2021 中期報告 Interim Report

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

Everest Medicines Limited
雲頂新耀有限公司
(於開曼群島註冊成立的有限公司) (Incorporated in the Cayman Islands with limited liability)
股份代號 Stock Code : 1952

EVEREST MEDICINES
云 顶 新 耀

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. Yubo Gong (龔聿波)
Ms. Lan Kang (康嵐)

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Yifan Li *(Chairman)*
Mr. Shidong Jiang
Mr. Bo Tan

REMUNERATION COMMITTEE

Mr. Bo Tan *(Chairman)*
Mr. Wei Fu
Mr. Shidong Jiang

NOMINATION COMMITTEE

Mr. Wei Fu *(Chairman)*
Mr. Yifan Li
Mr. Bo Tan

JOINT COMPANY SECRETARY

Ms. Yin Yin
Ms. Yee Wa Lau

AUTHORISED REPRESENTATIVES

Mr. Ian Ying Woo
Ms. Yee Wa Lau

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Central, Hong Kong

AUDITOR

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

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman
KY1-1104, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Plaza 66, Tower 1, Units 6601–6606
1266 West Nanjing Road
Shanghai, 200040, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISORS

As to Hong Kong law and United States law

Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong

As to PRC law

Zhong Lun Law Firm
6/10/11/16/17F, Two IFC, 8 Century Avenue
Pudong New Area, Shanghai 200120, PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

1952

COMPANY WEBSITE

www.everestmedicines.com

Financial Highlights

IFRS NUMBERS

- Research and development ("R&D") expenses increased by RMB89.8 million from RMB161.0 million for the six months ended 30 June 2020 to RMB250.8 million for the six months ended 30 June 2021, primarily due to: (i) additional clinical trials of our drug candidates; (ii) expansion of our R&D team; and (iii) the establishment of an internal discovery team to build in-house R&D capability.

- General and administrative expenses increased by RMB6.1 million from RMB101.3 million for the six months ended 30 June 2020 to RMB107.4 million for the six months ended 30 June 2021, mainly due to increase in employee remuneration in connection with organization expansion.

- Distribution and selling expenses increased by RMB32.9 million from RMB9.2 million for the six months ended 30 June 2020 to RMB42.1 million for the six months ended 30 June 2021, primarily due to the build up of a commercial team and pre-launch activities carried out for upcoming products commercialization.

- Net loss for the period decreased by RMB240.4 million from RMB623.5 million for the six months ended 30 June 2020 to RMB383.1 million for the six months ended 30 June 2021, primarily attributable to the decrease in loss from fair value change of financial instruments issued to investors.

- Other comprehensive income increased by RMB284.7 million from RMB282.6 million for the six months ended 30 June 2020 to RMB567.3 million for the six months ended 30 June 2021, primarily attributable to the increase in income from fair value change of financial assets at fair value through other comprehensive income.

- Cash and cash equivalents amounted to RMB3,971.0 million as of 30 June 2021.

NON-IFRS MEASURE

- Adjusted loss for the period[1] increased by RMB57.2 million from RMB245.9 million for the six months ended 30 June 2020 to RMB303.1 million for the six months ended 30 June 2021, primarily attributable to increase in R&D expense and distribution and selling expenses.

1 Adjusted loss for the period represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes of preferred shares (non-current financial liabilities measured at fair value through profit or loss) and share-based compensation loss. For the calculation and reconciliation of this non-IFRS measure, please refer to paragraph numbered 15 under the heading "MANAGEMENT DISCUSSION AND ANALYSIS" below.

Business Highlights

The Group continued advancing our drug pipeline and business operations, including the following milestones and achievements:

Sacituzumab govitecan-hziy (Trodelvy™), *our anchor drug candidate in the oncology therapeutic area, is a first-in-class TROP-2 directed antibody-drug conjugate ("ADC").*

- The China National Medical Products Administration ("NMPA") accepted the biologics license application ("BLA") for sacituzumab govitecan-hziy for the treatment of adult patients with unresectable locally advanced or metastatic triple-negative breast cancer ("TNBC") who have received two or more prior systemic therapies, at least one of them for metastatic disease in May 2021. Following the BLA acceptance, sacituzumab govitecan-hziy was granted priority review by the Center for Drug Evaluation ("CDE") of China NMPA in May 2021.

- The Ministry of Food and Drug Safety ("MFDS") in South Korea has granted fast track designation and orphan drug designation to sacituzumab govitecan-hziy for the treatment of metastatic TNBC in May 2021.

- The Company's partner, Gilead Sciences, Inc. ("Gilead"), received full approval from the United States Food and Drug Administration ("US FDA") for Trodelvy™ for second-line metastatic TNBC in 2021, and accelerated approval of Trodelvy™ from the US FDA for the treatment of metastatic urothelial cancer ("mUC") in April 2021.

- The China clinical trial application ("CTA") for TROPiCS-04, a global phase 3 registration clinical trial of sacituzumab govitecan-hziy for mUC, was granted approval by the China NMPA in January 2021. The first person of this trial in China has been dosed in August 2021.

- A phase 3 Asia study designed to assess and compare the efficacy and safety of sacituzumab govitecan-hziy versus treatment of physician's choice in Asian patients with hormone receptor positive, HER2 negative metastatic breast cancer ("HR+/HER2- mBC") who have failed at least two prior chemotherapy regimens is currently ongoing.

- The China CTA for a phase 2 basket trial for a variety of cancers with high TROP-2 expression was granted approval by the China NMPA in March 2021 to evaluate sacituzumab govitecan-hziy in 180 patients with relapse/refractory esophageal squamous cell carcinoma, gastric cancer, and cervical cancer at select sites in China.

- The Company has submitted a new drug application ("NDA") to the Health Sciences Authority ("HSA") of Singapore for sacituzumab govitecan-hziy for the treatment of metastatic TNBC in January 2021, and the indication was subsequently amended to second-line metastatic TNBC. That application is currently under review.

Business Highlights

Nefecon, *our anchor drug candidate in cardio-renal therapeutic area, is a novel oral formulation of budesonide in the development for the treatment of IgA nephropathy ("IgAN").*

- The Company has completed Chinese patient enrollment into the NefIgArd phase 3 global registrational study evaluating Nefecon as a treatment for IgAN.

- The Company's partner, Calliditas Therapeutics AB ("Calliditas"), submitted an NDA to the US FDA for Nefecon for the treatment of primary IgAN. Calliditas also submitted a marketing authorization application ("MAA") to the European Medicines Agency ("EMA") for Nefecon for the treatment of primary IgAN in May 2021 with Accelerated Assessment procedure granted previously in April 2021.

Eravacycline (Xerava™), *is a novel, fully synthetic fluorocycline intravenous antibiotic developed for use as first-line empiric monotherapy for the treatment of multidrug resistant ("MDR") infections, including MDR Gram-negative infections.*

- The China NMPA accepted an NDA for eravacycline for the treatment of complicated intra-abdominal infections ("cIAI") in March 2021.

- In August 2021, the CDE of the NMPA approved the CTA for eravacycline for the treatment of community-acquired bacterial pneumonia ("CABP").

Business Development Updates

- On 13 September 2021, the Company entered two separate definitive agreements with Providence, a clinical stage biotechnology company developing messenger RNA ("mRNA") therapeutics and vaccines, to (i) license rights to Providence's mRNA COVID-19 vaccine candidates in Asia emerging markets, including Greater China, Southeast Asia and Pakistan, and (ii) establish a broad, strategic partnership to develop mRNA products globally leveraging Providence's cutting-edge mRNA technology platform ("mRNA Platform").

- On 16 September 2021, the Company entered into an exclusive licensing agreement with Sinovent and SinoMab to develop, produce and commercialize XNW1011, a covalent reversible Bruton's tyrosine kinase ("BTK") inhibitor, globally for the treatment of renal diseases.

New Senior Management Appointments

- Kevin Guo joined the Company as the chief commercial officer in February 2021 to lead commercial planning and execution across the pipeline, helping to transition the Company into a commercial-stage organization.

- Dr. Jennifer Yang joined the Company as the chief scientific officer in April 2021 to lead the establishment of a robust discovery organization.

OVERVIEW

The Group is a biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of potentially novel or differentiated therapies to address critical unmet medical needs initially in Asia Pacific markets, and eventually around the world.

Since the founding of the Company in July 2017, we have strategically built a portfolio of ten promising clinical-stage drug candidates across oncology, immunology, cardio-renal disease, and infectious disease, which position us to capture a number of underserved disease areas. We continue to deliver our current portfolio by advancing clinical candidates through important clinical and regulatory milestones. Six of our clinical-stage candidates, sacituzumab govitecan-hziy, etrasimod, nefecon, ralinepag, eravacycline and taniborbactam, are in registrational trials targeting eight different indications. Led by our experienced and visionary management team, our seasoned clinical development and regulatory teams successfully submitted an NDA for eravacycline and a BLA for sacituzumab govitecan-hziy in China in the first half of 2021. We expect multiple late-stage clinical trial data readouts in 2021 and 2022 as well as additional NDA filings in 2022.

In addition to our existing portfolio of promising investigational therapies, we continue to enrich our pipeline through in-licensing of first-in-class or best-in-class drug candidates and through organic innovation. We entered into comprehensive agreement in September 2021 with Providence to advance mRNA vaccines and therapies, including potentially best-in-class COVID-19 vaccines in Asia emerging markets. The collaboration will enhance our discovery efforts and will allow us to explore the promise of mRNA therapies for patients across a variety of key disease areas. In addition, we in-licensed XNW1011 in September 2021 from Sinovent and Sinomab with global rights for the treatment of renal diseases to consolidate our leadership in the renal space.

In 2021 we have also been working to drive progress in three key areas — commercialization, discovery and manufacturing. New product launch is a priority for our commercial organization as we transition to the next phase of growth as a commercial-stage company. In addition to building an industry-leading commercial team with three business units focused on oncology, internal medicine and infectious disease under the leadership of Kevin Guo, we have also expanded our geographical footprint with newly established offices and general managers in South Korea, Taiwan and Singapore to ensure commercial success in those markets.

We are committed to building a strong discovery organization with a deep bench of professionals that have comprehensive understanding of disease biology, cutting edge technology, and have expertise in drug discovery. Under the leadership of Dr. Jennifer Yang, we will continue to attract and recruit top notch talents, and we are also in the process of establishing a research facility in Zhangjiang, Shanghai. We believe the license and collaboration transaction with Providence would contribute to the establishment of the discovery platform.

We are making steady progress on the construction of our global manufacturing site in the Jiashan Economic and Technological Development Zone. The site is expected to comply with US FDA, EMA and NMPA good manufacturing practice ("GMP") standards to meet demands in both China and the global market.

