**	159,977
Employee wages and welfares	**108,288**	48,775
Research and development costs, excluded share-based payment expenses	**174,893**	78,257
Cost of inventories sold	**9,824**	–

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Under the current laws of the British Virgin Islands ("BVI"), Ocean Prominent Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Ocean Prominent Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatment is available to Beijing InnoCare Pharma Tech Co., Ltd. ("Beijing InnoCare") and Nanjing Tian Yin Jian Hua Pharma Tech Co., Ltd., since they were recognised as High and New Technology Enterprises in 2020 and 2019, respectively, and are entitled to a preferential tax rate of 15% for a three-year period.

The subsidiary incorporated in Australia is subject to income tax at the rate of 27.5% (2020: 27.5%) on the estimated assessable profits arising in Australia during the period.

The subsidiary incorporated in Delaware, United States is subject to statutory United States federal corporate income tax at a rate of 21% (2020: 21%). It is also subject to the state income tax in Delaware at a rate of 8.7% (2020: 8.7%) during the year.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	*RMB'000*
Income tax credit		
Current income tax	**–**	–
Deferred income tax	**302**	–
	302	–

8. DIVIDEND

No dividends have been declared and paid by the Company for the six months ended 30 June 2021 (for the six months ended 30 June 2020:Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	*RMB'000*
Loss		
Loss for the period attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**(209,417)**	(334,785)

	For the six months ended 30 June	
	2021	2020
	Number of shares	Number of shares
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**1,328,337**	774,854

The computation of basic and diluted loss per share for the six months ended 30 June 2021 and 2020 excluded the unvested share options and restricted stock units of the Company. Details of these share options and restricted stock units are set out in note 15 to the financial statements.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of dilutions as the impact of the exercise of share options and restricted stock units had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the six months ended 30 June 2021 and 2020 are the same as the basic loss per share amounts.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets at a cost of RMB69,721,000 (30 June 2020: RMB113,210,000).

Assets with a net book value of RMB19,000 were disposed of by the Group during the six months ended 30 June 2021 (30 June 2020: Nil), resulting a net loss on disposal of RMB2,000 (30 June 2020: Nil).

11. TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	**22,818**	152

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 3 months	**22,818**	152

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Value-added tax recoverable	**42,540**	47,723
Interest receivable	**33,991**	26,236
Prepayments	**32,637**	39,227
Other receivables	**4,835**	7,377
Others	**5,566**	–
	119,569	120,563

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand and relate to receivables for which there was no recent history of default. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Group are of the opinion that the expected credit loss in respect of these balances is immaterial.

13. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing arrangements by issuing convertible redeemable preferred shares. For details of the background of preferred shares, please refer to note 28 to the consolidated financial statements included in the Group's annual report for the year ended December 31, 2020.

All preferred shares were automatically converted into 532,244,771 ordinary shares upon the successful IPO of the Company on 23 March 2020 (the "Conversion Date").

As of Conversion Date, the par value per preferred share is US$0.000002 and the difference between the fair value of preferred shares and the par value is accounted for under the share premium.

The movements of the convertible redeemable preferred shares are set out below:

	Series A Preferred Shares *RMB'000*	**Series B Preferred Shares** *RMB'000*	**Series C Preferred Shares** *RMB'000*	**Series D Preferred Shares** *RMB'000*	**Total** *RMB'000*
At 1 January 2020	367,504	840,806	1,083,224	1,922,238	4,213,772
Changes in fair value (restated)	79,024	172,748	87,586	(270,177)	69,181
Currency translation Difference (restated)	7,628	17,305	19,867	27,598	72,398
Conversion into ordinary shares	(454,156)	(1,030,859)	(1,190,677)	(1,679,659)	(4,355,351)
At 30 June 2020 (Unaudited)	–	–	–	–	–

On the listing date, all the preferred shares were automatically converted into ordinary shares, taken the IPO issue price of the ordinary shares of the Company as the fair value, namely HK$8.95 (equivalent to RMB8.18).