PRODUCT PIPELINE

The following table summarizes our pipeline and the development status of each drug candidate as of the date of this interim report:

	Molecule (Modality)	Partner	Commercial Right (In-licensing time)	Indication	IND Approval	China Ph3 / Pivotal		Clinical Status	
						Planning	Enrollment	Global	APAC
Oncology	Trodelvy/ Sacituzumab govitecan-hziy (ADC)	GILEAD / Immunomedics	Greater China, South Korea, Mongolia, SE Asia (Apr 2019)	mTNBC (2L)	✓			BLA approved in US	BLA accepted in China with priority review; NDA submitted in Singapore
				HR+ / HER2- (3L)	✓			Phase 3	
				mUC (2/3L)	✓			BLA approved in US	Seek BLA approval based on US approval
				Asia basket trial	✓			Phase 2	
				NSCLC (2L)				Phase 3	
				mTNBC (1L)				Phase 2	
	FGF401 (Small Molecule)	NOVARTIS	Worldwide (Jun 2018)	HCC	✓			Phase 1/2	
Immunology	Etrasimod (Small Molecule)	ARENA	Greater China, South Korea (Dec 2017)	Ulcerative Colitis	✓			Phase 3	China, South Korea and Taiwan included in multi-regional trial
				Other autoimmune disease (CD and AD)				Phase 2/3[1]	
Cardio-renal	Nefecon (Small Molecule)	calliditas	Greater China, Singapore (Jun 2019)	IgA nephropathy	✓			Phase 3	NDA filed in US and EU
	Ralinepag (Small Molecule)	United Therapeutics	Greater China, South Korea (Dec 2017)	PAH	✓			Phase 3	
	XNW1011 (Small Molecule)	Sinovent / SINOMAB	Worldwide (Sep 2021)	Renal disease				Phase 2	
Infectious Disease	PTX-COVID-19-B and other COVID-19 vaccines	PROVIDENCE	Greater China, Southeast Asia and Pakistan (Sep 2021)	COVID-19				Phase 2/3	
	Xerava (eravacycline) (Small Molecule)	La Jolla / TETRAPHASE	Greater China, South Korea, SE Asia (Feb 2018)	cIAI	✓			NDA approved in US, EU and Singapore	NDA approved in Singapore; NDA filed and accepted in China
				CABP	✓			Phase 3	
	Taniborbactam (Small Molecule)	VenatoRX	Greater China, South Korea, SE Asia (Sep 2018)	cUTI	✓			Phase 3	
	SPR206 (Small Molecule)	SPERO THERAPEUTICS	Greater China, South Korea, SE Asia (Jan 2019)	Gram negative infections				Phase 1	

Abbreviations: mTNBC = metastatic triple-negative breast cancer; HR+/HER2- = hormone receptor-positive/human epidermal growth factor receptor 2-negative; mUC = metastatic urothelial cancer; NSCLC = non-small cell lung cancer; HCC = hepatocellular carcinoma; CD = Crohn's disease; AD = atopic dermatitis; IgA = immunoglobulin A; PAH = pulmonary arterial hypertension; COVID-19 = coronavirus disease 2019; cIAI = complicated intra-abdominal infections; CABP = community-acquired bacterial pneumonia cUTI = complicated urinary tract infections; IND = investigational new drug; BLA = biologics license application; NDA = new drug application; 1L = first-line of treatment; 2L = second-line of treatment; 3L = third-line of treatment; SE Asia = Southeast Asia; US = United States; EU = European Union; Greater China = PRC, Hong Kong SAR, Macau SAR and Taiwan.

Note:

(1) Arena is conducting a phase 2/3 program for CD and is planning to initiate a phase 3 development program for AD.

Business Review

Sacituzumab govitecan-hziy

- Development achievements during the Reporting Period:

  — On 17 May 2021, the China NMPA accepted for review the Company's BLA for sacituzumab govitecan-hziy, an investigational therapy for the treatment of second-line metastatic TNBC. Subsequently, sacituzumab govitecan-hziy was granted priority review by the CDE of China NMPA.

  — The MFDS in South Korea granted orphan drug designation and fast track designation to sacituzumab govitecan-hziy in metastatic TNBC in May 2021.

  — Our partner Gilead received full approval from the US FDA for sacituzumab govitecan-hziy (Trodelvy™) for the treatment of adult patients with second-line metastatic TNBC in April 2021. The approval is supported by data from the phase 3 ASCENT study. In this study, Trodelvy™ demonstrated a statistically significant and clinically meaningful 57% reduction in the risk of disease worsening or death (progression-free survival ("PFS")), extending the median PFS to 4.8 months from 1.7 months with chemotherapy (HR: 0.43; 95% CI: 0.35–0.54; p<0.0001). Trodelvy™ also extended the median overall survival ("OS") to 11.8 months vs. 6.9 months (HR: 0.51; 95% CI: 0.41–0.62; p<0.0001), representing a 49% reduction in the risk of death. The most frequent Grade ≥3 adverse reactions for sacituzumab govitecan-hziy compared to single-agent chemotherapy in the study were neutropenia (52% vs. 34%), diarrhea (11% vs. 1%), leukopenia (11% vs. 6%) and anemia (9% vs. 6%). Adverse reactions leading to treatment discontinuation occurred in 5% of patients receiving sacituzumab govitecan-hziy. The Trodelvy™ U.S. Prescribing Information has a BOXED WARNING for severe or life-threatening neutropenia and severe diarrhea.

- In April 2021, our partner Gilead received accelerated approval from the US FDA for sacituzumab govitecan-hziy for the treatment of adult patients with locally advanced or mUC who have previously received a platinum-containing chemotherapy and either a programmed cell death protein-1 ("PD-1") or a programmed death-ligand 1 ("PD-L1") inhibitor. The accelerated approval was based on data from the phase 2, single-arm TROPHY study of 112 patients, which found that Trodelvy™ achieved a 27.7% overall response rate with a 7.2-month median duration of response. Continued approval for this indication is contingent upon verification and description of clinical benefit in a confirmatory trial.

- On 6 January 2021, the CDE of the China NMPA approved a CTA for sacituzumab govitecan-hziy for the treatment of patients with mUC. With this CTA, we plan to enroll patients in China as part of the phase 3, global, multicenter, open-label randomized controlled TROPiCS-04 trial. The trial will evaluate sacituzumab govitecan-hziy compared with standard of care chemotherapeutic options in subjects with metastatic or locally advanced unresectable urothelial cancer who have progressed after prior therapy with a platinum-based regimen and PD-1/PD-L1 therapy.

- A phase 3 Asia study was initiated, which is designed to assess and compare the efficacy and safety of sacituzumab govitecan-hziy versus treatment of physician's choice in Asian patients with HR+/HER2- mBC who have failed at least two prior chemotherapy regimens. The trial will enroll approximately 330 HR+/HER2- mBC patients in Greater China and South Korea. The study is currently ongoing.

- On 31 March 2021, the CDE of the China NMPA approved a CTA for a phase 2 basket trial for a variety of cancers with high TROP-2 expression. The trial is designed to evaluate sacituzumab govitecan-hziy in 180 patients with relapse/refractory esophageal squamous cell carcinoma, gastric cancer, and cervical cancer at select sites in China.

- On 6 January 2021, we submitted an NDA to the HSA of Singapore for sacituzumab govitecan-hziy for the treatment of patients with metastatic TNBC, and the indication was subsequently amended to second-line metastatic TNBC.

• Post-Reporting Period (expected) milestones and achievements:

- On 26 August 2021, the first person has been dosed in China as part of the global phase 3 registration trial, TROPiCS-04, in mUC.

- On 29 July 2021, the Taiwan FDA granted pediatric and rare severe disease priority review designation for sacituzumab govitecan-hziy, an investigational treatment for adult patients with second-line metastatic TNBC.

- In the second half of 2021, we expect to read out topline results of a phase 2b China registrational clinical trial for metastatic TNBC, EVER-132-001, and submit a BLA for sacituzumab govitecan-hziy for metastatic TNBC in Taiwan and South Korea. The initiation of our phase 2 Asia basket trial for a variety of cancers with high TROP-2 expression is expected in the second half of 2021 as well.

- The Company expects to receive a BLA approval for sacituzumab govitecan-hziy for the treatment of second-line metastatic TNBC in the first half of 2022.

- Our partner Gilead anticipates PFS data readout from its global phase 3 TROPiCS-02 study for HR+/HER2- mBC and providing an update on the phase 2 TROPiCS-03 basket study, particularly in NSCLC in the second half of 2021.

Nefecon

- Development achievements during the Reporting Period:

  - Chinese patient enrollment into the NefIgArd phase 3 global registrational study evaluating Nefecon as a treatment for IgAN was completed.

  - Our partner Calliditas submitted an NDA to the US FDA for Nefecon for the treatment of primary IgAN on 15 March 2021 and was granted priority review on 28 April 2021. The NDA submission is based on positive data from part A of the NefIgArd pivotal phase 3 study, which achieved its primary endpoint of proteinuria reduction compared to placebo. The primary endpoint analysis showed a 31% mean reduction in the 16 mg arm versus baseline, with placebo showing a 5% mean reduction versus baseline, resulting in a 27% mean reduction at 9 months ($p = 0.0005$) of the 16 mg arm versus placebo. The trial also met the key secondary endpoint, showing a statistically significant difference in estimated glomerular filtration rate or eGFR after 9 months of treatment with Nefecon compared to placebo. Nefecon was also generally well-tolerated, and the safety profile was in keeping with the phase 2b results and consistent with the known safety profile of budesonide.

  - Our partner Calliditas was granted Accelerated Assessment procedure for Nefecon for the treatment of IgAN from the EMA on 23 April 2021, followed by a MAA submission to the EMA on 28 May 2021. If approved, Nefecon could be available to patients in Europe in the first half of 2022.

- Post-Reporting Period (expected) milestones and achievements:

  - We expect to read out proteinuria data from the global phase 3 NefIgArd study in Chinese patients who were treated with Nefecon, and submit an NDA to the China NMPA in the first half of 2022.

Eravacycline

- Development achievements during the Reporting Period:
  - The China NMPA accepted an NDA for eravacycline for the treatment in cIAI in China in March 2021.
- Post-Reporting Period (expected) milestones and achievements:
  - The CDE of the NMPA approved a CTA for eravacycline for the treatment of CABP in August 2021.
  - We expect NDA approval for eravacycline for the treatment in cIAI in China in the first half of 2022.

Other clinical-stage assets

- Development achievements during the Reporting Period:
  - Ralinepag is a next-generation, potent, selective oral IP prostacyclin receptor agonist being developed for the treatment for pulmonary arterial hypertension ("PAH"). We continue to progress our phase 3 registrational trial for PAH in China as part of a global phase 3 study conducted together with our partner United Therapeutics.
- Post-Reporting Period (expected) milestones and achievements:
  - We plan to initiate a phase 2 clinical trial for FGF401 for the treatment of FGF19 amplified hepatocellular carcinoma patients in China in the second half of 2021.
  - We are conducting a phase 3 study for etrasimod for the treatment of moderate-severe ulcerative colitis ("UC"), which is expected to complete enrollment in the first half of 2022.
  - Our partner Arena Pharmaceuticals, Inc. expects to read out topline data from both ELEVATE UC 12 and ELEVATE UC 52 with etrasimod in the first quarter of 2022 as well as data from the phase 2/3 CULTIVATE sub-study, a dose-ranging study of etrasimod for Cohn's disease, in the second quarter of 2022.
  - We expect to announce topline results of the phase 3 global clinical trial for taniborbactam for complicated urinary tract infections ("cUTI") in the first quarter of 2022.
  - We expect to initiate a phase 1 study of SPR206 in the second half of 2021.

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

Business Development

On 13 September 2021, the Company entered two separate definitive agreements with Providence, a clinical stage biotechnology company developing mRNA therapeutics and vaccines, to (i) license rights to Providence's mRNA COVID-19 vaccine candidates in Asia emerging markets, including Greater China, Southeast Asia and Pakistan, and (ii) establish a broad, strategic partnership to develop mRNA products globally leveraging Providence's cutting-edge mRNA Platform. The transaction enables the Company to gain access to a clinically-validated mRNA platform and a potentially best-in-class mRNA COVID-19 vaccine with full technology transfer, and enter into a 50/50 worldwide collaboration to jointly develop two additional products by leveraging Providence's cutting-edge mRNA technology. The collaboration also accelerates the expansion of our discovery capabilities and enables us to develop additional mRNA-based products with global rights.

On 16 September 2021, the Company entered into an exclusive licensing agreement with Sinovent and SinoMab to develop, produce and commercialize XNW1011, a covalent reversible BTK inhibitor, globally for the treatment of renal diseases. This important partnership with Sinovent and SinoMab not only solidifies our leadership in developing novel therapies to combat renal disease, but also underscores our transition to developing novel therapies for the global market by leveraging the vast patient population in Greater China and Asia.

Our business development team continues to actively work on a number of licensing, research collaboration and partnership transactions across our therapeutic areas of focus, and we expect to aggressively pursue value accretive and strategic deal to broaden our pipeline and complement our internal discovery initiatives.

Commercialization

We continue to build out our commercial organization and internal infrastructure to support our long-term commercial capabilities. Our commercial team has been developing an integrated commercialization plan that covers branding, pricing strategy and market access, which will ensure market readiness and build advocacy among key opinion leaders, healthcare professionals and other key stakeholders. We recently established strategic collaborations with key industry partners, including Tencent Holdings Limited, Medbanks Health Technology Co., Ltd and MediTrust Health Co., Ltd., to explore innovative ways to improve drug access and to reduce economic burden to patients through digital marketing, patients access and reimbursement solutions. The Company does not intend to develop a payment solution business. Rather, it is working with strategic partners to explore innovative payment solutions that enable greater access and affordability to the Company's therapeutics for patients in China. With respect to international expansion, we hired general managers based in South Korea, Taiwan and Singapore to roll-out the local commercial plans.

Other Key Corporate Development

- On 18 February 2021, we appointed Kevin Guo as our chief commercial officer. Mr. Guo has more than 22 years of commercial leadership and business management experience across a number of multinational pharmaceutical companies. Under Mr. Guo's leadership, we continue to remain focused on advancing our work across four strategic pillars to launch strategy formulation, develop commercial capabilities, embrace and deploy innovative solutions, and expand our international footprint.

- In July 2021, the Company established key strategic partnerships with Tencent Holdings Limited, Medbanks Health Technology Co., Ltd and MediTrust Health Co., Ltd. to explore innovative tools in digital marketing, patients' access to novel medicines and payment solution. These are just first steps to achieving our strategic commercial goals of delivering a differentiated omni-channel approach to better engage with healthcare providers, payors and patients.

- On 15 April 2021, we appointed Dr. Jennifer Yang as our chief scientific officer, whose deep expertise in drug discovery and translational medicine will help the Company establish a robust discovery organization that contributes to the strategic expansion of our clinical development pipeline.

- Effective 18 June 2021, the Company's stock was included as a constituent stock of the Small Cap Index, FTSE All-Cap Index and FTSE Total-Cap Index in the FTSE Global Equity Index Series.

- Effective 15 March 2021, the Company was selected as a constituent stock of the Hang Seng Composite Index, the Hang Seng Healthcare Index and the Hang Seng Hong Kong-Listed Biotech Index in accordance with the latest index series released by Hang Seng Indexed Company Limited. At the same time, the Company became eligible for Southbound Trading under the Stock Connect Scheme, which is a channel that facilitates stock trading and investment between Hong Kong and a broader base of Chinese investors.

Future Development

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

Looking ahead, we are preparing NDA submissions of sacituzumab govitecan-hziy in second-line metastatic TNBC in South Korea and Taiwan in the second half of 2021. We will endeavor to work with our partner Gilead on the expansion of new indications for sacituzumab govitecan-hziy in mUC, HR+/HER2- mBC, NSCLC and other high TROP-2 expression cancers. For our cardio-renal drug candidate Nefecon, we anticipate topline results from the phase 3 NefIgArd trial in Chinese IgAN patients and subsequently NDA filing in China in 2022. In addition, we are initiating a phase 3 trial of eravacycline for the treatment of CABP in the second half of 2021.

We will keep expanding our innovative drug portfolio in areas of high unmet medical needs through in-licensing and building of organic discovery capabilities. We are actively building our discovery team by recruiting experienced talents in drug discovery and translational medicines, and exploring new modalities and technology platforms to accelerate our discovery efforts. Our new research laboratory in Zhangjiang, Shanghai is expected to be fully operational in the first quarter of 2022. Business development efforts are ongoing as we continue to identify assets and technologies that complement to our existing portfolio and offer opportunities for commercial synergy, as well as potential share of global economics.

We will continue to build our commercial infrastructure with deep expertise in sales, marketing, medical affairs, market access strategies, distribution & key accounts across therapeutic areas to support our upcoming commercial launch of Trodelvy™ and Xerava™.

In addition, we are building our own GMP/Good Supply Practice manufacturing facilities in China to facilitate local manufacturing. Phase 1a of the facility construction including quality control and office building is expected to be completed in 2022 and phase 1b containing production, repackaging, and warehouse is expected to be completed in 2023.

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

	Six Months Ended 30 June	
	2021	2020
	(RMB in thousands)	
General and administrative expenses	**(107,428)**	(101,316)
Research and development expenses	**(250,774)**	(161,025)
Distribution and selling expenses	**(42,098)**	(9,160)
Other income	**2,213**	943
Other losses — net	**(8,175)**	(184)
Operating loss	**(406,262)**	(270,742)
Finance income/(costs) — net	**26,519**	(17,862)
Fair value change in financial instruments issued to investors	**(3,365)**	(334,927)
Loss before income tax	**(383,108)**	(623,531)
Income tax expense	**—**	—
Loss for the period attributable to the equity holders of the Company	**(383,108)**	(623,531)
Other comprehensive income	**567,256**	282,627
Total comprehensive income/(loss) for the period attributable to the equity holders of the Company	**184,148**	(340,904)
Non-IFRS measure:		
Adjusted loss for the period	**(303,115)**	(245,852)

1. Overview

For the six months ended 30 June 2021, the Group recorded a loss of RMB383.1 million. The general and administrative expenses were RMB107.4 million for the six months ended 30 June 2021 as compared with RMB101.3 million for the six months ended 30 June 2020. The R&D expenses of the Group were RMB250.8 million for the six months ended 30 June 2021, as compared with RMB161.0 million for the six months ended 30 June 2020. The distribution and selling expenses were RMB42.1 million for the six months ended 30 June 2021 as compared with RMB9.2 million for the six months ended 30 June 2020.

2. Revenue

For the six months ended 30 June 2021 and the six months ended 30 June 2020, the Group has not commercialized any products and therefore has not recorded any revenue.

3. Research and Development Expenses

The Group's R&D expenses increased from RMB161.0 million for the six months ended 30 June 2020 to RMB250.8 million for the six months ended 30 June 2021. The increase was primarily attributable to (i) additional clinical trials of our drug candidates; (ii) expansion of our R&D team; and (iii) the establishment of an internal discovery team to build in-house R&D capability.

4. Distribution and Selling Expenses

The Group's distribution and selling expenses increased from RMB9.2 million for the six months ended 30 June 2020 to RMB42.1 million for the six months ended 30 June 2021. The increase was primarily attributable to the build up of a commercial team and pre-launch activities carried out for upcoming products commercialization.

5. General and Administrative Expenses

The Group's general and administrative expenses increased from RMB101.3 million for the six months ended 30 June 2020 to RMB107.4 million for the six months ended 30 June 2021. The increase was primarily attributable to the increase in employee remuneration in connection with organization expansion.

6. Other Income

Other income increased from RMB0.9 million for the six months ended 30 June 2020 to RMB2.2 million for the six months ended 30 June 2021. The increase was primarily attributable to government grants received.

7. Other Losses — Net

Other losses increased from RMB0.2 million for the six months ended 30 June 2020 to losses of RMB8.2 million for the six months ended 30 June 2021. The increase was primarily attributable to foreign exchange losses from operating activities.

8. Operating Loss

The operating loss of the Group increased from RMB270.7 million for the six months ended 30 June 2020 to RMB406.3 million for the six months ended 30 June 2021. The increase was primarily attributable to (i) employee remuneration increases in connection with organization expansion; (ii) expanded research and development activities; and (iii) commencement of commercial activities.

9. Finance Income/(Costs) — Net

The Group's finance income for the six months ended 30 June 2021 was RMB26.5 million, compared to finance costs for the six months ended 30 June 2020 were RMB17.9 million. Such change was primary attributable to interest income on bank balances and net exchange gains from foreign currency borrowings.

10. Fair Value Change in Financial Instruments Issued to Investors

The Group recorded a loss from fair value change of financial instruments issued to investors of RMB3.4 million for the six months ended 30 June 2021 and RMB334.9 million for the six months ended 30 June 2020. Apart from the preferred shares issued by our subsidiary, EverNov Medicines Limited ("EverNov"), all of the Group's preferred shares were converted to ordinary shares upon the IPO of the Company, the loss from fair value change of financial instruments issued to investor for the six months ended 30 June 2021 are due to the increase in per share fair value of preferred shares issued by EverNov.

11. Income Tax Expense

For the six months ended 30 June 2021 and 2020, the Group did not incur any income tax expense, as the Group did not generate any taxable income in both periods.

12. Loss for the Period Attributable to the Equity Holders of the Company

The loss for the six months attributable to equity holders of the Company decreased from RMB623.5 million for the six months ended 30 June 2020 to RMB383.1 million for the six months ended 30 June 2021. Such change was primarily attributable to the decrease in loss from fair value change of financial instruments issued to investors.

13. Other Comprehensive Income

Other comprehensive income increased from RMB282.6 million for the six months ended 30 June 2020 to RMB567.3 million for the six months ended 30 June 2021, primarily attributable to the increase in income from fair value change of financial assets at fair value through other comprehensive income. The Group has equity investments in I-Mab Biopharma ("I-Mab") and the fair value of this investment is measured based on quoted market share price of I-Mab with fair value change recorded in other comprehensive income. The increase was primarily attributable to the significant increase of market share price of I-Mab for the six months ended 30 June 2020.

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

As a result of the foregoing, the Group's income for the six months ended 30 June 2021 was RMB184.1 million, compared to a loss for the six months ended 30 June 2020 was RMB340.9 million.

15. Non-IFRS Measure

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

Adjusted loss for the six months represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes in financial instruments issued to investors and share-based compensation expenses. The term adjusted loss for the six months period is not defined under the IFRS. The use of this non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this measure is a reflection of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extend applicable.

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

	Six Months Ended 30 June	
	2021	2020
	(RMB in thousands)	
Loss for the period attributable to the equity holders of the Company	**(383,108)**	(623,531)
Added:		
Loss on fair value changes in financial instruments issued to investors	**3,365**	334,927
Share-based compensation expenses	**76,628**	42,752
Adjusted loss for the period	**(303,115)**	(245,852)

16. Liquidity and Source of Funding

As of 30 June 2021, the Group's cash and cash equivalents were RMB3,971.0 million, which primarily resulted from proceeds from external financing and IPO.

As of 30 June 2021, the current assets of the Group were RMB4,003.2 million, including bank balances and cash of RMB3,971.0 million and prepayments and other current assets of RMB32.2 million. As of 30 June 2021, the current liabilities of the Group were RMB132.5 million, including trade payables of RMB108.8 million, lease liabilities of RMB23.2 million and amounts due to related parties of RMB0.4 million. As of 30 June 2021, the Group has borrowings from Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe") of RMB351.8 million.

Details of cash and cash equivalents and borrowings are set out in Note 21 and Note 24 to the consolidated financial statements respectively.

17. Operating Activities

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

Net cash used in our operating activities for the six months ended 30 June 2020 was RMB219.9 million. Our net loss was RMB623.5 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) fair value changes of financial instruments in the amount of RMB334.9 million and (ii) share-based compensation to employees in the amount of RMB42.8 million.

18. Investing Activities

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

Net cash used in investing activities for the six months ended 30 June 2020 was RMB473.5 million, primarily attributable to purchase of intangible assets of RMB470.8 million mainly in connection with our milestone payment for sacituzumab govitecan-hziy and nefecon.

19. Financing Activities

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

Net cash generated from financing activities for the six months ended 30 June 2020 was RMB2,255.0 million, primarily attributable to proceeds received from Series C financing.

20. Key Financial Ratios

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

	As of 30 June	
	2021	2020
Current ratio[1]	**30.22**	24.06
Gearing ratio[2]	**N/A**	N/A

Notes:

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

2. Gearing ratio is calculated using interest-bearing borrowings divided by total equity. As of 30 June 2021, the Group was in a net cash position and thus, gearing ratio is not applicable.

21. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 percent or more of the Company's total assets as of 30 June 2021) during the six months ended 30 June 2021.

22. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 June 2021.

23. Future Plans for Material Investments or Capital Asset

Save as disclosed in this interim report, the Group did not have detailed future plans for material investments or capital assets.

The construction of quality control building of Jiashan manufacturing facility is ongoing and we will continue the build out of the facility in 2021.

24. Pledge of Assets

As of 30 June 2021, the land for our Jiashan manufacturing facility has been pledged to Jiashan Shanhe.

25. Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2021.

26. Foreign Exchange Exposure

The Company's functional currency is United States Dollars and the functional currency of the Company's subsidiaries in China is RMB. During the six months ended 30 June 2021, the Group mainly operated in China and the majority of the transactions were settled in RMB, the same as the functional currency of the operating entities. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. As of 30 June 2021, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2021.

27. Employees and Remuneration

As of 30 June 2021, we employed a total of 227 full-time employees, with 215 based in Greater China, 9 based in the United States, 1 based in France, 1 based in Singapore and 1 based in South Korea, including a total of 33 employees with a Ph.D. degree or an M.D. degree.

The following table sets forth a breakdown of our employees by function as of 30 June 2021:

Function	Number	% of Total
Clinical Development	109	48.0
Business Development	5	2.2
Commercialization	44	19.4
Operations, Administrative and Others	69	30.4
Total	**227**	**100.0**

The total remuneration cost incurred by the Group for the six months ended 30 June 2021 was RMB212.6 million, as compared to RMB137.6 million for the six months ended 30 June 2020.