14. CONVERTIBLE LOAN

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Non-current portion		
Convertible loan	**1,170,178**	1,149,550

	Convertible loan *RMB'000*
At 1 January 2020	1,117,176
Changes in fair value	32,374
At 31 December 2020 (Audited)	1,149,550
Changes in fair value	20,628
At 30 June 2021 (Unaudited)	1,170,178

In August 2018, Guangzhou InnoCare Pharma Tech Co., Ltd. ("Guangzhou InnoCare") was jointly established by Guangzhou Kaide Technology Development Limited ("Guangzhou Kaide", it was renamed as Guangzhou High-Tech Zone Technology Holding Group Co., Ltd.) and a subsidiary of the Company. In addition, Guangzhou Kaide provided Guangzhou InnoCare with a convertible loan amounting to RMB930 million, which bears interest at 6.5% per annum and is due on 31 December 2024. Under the loan agreement, Guangzhou Kaide has been granted an option to convert the loan into ordinary shares of Guangzhou InnoCare under certain conditions. The Group does not bifurcate any embedded derivatives from the host instrument and has designated the loan from Guangzhou Kaide with a conversion right as a financial liability at fair value through profit or loss.

15. SHARE-BASED PAYMENTS

The Company operates three share-based payment schemes, 2015 Global Share Plan, 2016 Global Share Plan, 2018 Global Share Plan and 2020 Global Share Plan (the "Schemes") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Company's directors, the Group's employees and consultants.

"Class A Ordinary Shares" means the Company's class A ordinary shares, with a par value of US$0.000002 per share.

"Class B Ordinary Shares" means the Company's class B ordinary shares, with a par value of US$0.000002 per share, all of which shall be reserved and issued for employee incentive purposes under the employee stock option plan as adopted by the board of directors of the Company.

2015 Global Share Plan

The 2015 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 183,888,050 Class B Ordinary Shares. The 2015 Global Share Plan permits the awards of share options and RSUs. Share options and RSUs do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

2016 Global Share Plan

The 2016 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 22,200,000 Class B Ordinary Shares. The 2016 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

2018 Global Share Plan

The 2018 Global Share Plan became effective on 28 November 2018 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 68,498,464 Class B Ordinary Shares. The 2018 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

2020 Global Share Plan

The 2020 Global Share Plan became effective on 6 July 2020 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum number of shares in respect of which RSU may be granted under the 2020 Global Share Plan when aggregated with the maximum number of shares in respect of which share options or RSUs may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the Adoption Date (or of the refreshment of the 10% limit). The 2020 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

RSUs

The Group grants RSUs to certain eligible individuals of the Company's directors and the Group's employees and consultants at the par value to US$0.0264 per share of the ordinary shares under the 2015 Global Share Plan, at the par value to US$0.055 per share under the 2016 Global Share Plan and at the price of US$0.178 to certain eligible individuals under the 2018 Global Share Plan.

The RSUs have vesting terms in different schedules from the grant date over 4 years, 5 years or certain milestone-based requirements. Once the vesting conditions underlying the respective RSUs are met, the shares under RSUs will be issued to the grantees at par value.

(1) For vesting schedule as 4 years or 5 years, specifically, the RSUs awarded vest in tranches from the grant date over a certain service period, on the condition that employees remain in service and met the certain performance condition of the Company and individuals. There are four types for the period of cliff vesting set as follows:

    (a) The period of cliff vesting equals to 1 year, 25% of the RSUs shall become vested upon the first anniversary of the vesting commencement date by one time; or 50% of the RSUs shall become vested upon the first anniversary of the vesting commencement date by one time;

    (b) The period of cliff vesting equals to 2 years, 40% or 50% of the RSUs shall become vested upon the first (or second) anniversary of the vesting commencement date by one time;

    (c) The period of cliff vesting equals to 3 years, 60% of the RSUs shall become vested upon the third anniversary of the vesting commencement date by one time.