The remuneration of the employees of the Group comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training, details of which are further set out in the "Environmental, Social and Governance Report" in the 2020 annual report of the Company published on 29 April 2021.

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

Save as disclosed in this interim report, no other material changes on the remuneration polices, bonus and share option schemes and training schemes of the Group from those disclosed in the 2020 annual report.

Corporate Governance and Other Information

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions as set out in the CG Code during the Reporting Period.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE

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

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021 and has met with the independent auditor, PricewaterhouseCoopers. The audit committee has also reviewed the accounting policies and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters with senior management members of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

USE OF PROCEEDS FROM GLOBAL OFFERING

On 9 October 2020, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering were approximately HK$3,795 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. The Company will gradually apply the unutilised net proceeds in the manner set out in the Prospectus.

Set out below is the status of use of proceeds from the global offering as of 30 June 2021.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2020 (HK$ million)	Unutilised for the year ended 31 December 2020 (HK$ million)	Utilised for the six months ended 30 June 2021 (HK$ million)	Unutilised amount as of 30 June 2021 (HK$ million)
Funding ongoing and planned clinical trials, preparation for registration filings and other steps or activities related to commercialization of eravacycline	15%	569	22	547	53	494
Funding ongoing and planned clinical trials, preparation for registration filings and other steps or activities related to commercialization of etrasimod	15%	569	13	556	71	485
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of sacituzumab govitecan-hziy	20%	759	13	746	230	516
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of nefecon	10%	380	43	337	55	282
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of other drug candidates in our pipeline	15%	569	31	538	51	487

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2020 (HK$ million)	Unutilised for the year ended 31 December 2020 (HK$ million)	Utilised for the six months ended 30 June 2021 (HK$ million)	Unutilised amount as of 30 June 2021 (HK$ million)
Funding our business development activities and the expansion of our drug pipeline	15%	569	0	569	9	560
Working capital and general and administrative purposes	10%	380	49	331	86	245
Total	**100%**	**3,795**	**171**	**3,624**	**555**	**3,069**

DIVIDENDS

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2021.

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

As of 30 June 2021, the interests and short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[5]	Long position/ Short position
Mr. Wei Fu[1]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	131,872,215	44.29%	Long position
Dr. Kerry Levan Blanchard[2]	Beneficial owner	3,250,000	1.09%	Long position
Mr. Ian Ying Woo[3]	Beneficial owner	110,000	0.04%	Long position
Mr. Xiaofan Zhang[4]	Beneficial owner	2,353,902	0.79%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd. while TF Capital, Ltd. and TF Capital II, Ltd. ("TF Capital II") jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. The controlling shareholder of C-Bridge IV Investment Two Limited is C-Bridge Healthcare Fund IV, L.P. ("CBH IV") and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its General Partner C-Bridge Capital GP IV, Ltd. ("CBC IV"). The controlling shareholder of CBC IV is TF Capital IV, Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Value Creation Limited. C-Bridge Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.

(2) Mr. Kerry Levan Blanchard's entitlement to receive up to 3,250,000 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes, subject to the conditions of those options. The exercise price of these options are USD2.26 or USD3.24.

(3) Mr. Ian Ying Woo's entitlement to receive up to 110,000 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes, subject to the conditions of those options. The exercise price of these options is USD2.26.

(4) Mr. Xiaofan Zhang's entitlement to receive up to 2,353,902 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes. The exercise price of these options is USD0.18.

(5) The calculation is based on the total number of 297,718,750 Shares in issue as of 30 June 2021.

Save as disclosed above, as of 30 June 2021, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As of 30 June 2021, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding	Long position/ Short position
VISTRA TRUST (SINGAPORE) PTE. LIMITED[1]	Trustee and other	131,872,215	44.29%	Long position
Nova Aqua Limited[1]	Interest in a controlled corporation	131,872,215	44.29%	Long position
C-Bridge Capital GP IV, Ltd.[1]	Interest in a controlled corporation	53,639,823	18.02%	Long position

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding	Long position/ Short position
C-Bridge Healthcare Fund GP IV, L.P.[1]	Interest in a controlled corporation	53,639,823	18.02%	Long position
C-Bridge Healthcare Fund IV, L.P.[1]	Interest in a controlled corporation	53,639,823	18.02%	Long position
TF Capital IV Ltd.[1]	Interest in a controlled corporation	53,639,823	18.02%	Long position
C-Bridge Capital GP, Ltd.[1][2]	Interest in a controlled corporation	50,000,000	16.79%	Long position
C-Bridge Healthcare Fund GP II, L.P.[1]	Interest in a controlled corporation	50,000,000	16.79%	Long position
C-Bridge Healthcare Fund II, L.P.[1]	Interest in a controlled corporation	50,000,000	16.79%	Long position
C-Bridge Investment Everest Limited[1]	Beneficial owner	50,000,000	16.79%	Long position
TF Capital II Ltd.[1]	Interest in a controlled corporation	50,000,000	16.79%	Long position
TF Capital, Ltd.[2]	Interest in a controlled corporation	50,000,000	16.79%	Long position
Dan Yang[2]	Interest in a controlled corporation	50,000,000	16.79%	Long position
Kang Hua Investment Company Limited[2]	Interest in a controlled corporation	50,000,000	16.79%	Long position
C-Bridge IV Investment Two Limited[1]	Beneficial owner	38,362,045	12.89%	Long position
C-Bridge Value Creation Limited[1]	Interest in a controlled corporation	24,005,392	8.06%	Long position
Anna Inge Leonore Haas Kolchinsky[3]	Interest of spouse	24,274,311	8.15%	Long position
Peter Kolchinsky[3]	Beneficiary of a trust (other than a discretionary interest)	24,274,311	8.15%	Long position
RA Capital Management, L.P.[3]	Investment manager	24,274,311	8.15%	Long position
Everest Management Holding Co., Ltd.[1]	Beneficial owner	24,005,392	8.06%	Long position
RA Capital Healthcare Fund GP, LLC[3]	Interest in a controlled corporation	21,162,033	7.11%	Long position
RA Capital Healthcare Fund, L.P.[3]	Beneficial owner	21,162,033	7.11%	Long position
Wellington Management Group LLP	Investment manager	17,920,790	6.02%	Long position
Wellington Group Holdings LLP [4]	Interest in a controlled corporation	17,920,790	6.02%	Long position
Wellington Investment Advisors Holdings LLP [4]	Interest in a controlled corporation	17,920,790	6.02%	Long position
Janchor Partners Limited	Investment manager	17,421,444	5.85%	Long position
Wellington Management Company LLP [4]	Beneficial owner	16,717,290	5.62%	Long position
C-Bridge IV Investment Nine Limited[1]	Beneficial owner	15,277,778	5.13%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its General Partner is C-Bridge Healthcare Fund GP II, L.P.. The General Partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd. while TF Capital, Ltd. and TF Capital II, Ltd. ("TF Capital II") jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. The controlling shareholder of C-Bridge IV Investment Two Limited is C-Bridge Healthcare Fund IV, L.P. ("CBH IV") and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its General Partner C-Bridge Capital GP IV, Ltd. ("CBC IV"). The controlling shareholder of CBC IV is TF Capital IV, Ltd. which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Value Creation Limited. C-Bridge Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.

(2) TF Capital, Ltd. has controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Capital Limited has controlling interest in TF Capital, Ltd. Mr. Dan Yang is the sole shareholder of Kang Hua Investment Capital Limited.

(3) The investment manager of RA Capital Healthcare Fund, L.P. is RA Capital Management L.P. ("RAC Management"). Mr. Peter Kolchinsky has controlling interest in RAC Management. Ms. Anna Inge Leonore Kolchinsky is Mr. Peter Kolchinsky's spouse. RA Capital Healthcare Fund, GP, LLC is the general partner of RA Capital Healthcare Fund, L.P.

(4) The investment manager of Wellington Group Holdings LLP is Wellington Management Group LLP. Wellington Group Holdings LLP has controlling interests in Wellington Investment Advisors Holdings LLP which in turn has controlling interest in Wellington Management Global Holdings, Ltd. and Wellington Management Company LLP. The sole shareholder of Wellington Management Singapore Pte. Ltd. is Wellington Management Global Holdings, Ltd.

(5) The calculation is based on the total number of 297,718,750 Shares in issue as of 30 June 2021.

Save as disclosed above, as of 30 June 2021, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept under section 336 of the SFO.

PRE-IPO SHARE INCENTIVE PLANS

1. Pre-IPO MSOP

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

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

2. Pre-IPO ESOP

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

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

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

As of 30 June 2021, the Company had share options outstanding under the Pre-IPO Share Schemes to subscribe for an aggregate of 20,267,908 Shares granted to 91 grantees (including Directors, senior management, other connected persons of the Company and other employees of the Company). The exercise price of the share options under the Pre-IPO Share Schemes is between US$0.18 to US$3.24.

The table below shows the details of share options granted under the Pre-IPO Share Schemes as of 30 June 2021:

Name or category of grantee	Date of Grant	Vesting Period	Exercise Price (USD)	Number of Shares underlying options outstanding as of 1 January 2021	Number of options exercised before the Listing Date and the exercise price	Number of options exercised during the Reporting Period and the exercise price	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period and the exercise price	Number of Shares underlying option outstanding as of 30 June 2021
Kerry Levan Blanchard	16 July 2020	4 years[1]	2.26–3.24	3,250,000	–	–	–	–	3,250,000
Ian Ying Woo	16 July 2020	4 years[2]	2.26	110,000	–	–	–	–	110,000
Xiaofan Zhang	6 March 2020; 16 July 2020	4 years[1]	0.18	2,353,902	–	–	–	–	2,353,902
Other 88 individuals	Between 23 November 2017 to 31 July 2020	4 years[1]	0.18–3.24	15,667,274	297,248 (USD0.18–1.21)	777,962 (USD0.18–3.24)	335,306	–	14,554,006

Notes:

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

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

As of 30 June 2021, the Company had RSU with an aggregate of 4,262,747 underlying Shares outstanding pursuant to the Pre-IPO Share Schemes. For further details of the RSU granted under the Pre-IPO ESOP during the Reporting Period, please refer to the announcement published by the Company on 22 June 2021.

POST-IPO SHARE INCENTIVE PLANS

1. Post-IPO Share Option Scheme

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

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

The table below shows the details of share options granted under the Post-IPO Share Option Scheme as of 30 June 2021:

Name or category of grantees	Date of Grant	Vesting Period	Option Term	Exercise Price	Number of Shares underlying options outstanding as of 1 January 2021	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of options cancelled during the Reporting Period	Number of Shares underlying option outstanding as of 30 June 2021	Closing price of the Shares immediately before the date of grant
Employees	6 May 2021	4 years	7 years	HK$67.97	0	776,518	–	–	–	776,518	HK$65.20

For further details of the share options granted under the Post-IPO Share Option Scheme during the Reporting Period, please refer to the announcement published by the Company on 7 May 2021.

2. Post-IPO Share Award Scheme

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

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

The table below shows the details of RSU granted under the Post-IPO Share Award Scheme as of 30 June 2021:

Name or category of grantees	Date of Grant	Number of Shares underlying RSU outstanding as of 1 January 2021	Number of RSU granted during the Reporting Period	Number of RSU vested during the Reporting Period	Number of RSU lapsed during the Reporting Period	Number of Shares underlying RSU outstanding as of 30 June 2021
Employees	6 May 2021; 22 June 2021	0	2,326,433	—	—	2,326,433

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2021, none of our Directors control a business similar to principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

CHANGES IN A DIRECTOR'S INFORMATION

Changes in a Director's information is set out below pursuant to Rule 13.51(B) of the Listing Rules since the date of the 2020 Annual Report:

Name of Director	Details of Change
Mr. Yifan Li	He ceased to be an independent director of Zhejiang Tiantie Industry Co., Ltd. (SZSE: 300587) since April 2021 and Heilongjiang Interchina Water Treatment Co., Ltd. (SSE: 600187) since May 2021. He also ceased to be an independent non-executive director of ZhongAn Online P & C Insurance Co., Ltd. (HKEX: 6060) since July 2021. He has been appointed as chief financial officer of Human Horizons Group Inc. since April 2021.

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 14 July 2021, the Board has resolved to grant a total of 3,173,821 options to 11 grantees under the Post-IPO Share Option Scheme, subject to acceptance by the grantees. None of the grant of options will be subject to approval by the shareholders of the Company. The grant of options enable the Company to attract, retain, incentivize, reward and remunerate the grantees, and encourage them to work towards enhancing the value of the Company.

On the same date, the Company granted 227,042 awards to 2 grantees under the Post-IPO Share Award Scheme, subject to acceptance by the grantees. None of the grant of awards will be subject to approval by the shareholders of the Company, and none of the grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or an associate (as defined in the Listing Rules) of any of them. The Post-IPO Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The Board also resolved to grant 1,371,095 awards to 9 grantees under the Post-IPO Share Award Scheme on 14 July 2021 and to grant 444,400 awards to 4 grantees under the Pre-IPO ESOP, each subject to acceptance by the grantees and the Independent Shareholder's approval at the extraordinary general meeting to be held to consider the grants aforementioned.

In addition, the Company also intends to grant certain number of restricted stock units to C-level management team, subject to the achievement of the applicable stock price target from HK$150 to HK$200 at different times during the period from 1 January 2022 to 31 December 2024.

For further details of the above, please refer to the announcement published by the Company on 15 July 2021.

On 13 September 2021, the Company and Providence entered into (1) the COVID-19 Vaccines License Agreement in respect of the parties' collaboration in the manufacture, development and commercialization of the COVID-19 Vaccines; and (2) the Collaboration and License Agreement in respect of the parties' collaboration in the manufacture, development and commercialization of the Licensed Products. Concurrently and in connection with the Collaboration and License Agreement, on 13 September 2021, the Company and Providence entered into the Share Issuance Agreement, pursuant to which the Company shall issue certain Shares to satisfy the Milestone Payments under the Collaboration and License Agreement and the Share Issuance Agreement.

For further details of the above, please refer to the announcements published by the Company on 13 September 2021 and 14 September 2021.

On 16 September 2021, Everest HK entered into the License Agreement with Sinovent and SinoMab, pursuant to which Sinovent and SinoMab granted Everest HK an exclusive, sublicensable license under the Licensed Technology to develop, manufacture and commercialize XNW1011 (or SN1011 as referred to by the Licensor) and the Licensed Products worldwide for all renal diseases or conditions.

For further details of the above, please refer to the announcement published by the Company on 17 September 2021.

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

Report on Review of Interim Financial Information

To the Board of Directors of Everest Medicines Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 90, which comprises the interim condensed consolidated statement of financial position of Everest Medicines Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income/(loss), the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

OTHER MATTER

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2020. The comparative information for the interim condensed consolidated statements of comprehensive income/(loss), changes in equity and cash flows, and related explanatory notes, for the six-month period ended 30 June 2020 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2021

Interim Condensed Consolidated Statement of Comprehensive Income/(Loss)

For the six months ended 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
General and administrative expenses	6	**(107,428)**	(101,316)
Research and development expenses	6	**(250,774)**	(161,025)
Distribution and selling expenses	6	**(42,098)**	(9,160)
Other income	6, 7	**2,213**	943
Other losses — net	8	**(8,175)**	(184)
OPERATING LOSS		**(406,262)**	(270,742)
Finance income/(cost) — net	10	**26,519**	(17,862)
Fair value change in financial instruments issued to investors	22	**(3,365)**	(334,927)
LOSS BEFORE INCOME TAX		**(383,108)**	(623,531)
Income tax expense	11	**—**	—
LOSS FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		**(383,108)**	(623,531)
OTHER COMPREHENSIVE INCOME/(LOSS):			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Change in foreign currency translation adjustments		**(61,035)**	(15,712)
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	17	**628,291**	298,339
OTHER COMPREHENSIVE INCOME		**567,256**	282,627
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		**184,148**	(340,904)
BASIC LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	13	**(1.31)**	(25.06)
DILUTED LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	13	**(1.31)**	(25.06)

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**28,426**	11,411
Right-of-use assets	15	**109,221**	110,563
Intangible assets	16	**2,029,740**	2,006,056
Investments	17	**1,465,589**	845,697
Other non-current assets	18	**36,564**	7,045
		3,669,540	2,980,772
CURRENT ASSETS			
Prepayments and other current assets	20	**32,190**	15,287
Cash and cash equivalents	21	**3,970,978**	4,481,122
		4,003,168	4,496,409
TOTAL ASSETS		**7,672,708**	7,477,181
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial instruments issued to investors	22	**24,032**	20,880
Lease liabilities	23	**59,140**	58,878
Other non-current liabilities	24	**351,771**	369,438
		434,943	449,196
CURRENT LIABILITIES			
Lease liabilities	23	**23,194**	19,015
Trade and other payables	25	**108,848**	167,459
Amounts due to related parties	30	**436**	440
		132,478	186,914
TOTAL LIABILITIES		**567,421**	636,110

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
EQUITY			
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY			
Share capital	26	**199**	198
Reserves	28	**13,472,598**	13,392,531
Accumulated deficit	28	**(7,299,124)**	(6,916,016)
Accumulated other comprehensive income	28	**931,614**	364,358
TOTAL EQUITY		**7,105,287**	6,841,071
TOTAL EQUITY AND LIABILITIES		**7,672,708**	7,477,181

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

The financial statements on page 34 to 90 were approved by the board of directors on 30 August 2021 and were signed on its behalf.

Kerry Levan Blanchard
Chief Executive Officer

Ian Ying Woo
Presidents & Chief Financial Officer

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 26)	Capital reserve RMB'000 (Note 28)	FVOCI reserve RMB'000 (Note 28)	Exchange reserve RMB'000 (Note 28)	Accumulated deficit RMB'000 (Note 28)	Total equity in deficit RMB'000
Balance at 1 January 2021	198	13,392,531	571,651	(207,293)	(6,916,016)	6,841,071
COMPREHENSIVE INCOME/(LOSS)						
Loss for the period	–	–	–	–	(383,108)	(383,108)
Change in fair value of financial assets at FVOCI	–	–	628,291	–	–	628,291
Foreign currency translation	–	–	–	(61,035)	–	(61,035)
	–	–	628,291	(61,035)	(383,108)	184,148
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Exercise of stock options	1	3,439	–	–	–	3,440
Share-based compensation	–	76,628	–	–	–	76,628
	1	80,067	–	–	–	80,068
Balance at 30 June 2021 (Unaudited)	199	13,472,598	1,199,942	(268,328)	(7,299,124)	7,105,287

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 26)	Capital reserve RMB'000 (Note 28)	FVOCI reserve RMB'000 (Note 28)	Exchange reserve RMB'000 (Note 28)	Accumulated deficit RMB'000 (Note 28)	Total equity in deficit RMB'000
Balance at 1 January 2020	17	443,649	—	(46,897)	(1,257,851)	(861,082)
COMPREHENSIVE INCOME/(LOSS)						
Loss for the period	—	—	—	—	(623,531)	(623,531)
Change in fair value of financial assets at FVOCI	—	—	298,339	—	—	298,339
Foreign currency translation	—	—	—	(15,713)	—	(15,713)
	—	—	298,339	(15,713)	(623,531)	(340,905)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Cancellation of warrants	—	71,806	—	—	—	71,806
Share-based compensation	—	42,752	—	—	—	42,752
	—	114,558	—	—	—	114,558
Balance at 30 June 2020 (Unaudited)	17	558,207	298,339	(62,610)	(1,881,382)	(1,087,429)

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(383,108)**	(623,531)
Adjustments for:			
Depreciation of property, plant and equipment	14	**2,876**	2,135
Depreciation of right-of-use assets	15	**11,109**	7,753
Fair value changes of financial instruments issued to investors	22	**3,365**	334,927
Share-based compensation	27	**76,628**	42,752
Interest income	10	**(10,790)**	(283)
Unrealized foreign exchange losses		**(30,177)**	469
Interest expense	10	**15,599**	7,701
Issuance cost of Series C Convertible Redeemable Preferred Shares financing	10	**—**	10,059
Changes in working capital:			
— Trade and other receivables		**(16,439)**	(3,376)
— Amounts due from related parties		**—**	15,014
— Trade and other payables		**(64,190)**	(3,438)
— Amounts due to related parties		**(4)**	(10,774)
— Other non-current assets		**(4,136)**	378
Interest received	10	**10,737**	283
Net cash used in operating activities		**(388,530)**	(219,931)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(13,813)**	(2,697)
Prepayment for purchase of intangible assets	18	**(25,585)**	—
Purchase of intangible assets		**(43,685)**	(470,843)
Net cash used in investing activities		**(83,083)**	(473,540)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease liabilities		**(7,802)**	(5,611)
Proceeds from issuance of financial instruments to investors		**—**	1,912,000
Proceeds from borrowings	24	**—**	348,590
Proceeds from exercise of stock option	28	**2,974**	—
Net cash (used)/generated from financing activities		**(4,828)**	2,254,979
Effect of exchange rate changes on cash and cash equivalents		**(33,703)**	(9,246)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(510,144)**	1,552,262
Cash and cash equivalents at the beginning of the period		**4,481,122**	106,061
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	**3,970,978**	1,658,323

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

(Expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION

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

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

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

As at 30 June 2021, the Company has direct or indirect interests in the following subsidiaries:

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued and paid up capital	Effective interests held by the Group At 30 June 2021	Effective interests held by the Group At 31 December 2020	Principal activities
Directly held by the Company						
Everest Medicines (US) Limited	The United States of America	15 September 2017	USD500	100%	100%	Business development and administrative office
Everonc Medicines Inc.	British Virgin Islands	19 April 2017	USD50,000	100%	100%	Holding company
EverID Medicines Limited	Cayman Islands	15 February 2018	USD50,000	100%	100%	Holding company
Everstar Therapeutics Inc.	Cayman Islands	31 October 2017	USD50,000	100%	100%	Holding company
Everest Medicines (Singapore) Pte. Limited	Singapore	22 November 2018	USD50,000	100%	100%	International activities
EverNov Medicines Limited ("EverNov")[(a)]	Cayman Islands	14 June 2018	USD50,000	100%	100%	Holding company

(Expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued and paid up capital	Effective interests held by the Group At 30 June 2021	Effective interests held by the Group At 31 December 2020	Principal activities
Directly held by the Company (continued)						
Everest Medicines II Limited ("Everest II")	Cayman Islands	25 November 2019	USD50,000	100%	100%	Holding company
Indirectly held by the Company						
Everonc Medicines Limited	Hong Kong	12 May 2017	HKD10,000	100%	100%	Holding company
EverSun Medicines Limited	Hong Kong	28 February 2018	HKD1	100%	100%	Holding company
Everstar Therapeutics Limited	Hong Kong	3 January 2018	HKD1	100%	100%	Holding company
EverNov Medicines (HK) Limited[(a)]	Hong Kong	13 December 2018	HKD1	100%	100%	Holding company
Everest Medicines II (BVI) Limited	British Virgin Islands	25 November 2019	USD50,000	100%	100%	Holding company
Everest Medicines II (HK) Limited ("Everest II HK")	Hong Kong	25 November 2019	HKD1	100%	100%	Holding company
Everest Medicines (Suzhou) Inc.[(b)(c)]	People's Republic of China ("PRC")	11 October 2017	USD5,000,000	100%	100%	Research and development of innovative therapies

(Expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation	Date of incorporation/ acquisition	Issued and paid up capital	Effective interests held by the Group At 30 June 2021	Effective interests held by the Group At 31 December 2020	Principal activities
Indirectly held by the Company (continued)						
EverID Medicines (Beijing) Limited[b][c]	PRC	30 March 2018	USD5,000,000	100%	100%	Research and development of innovative therapies
Everstar Medicines (Shanghai) Limited[b][c]	PRC	16 April 2018	USD5,000,000	100%	100%	Research and development of innovative therapies
EverNov Medicines (Zhuhai Hengqin) Limited[a][d]	PRC	13 February 2019	USD500,000	100%	100%	Research and development of innovative therapies
Everest Medicines (China) Co., Ltd.[b][e]	PRC	3 April 2020	USD70,000,000	100%	100%	PRC holding company

Notes:

(a) The equity interest legally held by the Company in EverNov and its subsidiaries was 92% as at 30 June 2021 and 31 December 2020. See Note 22(b) for details.

(b) The equity interest legally held by the Company in Everest Medicines (China) Co., Ltd. was 62.96% as at 30 June 2021 and 31 December 2020. See Note 24 for details.

(c) These entities are limited liability company (wholly owned by a foreign invested enterprise).

(d) This entity is a limited liability company (wholly owned by Hong Kong, Macau and Taiwan enterprise).