    After the agreed period of cliff vesting, the remaining vesting of RSUs shall subsequently vest in equal and continuous annually instalments over the three or two years thereafter, which shall vest on each of the following three or two anniversaries of such date.

(2) For vesting schedule as certain milestone-based awards, the RSUs are vested subject to the directors and employees' continued status as a service provider and the achievement of a specified performance target including but not limited to the completion of marketing authorisation of various drug candidates or achievement of certain sales targets.

Subject to the achievement of certain milestone conditions, certain performance conditions and the directors and employees' continued status as a service provider through each of the applicable vesting dates, and to the extent permitted by applicable law, the RSUs shall be vested in whole or in part in accordance with the rules and the vesting schedule as same as what has been set forth regards share options above.

The following RSUs were outstanding under the Schemes as at the end of the reporting period are as follows:

	Number of RSUs			
	2015 Global share plan	**2016 Global share plan**	**2018 Global share plan**	**Total**
Outstanding as of 31 December 2019(Audited)	77,301,336	–	3,140,000	80,441,336
Granted during the period	16,792,599	15,540,012	4,804,000	37,136,611
Cancelled during the period	(16,000,000)	–	–	(16,000,000)
Exercised during the period	(16,792,599)	(15,490,012)	–	(32,282,611)
Outstanding as of 30 June 2020 (Unaudited)	61,301,336	50,000	7,944,000	69,295,336
Outstanding as of 31 December 2020 (Audited)	44,786,892	50,000	18,014,000	62,850,892
Granted during the period	–	2,200,000	2,790,000	4,990,000
Forfeited during the period	(5,727,222)	–	(850,000)	(6,577,222)
Exercised during the period	(23,720,800)	(50,000)	(681,250)	(24,452,050)
Outstanding as of 30 June 2021(Unaudited)	15,338,870	2,200,000	19,272,750	36,811,620

The fair value of each RSU at the respective grant dates is determined by using the binomial method, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the key assumptions that the model used.

	2021	2020
Expected volatility (%)	**43.34-43.36**	57.0-64.0
Risk-free interest rate (%)	**1.62-1.63**	0.6-1.8
Expected life of options (year)	**10**	10
Weighted average share price (US$ per share)	**2.36-2.45**	1.42

The Group recognised share-based payment expenses of RMB50.8 million during the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB160.0 million).

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**22,058**	108,697

17. RELATED PARTY TRANSACTIONS

Group and Company

(a) The Group had the following transactions with a related party during the period:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interests paid to a related party:		
King Bridge	**–**	231
Repayment to a related party:		
King Bridge	**–**	9,098

In July 2017, the Company repurchased 22,000,000 Series B Preferred Shares of its own from the preferred shareholder, King Bridge Investments Limited ("King Bridge"), at an aggregate consideration of US$1,275,047 which is unsecured, interest-bearing at 1% per annum and repayable at the earlier of (i) 21 July 2023 and (ii) the consummation of the initial public offering of the Company's ordinary shares. The Company had settled this loan in March 2020.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Short-term employee benefits	**10,177**	7,086
Pension scheme contributions	**194**	38
Share-based payment expenses	**30,210**	132,880
Total compensation paid to key management personnel	**40,581**	140,004

18. EVENTS AFTER THE REPORTING PERIOD

On 9 July 2021, Beijing InnoCare signed the supplementary contract to the joint venture contract with Guangzhou High-tech Zone Technology Holding Group Co., Ltd ("High-tech Holding") to terminate the one vote veto right enjoyed by High-tech Holding at the board of directors and shareholders' meeting of Guangzhou InnoCare. All matters to be decided by the board of directors can only be adopted by more than half of all directors present in person or authorized representative at the duly convened meeting of the board of directors or a written resolution signed by more than half of all directors; The matters discussed at the shareholders' meeting shall be valid only after being approved by shareholders representing more than two-thirds of the voting rights.