(e) This entity is a limited liability company (not wholly owned by Hong Kong, Macau and Taiwan enterprise).

2 BASIS OF PREPARATION

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

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") by the Group as set out in the 2020 annual report of the Company dated 29 April 2021 (the "2020 Financial Statements").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2020 Financial Statements, as described in annual financial statements, except for the estimation of income tax (see Note 11) and the adoption of new and amended standards as set out below.

3.1 New and amended standards adopted by the Group

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

(Expressed in thousands of RMB unless otherwise stated)

3 ACCOUNTING POLICIES (CONTINUED)

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

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

Standards	Key requirements	Effective for accounting periods beginning on or after
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IAS 16 (Amendment)	Property, plant and equipment — proceeds before intended use	1 January 2022
IFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
IAS 37 (Amendment)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 1 (Amendment)	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practise Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the 2020 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2020 Financial Statements.

There have been no changes in the risk management policies during the six months ended 30 June 2021.

5.2 Liquidity risk

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

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

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

(Expressed in thousands of RMB unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk (continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
(Unaudited)					
At 30 June 2021					
Trade and other payable	108,848	–	–	–	108,848
Amount due to related parties	436	–	–	–	436
Lease liabilities	23,736	21,203	46,259	–	91,198
	133,020	21,203	46,259	–	200,482
(Audited)					
At 31 December 2020					
Trade and other payable	167,459	–	–	–	167,459
Amount due to related parties	440	–	–	–	440
Lease liabilities	19,523	19,202	47,152	1,504	87,381
	187,422	19,202	47,152	1,504	255,280

5.3 Fair value estimation

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

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

(Expressed in thousands of RMB unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

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

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

The carrying amounts of the financial assets and liabilities, which are measured at amortised cost, approximated their fair value as at 30 June 2021 and 31 December 2020.

The following table presents the Group's assets and liabilities that were measured at fair value at 30 June 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets:				
Investments (Note 17)	**1,433,288**	**—**	**32,301**	**1,465,589**
Liabilities:				
Preferred Shares (Note 22)	**—**	**—**	**24,032**	**24,032**

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2020:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
Assets:				
Investments (Note 17)	813,072	—	32,625	845,697
Liabilities:				
Preferred Shares (Note 22)	—	—	20,880	20,880

(Expressed in thousands of RMB unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

(a) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments or discounted cash flow analysis.

There were no changes in valuation techniques during the six months ended 30 June 2021 and 2020.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2021 and 2020.

The changes in level 3 instruments for the six months ended 30 June 2021 and 2020 are presented in Note 17 and Note 22.

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (Note 9)	**212,645**	137,596
Clinical trial expenses	**113,633**	80,124
Professional expenses	**38,421**	43,113
Office and travelling expenses	**14,071**	4,662
Depreciation	**13,985**	9,888
Others	**7,545**	2,770
Total general and administrative expenses, research and development expenses, distribution and selling expenses and cost of other income	**400,300**	278,153

Research and development expenses primarily consist of (i) fees payable to CROs, investigators and clinical trial sites that conduct our pre-clinical testing and clinical studies, (ii) payroll and other related expenses of research and development personnel, and (iii) costs associated with purchasing raw materials for research and development of our drug candidates.

(Expressed in thousands of RMB unless otherwise stated)

7 OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income from consultancy services (a)	**—**	6,896
Cost of other income (a)	**—**	(6,652)
Government grants	**2,198**	699
Others	**15**	—
	2,213	943

(a) The Group provides consultancy services in the field of business development, clinical development, related platform support and general and administrative supports, to other parties including related parties, as below:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Others	**—**	244

The contract prices are determined based on the actual cost incurred plus a margin. Such income is recognized over time when services are performed and is presented net off related cost in other income.

8 OTHER LOSSES — NET

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange losses on operating activities	**8,024**	85
Others	**151**	99
	8,175	184

(Expressed in thousands of RMB unless otherwise stated)

9 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	**132,140**	93,051
Social security costs and housing benefits	**3,877**	1,793
Share-based compensation (Note 27)	**76,628**	42,752
	212,645	137,596

10 FINANCE (INCOME)/COSTS — NET

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**(10,737)**	(283)
Interest income form loan to a director (Note 18(b))	**(53)**	—
Interest expenses on lease liabilities	**2,126**	1,257
Issuance cost of Series C Convertible Redeemable Preferred Shares financing	**—**	10,059
Net exchange (gains)/losses on foreign currency borrowings	**(31,328)**	385
Interest expenses on borrowings from Jiashan Shanhe	**13,473**	6,444
Finance (income)/costs — net	**(26,519)**	17,862

11 INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2021 is 0% (For 31 December 2020: 0%).

12 DIVIDEND

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

(Expressed in thousands of RMB unless otherwise stated)

13 LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2021 and 2020. In determining the weighted average number of ordinary shares in issue the unvested restricted shares are excluded:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	**(383,108)**	(623,531)
Weighted average number of ordinary shares in issue	**293,514,910**	24,883,772
Basic loss per share (in RMB)	**(1.31)**	(25.06)
Diluted loss per share (in RMB)	**(1.31)**	(25.06)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2021, the Company's potential ordinary shares include share-based awards granted to employees (Note 27) and for the six months ended 30 June 2020, the Company had two categories of potential ordinary shares: convertible redeemable preferred shares and share-based awards granted to employees (Notes 22 and 27). For the six months ended 30 June 2021 and 2020, the potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2021 and 2020 are the same as basic loss per share.

(Expressed in thousands of RMB unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Furniture and fixtures	Leasehold improvement	Construction in progress	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2021					
Cost	734	912	9,983	5,924	17,553
Accumulated depreciation	(265)	(775)	(5,102)	—	(6,142)
Net book amount	469	137	4,881	5,924	11,411
Six months ended 30 June 2021					
Opening net book amount	469	137	4,881	5,924	11,411
Additions	2,684	1,263	5,249	18,654	27,850
Disposals	—	—	—	(7,915)	(7,915)
Depreciation charge	(346)	(174)	(2,356)	—	(2,876)
Currency translation differences	—	(1)	(43)	—	(44)
Closing net book amount	2,807	1,225	7,731	16,663	28,426
At 30 June 2021					
Cost	3,418	2,168	15,146	16,663	37,395
Accumulated depreciation	(611)	(943)	(7,415)	—	(8,969)
Net book amount	2,807	1,225	7,731	16,663	28,426
At 1 January 2020					
Cost	734	959	7,901	—	9,594
Accumulated depreciation	(20)	(511)	(1,338)	—	(1,869)
Net book amount	714	448	6,563	—	7,725
Six months ended 30 June 2020					
Opening net book amount	714	448	6,563	—	7,725
Additions	—	—	2,697	—	2,697
Depreciation charge	(122)	(161)	(1,852)	—	(2,135)
Currency translation differences	—	4	92	—	96
Closing net book amount	592	291	7,500	—	8,383
At 30 June 2020					
Cost	735	970	10,714	—	12,419
Accumulated depreciation	(143)	(679)	(3,214)	—	(4,036)
Net book amount	592	291	7,500	—	8,383

(Expressed in thousands of RMB unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
General and administrative expenses	**756**	1,186
Research and development expenses	**1,682**	949
Distribution and selling expenses	**438**	—
	2,876	2,135

As of 30 June 2021, leasehold improvement includes decoration for the Group's lease of office in Hong Kong and Singapore charged from CBC Group Investment Management, Ltd, a related party, at the amount of RMB2,479 thousand (As of 31 December 2020: RMB2,504 thousand).

(Expressed in thousands of RMB unless otherwise stated)

15 RIGHT-OF-USE ASSETS

	Leased equipment RMB'000 (Unaudited)	Leased properties RMB'000 (Unaudited)	Land use right RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2021				
Cost	**183**	**101,137**	**35,397**	**136,717**
Accumulated depreciation	**(64)**	**(25,972)**	**(118)**	**(26,154)**
Net book amount	**119**	**75,165**	**35,279**	**110,563**
Six months ended 30 June 2021				
Opening net book amount	**119**	**75,165**	**35,279**	**110,563**
Additions	**—**	**10,208**	**—**	**10,208**
Currency translation differences	**—**	**(87)**	**—**	**(87)**
Depreciation charge	**(18)**	**(11,091)**	**(354)**	**(11,463)**
Closing net book amount	**101**	**74,195**	**34,925**	**109,221**
At 30 June 2021				
Cost	**183**	**111,148**	**35,397**	**146,728**
Accumulated depreciation	**(82)**	**(36,953)**	**(472)**	**(37,507)**
Net book amount	**101**	**74,195**	**34,925**	**109,221**
At 1 January 2020				
Cost	183	48,009	—	48,192
Accumulated depreciation	(27)	(9,813)	—	(9,840)
Net book amount	156	38,196	—	38,352
Six months ended 30 June 2020				
Opening net book amount	156	38,196	—	38,352
Additions	—	11,167	—	11,167
Currency translation differences	—	152	—	152
Depreciation charge	(19)	(7,734)	—	(7,753)
Closing net book amount	137	41,781	—	41,918
At 30 June 2020				
Cost	183	54,401	—	54,584
Accumulated depreciation	(46)	(12,620)	—	(12,666)
Net book amount	137	41,781	—	41,918

(Expressed in thousands of RMB unless otherwise stated)

15 RIGHT-OF-USE ASSETS (CONTINUED)

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
General and administrative expenses	**2,921**	5,024
Research and development expenses	**6,496**	2,729
Distribution and selling expenses	**1,692**	—
Construction in progress	**354**	—
	11,463	7,753

16 INTANGIBLE-ASSETS

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

(Expressed in thousands of RMB unless otherwise stated)

16 INTANGIBLE-ASSETS (CONTINUED)

	In-licenses and In-Process Research and Development ("IPR&D") RMB'000 (Unaudited)
At 1 January 2020	
Cost	1,663,449
Accumulated amortisation and impairment	—
Net book amount	1,663,449
Six months ended 30 June 2020	
Opening net book amount	1,663,449
Additions	470,843
Currency translation differences	28,115
Closing net book amount	2,162,407
At 30 June 2020	
Cost	2,162,407
Accumulated amortisation and impairment	—
Net book amount	2,162,407

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

16 INTANGIBLE-ASSETS (CONTINUED)

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

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

Etrasimod

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

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

Ralinepag

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

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

(b) License Agreement with Tetraphase Pharmaceuticals, Inc.

Eravacycline

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

16 INTANGIBLE-ASSETS (CONTINUED)

(b) License Agreement with Tetraphase Pharmaceuticals, Inc. (continued)

Eravacycline (continued)

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

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

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

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

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

(c) Licensing Agreement with Novartis International Pharmaceutical Ltd. ("Novartis")

FGF401

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

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

16 INTANGIBLE-ASSETS (CONTINUED)

(d) Licenses acquired from Everest II

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

Taniborbactam

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

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

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

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

SPR206

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

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

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

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

16 INTANGIBLE-ASSETS (CONTINUED)

(d) Licenses acquired from Everest II (continued)

SPR206 (continued)

In June 2021, the Group made the milestone payment of USD0.75 million (equivalent to RMB4.9 million) to Spero and such payment was capitalised.

IMMU132 (Sacituzumab Govitecan)

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

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

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

Nefecon

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

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

In January 2020, after the acquisition of Everest II, the Group made the milestone payment of USD5 million (equivalent to RMB34.5 million) to Calliditas and such payment was capitalised.

(e) Impairment test

The Group did not perform quantitative impairment test for above intangible assets as at 30 June 2021, because the Group's policy is to perform impairment test annually at 31 December, or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with IAS 36 Impairment of assets. The Group did not identify any indication that the intangible assets would be impaired as at 30 June 2021.

(Expressed in thousands of RMB unless otherwise stated)

17 INVESTMENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Investments in I-Mab — at FVOCI (a)	**1,433,288**	813,072
Investments in Venatorx — at FVTPL (b)	**32,301**	32,625
	1,465,589	845,697

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

As at 31 December 2020, based on quoted market share price of I-Mab, the fair value of this investment was USD124.6 million (equivalent to RMB 813.1 million), which is USD87.6 million (equivalent to RMB571.6 million) higher than the carrying value of USD33.7 million (equivalent to RMB241.5 million), and the difference of RMB571.6 million was recorded in other comprehensive income for the year ended 31 December 2020.