In July 2021, the Group and Biogen Inc. ("Biogen") have entered into a license and collaboration agreement for orelabrutinib, an oral small molecule Bruton's tyrosine kinase inhibitor for the potential treatment of multiple sclerosis. Under the terms of the agreement, the Group will receive a US$125 million upfront payment and is eligible to receive up to US$812.5 million in potential development milestones and potential commercial payments should the collaboration achieve certain development, commercial milestones and sales thresholds.

In August 2021, the Group and Incyte Corporation ("Incyte") have entered into a collaboration and license agreement for the development and commercialization of tafasitamab, a humanized Fc-modified cytolytic CD19 targeting monoclonal antibody, in Greater China. Under the terms of the agreement, the Group will pay Incyte US$35 million up front payment, and an additional US$82.5 million in potential development, regulatory and commercial milestones, as well as tiered royalties.

INTERIM DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange **(www.hkexnews.hk)** and the Company **(www.innocarepharma.com)**. The interim report for the six months ended 30 June 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

GLOSSARY AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"2016 Pre-IPO Incentivisation Plan"	the pre-IPO employee global share plan adopted by the Company on September 6, 2016 and as amended by the resolutions in writing by the Board passed on February 5, 2018
"2018 Pre-IPO Incentivisation Plan"	the pre-IPO employee global share plan adopted by the Company on November 28, 2018
"ALL"	acute lymphoblastic leukemia
"AML"	acute myeloid leukemia
"ASH"	American Society of Hematology
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"ASH"	American Society of Hematology
"Ba/F3"	a murine interleukin-3 dependent pro-B cell line is increasingly popular as a model system for assessing both the potency and downstream signaling of kinase oncogenes, and the ability of small-molecule kinase inhibitors to block kinase activity
"B-cell"	a type of white blood cell that differs from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes
"Biogen"	Biogen Inc. (Nasdaq: BIIB)
"Board"	the board of directors

"BTK"	Bruton's tyrosine kinase, a human enzyme encoded by the BTK gene
"CD20"	B-lymphocyte antigen CD20, a B-cell specific cellsurface molecule that is encoded by the MS4A1 gene
"CDE"	Center for Drug Evaluation, an institution under the NMPA
"CEO" or "Chief Executive Officer"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"Chairperson"	chairperson of the Board
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cholangiocarcinoma"	bile duct cancer, a type of cancer that forms in the bile ducts
"CLL"	chronic lymphocytic leukemia
"CNSL"	central nervous system lymphoma
"Company", "our Company", "the Company" or "InnoCare"	InnoCare Pharma Limited (Stock code: 9969), an exempted company with limited liability incorporated under the laws of the Cayman Islands on November 3, 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Compensation Committee"	the compensation committee of the Board
"CYP3A4"	Cytochrome P450 3A4, is an important enzyme in the body, mainly found in the liver and in the intestine
"CYP450s"	Cytochromes P450, are a superfamily of enzymes containing heme as a cofactor that function as monooxygenases
"Director(s)"	the director(s) of the Company
"DLBCL"	diffuse large B-cell lymphoma, a common type of non-Hodgkin lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
"FGFR"	fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors

"FL"	follicular lymphoma
"GCB"	germinal center B-cell, one of the subtypes of diffuse large B-cell lymphoma
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"GMP"	good manufacturing practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"Guangzhou Kaide"	Guangzhou Kaide Technology Development Co., Ltd., which was renamed as Guangzhou Development Zone Financial Holding Group Co., Ltd since September 2019
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"hERG"	a gene that codes for a protein known as Kv11.1, the alpha subunit of a potassium ion channel
"Hillhouse"	Hillhouse Capital Group including Gaoling Fund, L.P. and YJG Investments, L.P.
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IBD"	inflammatory bowel disease
"ICP-022" or "Orelabrutinib"	one of the Company's clinical stage drug candidates
"ICP-105"	one of the Company's clinical stage drug candidates
"ICP-192"	one of the Company's clinical stage drug candidates
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Innocare Nanjing"	Nanjing Tian Yin Jian Hua Pharm Tech Co., Ltd.
"IPO"	the initial public offering of the Company on the Hong Kong Stock Exchange
"ITP"	Immune Thrombocytopenia