As at 30 June 2021, based on quoted market share price of I-Mab, the fair value of this investment was USD221.9 million (equivalent to RMB1,433.3 million), which is USD97.3 million (equivalent to RMB628.3 million) higher than the carrying value of USD124.6 million (equivalent to RMB805 million), and the difference of RMB628.3 million was recorded in other comprehensive income for the six months ended 30 June 2021.

(b) The Group acquired the investment in Venatorx Pharmaceuticals, Inc. ("Venatorx") through the acquisition of Everest II. Everest II invested in 141,553 Series B convertible preferred stock (Series B Preferred Stock) issued by Venatorx in October 2018. The Series B Preferred Stock is a debt instrument from issuer's perspective as Venatorx cannot prevent deemed liquidation event from happening. Thus, the investment in Venatorx is classified as investment at fair value through profit or loss.

The investment in Venatorx is classified as Level 3 investment and the fair value of this investment is valued by reference to the recent, transaction price in April 2019, when Venatorx issued the same class of shares to a third party investor. During the period from April 2019 to 31 December 2020, the Group assessed whether fair value has changed, considering changes in circumstances such as: the current performance of Venatorx is significantly above or below the expectations at the time of the original investment; market, economic or company specific conditions have significantly improved or deteriorated since the time of the original investment. The result of such consideration provided indications whether the carrying value of the investment should be increased or decreased to represent fair value.

Based on the Group's assessment, there were no changes to the fair value of the investment in Venatorx, at the amount of USD5 million, as of 30 June 2021 and 31 December 2020. The difference of carrying value is due to the foreign currency translation difference of RMB against USD at the date of each balance sheet.

(Expressed in thousands of RMB unless otherwise stated)

18 OTHER NON-CURRENT ASSETS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Prepayment for purchase of intangible assets (Note (a))	**25,840**	—
Loan to a director (Note (b))	**2,203**	2,172
Others	**8,521**	4,873
	36,564	7,045

(a) In May 2021, the Group entered into a commercial supply agreement with Tetraphase, pursuant to which Tetraphase agreed to transfer the manufacturing know-how for the purpose of enabling the continued manufacture of Eravacycline for commercialization in the relevant territory, with total amount of USD5 million.

As of 30 June 2021, the Group made the prepayment of USD4 million (equivalent to RMB25.8 million).

(b) On 2 July 2020, the Company provided a loan to one director of the Company, at the total amount of USD325 thousand. The loan has term of three years and a simple interest rate of 5.0% per annum. The principal and accrued interest will be paid on maturity date.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets	
	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Assets as per statements of financial position		
Amortised cost:		
Prepayments and other current assets, excluding non-financial assets	**1,421**	1,885
Cash and cash equivalents	**3,970,978**	4,481,122
Fair value through profit and loss:		
Investments in Venatorx	**32,301**	32,625
Fair value through other comprehensive income:		
Investments in I-Mab	**1,433,288**	813,072
	5,437,988	5,328,704

(Expressed in thousands of RMB unless otherwise stated)

19 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial assets	
	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Liabilities as per statements of financial position		
Amortised cost:		
Trade and other payables	**108,848**	167,459
Lease liabilities	**82,334**	77,893
Amounts due to related parties	**436**	440
Other non-current liabilities	**351,771**	369,438
Fair value through profit and loss:		
Financial instruments issued to investors	**24,032**	20,880
	567,421	636,110

20 PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Prepayments to suppliers	**21,430**	1,389
Value-added tax recoverable	**8,497**	10,905
Deposits	**1,421**	2,084
Others	**842**	909
	32,190	15,287

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

(Expressed in thousands of RMB unless otherwise stated)

21 CASH AND CASH EQUIVALENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Cash at bank	**3,970,978**	4,481,122
Cash and bank balances denominated in:		
—HKD	**38,169**	3,275,783
—USD	**1,899,372**	1,092,264
—RMB	**2,033,376**	112,960
—SGD	**61**	115
	3,970,978	4,481,122

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current		
Preferred Shares issued by the Company (Note (a))	**—**	—
Preferred Shares issued by EverNov (Note (b))	**24,032**	20,880
Total	**24,032**	20,880

(a) Preferred Shares and warrant issued by the Company

Issuance of Preferred Shares

Prior to 1 January 2019, the Company issued Series A-1, A-2, B-1 and B-2 Convertible Redeemable Preferred Shares to C-Bridge Investment Everest Limited ("C-Bridge") and other investors.

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(a) Preferred Shares and warrant issued by the Company (continued)

Issuance of Preferred Shares (continued)

Series B-3 Convertible Redeemable Preferred Shares

On 25 November 2019, pursuant to an agreement and plan of merger dated as of 16 August 2019, the Company agreed to issue 38,362,045 Series B-3 Convertible Redeemable Preferred Shares to C-Bridge IV Investment Two Limited, the original shareholders of Everest II, as the consideration of the acquisition of Everest II.

Financing from Jiashan Shanhe and issuance of Series C-1 Convertible Redeemable Preferred Shares

On 17 March 2020, the Company entered into an investment agreement and a supplemental agreement with Jiashan Shanhe pursuant to which Jiashan Shanhe subscribed 37% of equity interest in Everest Medicines (China) Co., Ltd. ("Everest China"), a subsidiary established under the Company's wholly owned subsidiary Everest Medicines II (HK) Limited ("Everest II HK"), by making cash contribution in RMB equivalent to USD50 million. Refer to Note 24. In connection with the investment in Everest China, the Company issued a warrant to Jiashan Shanhe which entitles Jiashan Shanhe, at its sole discretion, the right to purchase 11,111,111 Series C-1 preferred shares issued by the Company at the purchase price of USD4.5 per share for an aggregate purchase price of USD50 million. The precondition for Jiashan Shanhe to exercise this warrant is to obtain the necessary approval for its outbound direct investment from relevant PRC authority.

The warrant was exercised by Jiashan Shanhe in May 2020 and the Company issued 13,888,889 Series C-1 Convertible Redeemable Preferred Shares to Jiashan Shanhe for USD50 million (equivalent to RMB353.9 million) consideration, at adjusted conversion price of USD3.6 per share in accordance with lower issuance price of subsequently issued Series C-2 Convertible Redeemable Preferred Shares.

Issuance of Series C-2 Convertible Redeemable Preferred Shares

Further on 29 May 2020, pursuant to a share purchase agreement, the Company agreed to issue 72,222,223 Series C-2 Convertible Redeemable Preferred Shares to several investors at the purchase price of USD3.6 per share for an aggregate purchase price of USD260 million (equivalent to RMB1,854 million). Among it, C-Bridge IV Investment Nine Limited subscribed 15,277,778 Series C-2 Convertible Redeemable Preferred Shares, which was converted from the outstanding convertible notes issued by the Company with the aggregate amount of USD55 million (equivalent to RMB392 million). Series C-2 Convertible Redeemable Preferred Shares were issued to these investors on 3 June 2020. Simultaneously, to facilitate the Company's financing, C-Bridge cancelled Series A-2 Warrants which were previously issued by the Company in 2018 as part of Series A-1 Convertible Redeemable Preferred Shares financing to C-Bridge. The cancelled warrant was considered as shareholder's contribution and was charged to reserves at the fair value right before the cancellation.

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(a) Preferred Shares and warrant issued by the Company (continued)

Significant terms of Preferred Shares

Series A-1 and A-2 Convertible Redeemable Preferred Shares are collectively referred to as "Series A Preferred Shares", Series B-1, B-2 and B-3 Convertible Redeemable Preferred Shares are collectively referred to as "Series B Preferred Shares" , and Series C-1 and C-2 Convertible Redeemable Preferred Shares are collectively referred to as " Series C Preferred Shares". The significant terms of Series A-1, A-2, B-1, B-2, B-3, C-1 and C-2 Convertible Redeemable Preferred Shares (collectively referred to as "Preferred Shares") are summarized below:

Dividends

The holders of Preferred Shares shall be entitled to receive non-cumulative dividends at the rate of 8% per annum when declared by the Company's board of directors.

Redemption

At any time and from time to time on the fifth (5th) anniversary of 8 June 2018, if by then the Company fails to complete a Qualified Public Offering, each holder of the Preferred Shares may require that the Company redeem all or any part of the then outstanding Preferred Shares held by each holder. The redemption price shall be equal to the greater of (i) 100% of the applicable issuance price plus a 12% rate of return or (ii) 100% of the applicable issuance price plus any declared but unpaid dividends thereon up until the redemption. No other securities of the Company shall be redeemed unless and until the Company shall have redeemed all of the Series B Preferred Shares requested to be redeemed. After payment of the applicable redemption price in full on all Series B Preferred Shares to be redeemed, the Company shall redeem all of the Series A Preferred Shares requested to be redeemed.

If the Company fails to redeem any Preferred Shares on due date, the holder of such Preferred Shares shall be entitled to request the Company to pay the unpaid portion of the redemption price (A) by a six-months note, bearing an interest of 12% per annum or (B) by the other terms and mechanisms agreed by the Company and such holder of the Preferred Shares.

Liquidation preference

The holders of Series C Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series B and A Preferred Shares, the holders of Ordinary Shares or any other class or series of shares by reason of their ownership of such shares, the amount equal to 100% of the investment amount of the Series C Preferred Shares, plus any declared or accrued but unpaid dividends on its Series C Preferred Shares (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions).

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(a) Preferred Shares and warrant issued by the Company (continued)

Significant terms of Preferred Shares (continued)

Liquidation preference (continued)

After setting aside or paying in full amount due for the holders of Series C Preferred Shares, the remaining assets of the Company available for distribution, if any, shall be distributed to the holders of Series B and A Preferred Shares, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Ordinary Shares or any other junior class or series of shares by reason of their ownership of such shares, the amount equal to 100% of the investment amount of the Series B and A Preferred Shares, plus any declared or accrued but unpaid dividends on its Series B and A Preferred Shares (as adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions).

If upon the occurrence of a liquidation, dissolution or winding up of the Company, the assets and funds thus distributed among the holders of each Series of Preferred Shares shall be insufficient to permit the payment to such holders of the full Preferred Shares Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of each Series of Preferred Shares in proportion to the Preferred Shares Preference Amount each such holder is otherwise entitled to receive.

Deemed Liquidation Events shall be treated as a liquidation event. "Deemed Liquidation Events" includes any transaction (treating any series of related transactions as a "transaction") involving (a) any sale, disposition, lease or conveyance by the Company of all or substantially all of its assets (including the sale or exclusive licensing of all or substantially all the intellectual property assets of the Company); (b) any merger or consolidation of the Company with or into any other corporation or corporations or other entity or entities or any other corporate reorganization after which the holders of the Company's voting Shares prior to such transaction own or control less than a majority of the outstanding voting shares of the surviving corporation or other entity on account of shares held by them prior to the transaction; or (c) a sale of a majority of the outstanding voting shares of the Company.

Voting rights

Each Preferred Share shall be entitled to the number of votes equal to the number of Ordinary Shares into which such Preferred Shares could be converted.

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(a) Preferred Shares and warrant issued by the Company (continued)

Significant terms of Preferred Shares (continued)

Conversion

The Preferred Shares are convertible, at the option of the holders, into the Company's Ordinary Shares at an initial conversion ratio of 1:1 at any time after the original issuance date subject to adjustment for dilution, included but not limited to stock splits, stock dividends and recapitalization.

In addition, each Preferred Share shall automatically be converted into Ordinary Shares at the then respective effective conversion price upon the closing of a Qualified Public Offering or upon the written consent of holders of at least two-thirds (2/3) of the outstanding Preferred Shares.

Upon the Listing on 9 October 2020, all the Preferred Shares were automatically converted to the Company's Ordinary Shares.

Measurement and subsequent accounting for Preferred Shares

The aforementioned series of Preferred Shares are classified as liabilities as the Company doesn't have the unconditional right to avoid delivery cash or another financial asset. In addition, the Preferred Shares are designated at fair value through profit or loss and initially recognised at fair value.

If the Company's own credit risk results in fair value changes in financial labilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts. During the years ended 31 December 2020 and 2019, the fair value change due to the Company's own credit risk was immaterial.

The Company engaged an independent valuer to determine the fair value of Preferred Shares. The discounted cash flow method was used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the Preferred Shares at 31 December 2019.