"JAK"	Janus tyrosine kinase
"Keymed"	Keymed Biosciences Inc. ("2162.HK")
"KM12"	one of the cell lines of the NCI-60 panel which represents different cancer types and has been widely utilized for drug screening and molecular target identification. KM12 is colorectal cancer cell line carrying TPM3-NTRK1 gene fusion
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	March 23, 2020, being the date on which the Shares of the Company were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LMNA"	also known as Lamin A/C, is a protein that in humans is encoded by the LMNA gene. Lamin A/C belongs to the lamin family of proteins
"LN"	Lupus Nephritis
"LVC Entities"	Loyal Valley Capital Advantage Fund LP, Loyal Valley Capital Advantage Fund II LP and LVC Lion Fund LP
"MCL"	mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma
"Mebworks"	Beijing Mebworks Biotech Company Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MS"	Multiple Sclerosis
"MTD"	maximum tolerated dose
"MZL"	marginal zone lymphoma
"NDA"	new drug application
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"NRDL"	National reimbursement drug list
"NTRK"	neurotrophic tyrosine receptor kinase

"OBD"	optimal biological dose, dose associated with a prespecified desired effect on a biomarker
"pan-FGFR inhibitor"	pan-inhibitor of fibroblast growth factor receptor (FGFR) family
"pan-TRK inhibitor"	pan-inhibitor of tropomyosin-related kinase family
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Pre-IPO Incentivisation Plans"	the 2015 Pre-IPO Incentivisation Plan, the 2016 Pre-IPO Incentivisation Plan and the 2018 Pre-IPO Incentivisation Plan
"Prospectus"	the prospectus of the Company, dated March 11, 2020, in relation of its Global Offering
"R&D"	research and development
"R/R" or "r/r"	relapsed and refractory
"RA"	Rheumatoid Arthritis
"Reporting Period"	six months ended 30 June 2021
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s)
"RP2D"	recommended phase 2 dose
"R-CHOP"	a combination of five drugs as first-line treatment for aggressive non-Hodgkin lymphoma
"SD rats"	Sprague Dawley rat, is an outbred multipurpose breed of albino rat used extensively in medical and nutritional research
"Share(s)"	ordinary shares with a par value of US$0.000002 per share in the share capital of the Company
"SHP2"	a non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway as well for regulation of cellular proliferation and survival
"SLE"	systemic lupus erythematosus
"SLL"	small lymphocytic lymphoma

"T-cell"	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response. T-cells can be distinguished from other lymphocytes, such as B-cells and NK cells, by the presence of a T-cell receptor on the cell surface
"TDCC"	T-cell-dependent cellular cytotoxicity
"TRK"	a family of tyrosine kinases that regulates synaptic strength and plasticity in the mammalian nervous system
"TRKA G595R"	TRKA kinase with a mutation of G595R, i.e. changes of amino acid at 595 from glycine (G) to arginine (R)
"TYK2"	tyrosine kinase 2
"UC" or "urothelial cancer"	urothelial cell carcinoma, a type of cancer that typically occurs in the urinary system and begins in urothelial cells
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. FDA"	U.S. Food and Drug Administration
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Vivo"	Vivo Opportunity Fund, L.P, a company of Vivo Capital VIII, LLC
"WM"	Waldenstrom's macroglobulinemia

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
InnoCare Pharma Limited
Dr. Jisong Cui
Chairperson and Executive Director

Hong Kong, August 27, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Jisong Cui as Chairperson and executive Director, Dr. Renbin Zhao as executive Director, Dr. Yigong Shi, Mr. Quanhong Yuan, Mr. Shan Fu and Mr. Ronggang Xie as non-executive Directors, and Dr. Zemin Zhang, Ms. Lan Hu and Dr. Kaixian Chen as independent non-executive Directors.