	As at 31 December 2019
Discount rate	17%
Discount of lack of marketability	15%~35%
Risk-free interest rate	1.6%
Expected volatility	70%

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(a) Preferred Shares and warrant issued by the Company (continued)

Measurement and subsequent accounting for Preferred Shares (continued)

The Company's Preferred Shares activities during the six months ended 30 June 2020 are summarized below:

	Series A-1 Convertible Redeemable Preferred Shares RMB'000	Series A-2 Convertible Redeemable Preferred Shares RMB'000	Series B-1 Convertible Redeemable Preferred Shares RMB'000	Series B-2 Convertible Redeemable Preferred Shares RMB'000	Series B-3 Convertible Redeemable Preferred Shares RMB'000	Series C-1 Convertible Redeemable Preferred Shares RMB'000	Series C-2 Convertible Redeemable Preferred Shares RMB'000	Total RMB'000
Balance as of 1 January 2020	931,325	75,808	428,455	44,933	966,112	–	–	2,446,633
Issuance	–	–	–	–	–	353,940	1,854,216	2,208,156
Fair value change	154,605	3,279	(39,726)	(2,074)	(32,349)	45,874	248,696	378,305
Currency translation differences	14,934	1,147	6,051	650	14,066	374	(11,707)	25,515
Balance as of 30 June 2020 (Unaudited)	1,100,864	80,234	394,780	43,509	947,829	400,188	2,091,205	5,058,609

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(a) Preferred Shares and warrant issued by the Company (continued)

Warrants

The Series A-2 Warrants issued as part of Series A-1 Convertible Redeemable Preferred Shares financing to C-Bridge were classified as derivative liabilities as the underlying Preferred Shares are puttable financial instruments which contingently redeemable at the option of the holder and Series A-2 Warrants conditionally obligates the Company to ultimately transfer assets. The Warrants were recorded at fair value with changes in fair value recorded in profit or loss.

In June 2020, to facilitate the Company's financing, C-Bridge cancelled the Series A-2 Warrants which was considered as shareholder's contribution and was charged to reserves at the fair value right before the cancellation.

The Company recognized a gain of RMB46 million from the change in fair value of the warrant liability for the six months ended 30 June 2020.

The Warrants are not traded in an active securities market, and as such, with the assistance from an independent valuation firm, the Company estimated their fair value using the binomial option pricing model with the following main assumptions:

	As at 31 December 2019
Stock price of Series A-2 Preferred Shares (USD)	4.27
Dividend yield	0%
Time to maturity	0.9 year
Risk-free interest rate	1.6%
Expected volatility	68%

The Company's warrant liabilities activities during the six months ended 30 June 2020 are summarized below:

	Warrant liabilities RMB'000 (Unaudited)
At 1 January 2020	116,270
Change in fair value	(45,065)
Cancellation	(71,806)
Currency translation differences	601
At 30 June 2020	—

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(b) Preferred Shares issued by EverNov

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

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

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

	As at 30 June 2021	As at 31 December 2020
Discount rate	**16.5%**	16.5%
Discount of lack of marketability	**27%**	27%
Risk-free interest rate	**2.0%**	1.5%
Expected volatility	**82%**	85%

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

(b) Preferred Shares issued by EverNov (continued)

EverNov's preferred share activities during the six months ended 30 June 2021 and 2020 are summarized below:

	EverNov Series A-2 Convertible Preferred Shares RMB'000 (Unaudited)
Balance as of 1 January 2021	**20,880**
Fair value change	**3,365**
Currency translation differences	**(213)**
Balance as of 30 June 2021	**24,032**
Balance as of 1 January 2020	17,300
Fair value change	1,687
Currency translation differences	269
Balance as of 30 June 2020	19,256

(Expressed in thousands of RMB unless otherwise stated)

23 LEASE LIABILITIES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Minimum lease payments due		
— Within 1 year	**23,736**	19,523
— Between 1 and 2 years	**21,203**	19,202
— Between 2 and 5 years	**46,259**	47,152
— Over 5 years	**—**	1,504
	91,198	87,381
Less: future finance charges	**(8,864)**	(9,488)
Present value of lease liabilities	**82,334**	77,893
Portion classified as current liabilities	**23,194**	19,015
Portion classified as non-current liabilities	**59,140**	58,878
Present value of lease liabilities due		
— Within 1 year	**23,194**	19,015
— Between 1 and 2 years	**19,544**	17,659
— Between 2 and 5 years	**39,596**	40,514
— Over 5 years	**—**	705
	82,334	77,893

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

	As at 30 June 2021 % (Unaudited)	As at 31 December 2020 % (Audited)
Lease liabilities	**0.2%–13.71%**	0.2%–13.71%

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

(Expressed in thousands of RMB unless otherwise stated)

23 LEASE LIABILITIES (CONTINUED)

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	**(11,463)**	(7,753)
Interest expense (included in finance costs)	**(2,126)**	(1,257)
Expense relating to short-term leases (included in general and administrative expenses)	**(2,744)**	(2,138)

The total cash outflow for leases for the six months ended 30 June 2021 were RMB7,802 thousand (For the six months ended 30 June 2020: RMB5,611 thousand).

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

As of 30 June 2021, lease liabilities include the Group's lease of office in Hong Kong and Singapore from CBC Group Investment Management, Ltd, a related party, at the amount of RMB2,807 thousand. The lease terms are 21 months and 36 months with monthly rental payment of USD40 thousand and USD19 thousand, respectively.

As at 30 June 2021 and 31 December 2020, the Group leases some office and equipment under irrevocable lease contracts with lease term less than one year and leases of low value assets that have been exempted from recognition of right-of-use assets as permitted under IFRS 16. The future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts are as follows:

	As at 30 June	As at 31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
No later than 1 year	**758**	202

(Expressed in thousands of RMB unless otherwise stated)

24 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Borrowings from Jiashan Shanhe	**351,771**	369,438

As disclosed in Note 22(a), on 17 March 2020, the Company entered into an investment agreement and a supplemental agreement with Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe"), pursuant to which Jiashan Shanhe subscribed 37% of equity interest in Everest Medicines (China) Co., Ltd. ("Everest China"), a subsidiary established under the Company's wholly owned subsidiary Everest Medicines II (HK) Limited ("Everest II HK"), by making cash contribution in RMB equivalent to USD50 million. In addition, the Company transferred all its equity interests in Everest Medicines (Suzhou) Inc., EverID Medicines (Beijing) Limited and Everstar Medicines (Shanghai) Limited to Everest China.

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

(Expressed in thousands of RMB unless otherwise stated)

25 TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables (a)	**28,218**	40,725
Accrual for service fees to contract research organizations ("CRO")	**25,120**	37,823
Payables for service suppliers (a)	**9,388**	34,376
Salary and staff welfare payables	**33,205**	49,357
Payables for property and equipment	**5,580**	—
Payables for individual income tax	**3,610**	3,674
Others	**3,727**	1,504
	108,848	167,459

As at 30 June 2021 and 31 December 2020 , all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

(a) As at 30 June 2021 and 31 December 2020 , the ageing analysis of trade payables and payables for service suppliers based on invoice date are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
— Within 1 year	**37,606**	75,101

(Expressed in thousands of RMB unless otherwise stated)

26 SHARE CAPITAL

Share capital of the Company

	Number of shares	Nominal value of shares in USD
Authorized		
Authorized shares upon incorporation and as at 30 June 2021 and 31 December 2020 (a)	**500,000,000**	**50,000**

	Number of shares	Nominal value of shares in USD	Nominal value of shares in RMB
Issued			
As at 1 January 2021	**293,222,389**	**29,323**	**198,849**
Exercise of stock options	**777,962**	**78**	**504**
As at 30 June 2021 (Unaudited)	**294,000,351**	**29,401**	**199,353**
As at 1 January 2020	25,025,762	2,503	17,121
Issuance of ordinary shares	—	—	—
As at 30 June 2020 (Unaudited)	25,025,762	2,503	17,121

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

27 SHARE-BASED COMPENSATION

(i) Restricted ordinary shares

(a) Restricted shares to management

On 23 November 2017, the Company's board of directors approved the issuance of 3,365,855 Ordinary Shares that are restricted shares to certain management personnel ("Management Shareholders"). Restricted Shares Agreements were signed with these Management Shareholders in consideration of their continuous service for the Company.

The restricted shares issued in 2017 shall be released in accordance with the following schedule: (A) one-third (1/3) of such restricted shares shall be released on the first anniversary of the commencement date of the service of the Management Shareholder for the Company; (B) the remainder of such restricted shares shall be released in twenty-four (24) equal monthly instalments commencing on the first anniversary of the commencement date.

In March 2020, all the Management Shareholders' restricted shares were either vested, forfeited or cancelled and the vested shares were exchanged with shares of Everest Management Holding Co., Ltd. ("Manco"), a shareholder of the Company. As of 30 June 2021, the non-vested shares of Management Shareholders were nil.

(b) Restricted share units to employees

On 31 July 2020, the Company's board of directors approved the issuance of 3,360,000 Ordinary Shares that are restricted share units to certain employees.

On 6 May 2021, the Company's board of directors approved the issuance of 445,076 Ordinary Shares that are restricted share units to certain employees.

On 22 June 2021, the Company's board of directors approved the issuance of 2,958,957 Ordinary Shares that are restricted share units to certain employees.

The restricted share units issued in 2020 and 2021 shall be released in accordance with the following schedule: (A) one-forth (1/4) of such restricted share units shall be released on the first anniversary of the commencement date of the service of the employee for the Company; (B) the remainder of such restricted share units shall be released in thirty-six (36) equal monthly instalments commencing on the first anniversary of the commencement date.

(Expressed in thousands of RMB unless otherwise stated)

27 SHARE-BASED COMPENSATION (CONTINUED)

(i) Restricted ordinary shares (continued)

(b) Restricted share units to employees (continued)

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

	Numbers of shares	Weighted average grant date fair value USD
Non-vested shares at 1 January 2021	**3,328,000**	**2.99**
Forfeited	**(68,456)**	**2.99**
Vested	**(74,397)**	**3.05**
Granted	**3,404,033**	**8.83**
Non-vested shares at 30 June 2021 (Unaudited)	**6,589,180**	**6.01**
Non-vested shares at 1 January 2020	577,530	0.21
Canceled	(24,830)	0.21
Forfeited	(552,700)	0.21
Non-vested shares at 30 June 2020 (Unaudited)	—	—

Share-based compensation expenses for the restricted share units granted in 2021 were measured using the fair value of the Company's ordinary shares of USD7.46 and USD9.04 at the grant date and were recognised in the consolidated statements of comprehensive loss by using graded vesting method over the vesting term.

The share-based compensation expenses for the restricted shares recognized for the six months ended 30 June 2021 were RMB47,777 thousand (For the six months ended 30 June 2020: such expense was insignificant).

As of 30 June 2021, there was RMB213,961 thousand (As of 31 December 2020: RMB60,208 thousand) of unrecognized shared-based compensation expenses related to restricted shares, which is expected to be recognized over a weighted-average period of 2.01 years (As of 31 December 2020: 1.89 years).

(ii) Stock option

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

27 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option (continued)

On 25 December 2018, the board of directors adopted a Stock Option Plan for Employees for issuance of stock options to employee, officer, director, contractor, advisor or consultant of the Group with the maximum aggregate number of 8,080,489 shares reserved. Such plan was amended on 17 February 2020, with restricted ordinary shares also included. ("Stock Option Plan for Employees")

On 17 February 2020, the Company's board of directors approved the modification of exercise price of stock options granted to certain employees. The incremental compensation cost assessed at the date of modification is insignificant and continued to be recognized over the remaining vesting period.

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

According to the Stock Option Plan for Employees, a contractual term of ten (10) years from adoption date, and grants under the Plan vest over a period of four years of continuous service, with one-fourth (1/4) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 12 quarters.

In February and July 2020, as approved by the Company's board of directors, a total of 17,100,788 stock options were granted with vesting conditions of service and performance. The non-market performance condition requires that certain shares will immediately vest upon an IPO in accordance with the Plans and will become restricted to a three-year lock-up period post the IPO. The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 90 consecutive trading days after the IPO and the listing is higher than pre-determined share prices. As of 30 June 2021, certain milestones of the market condition have been reached and the related expense is trued up in the first six months period of 2021.

Under both the Stock Option Plan for Management Shareholders and the Stock Option Plan for Employees, stock options granted are only exercisable upon the occurrence of an initial public offering by the Company.

(Expressed in thousands of RMB unless otherwise stated)

27 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option (continued)

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

	Number of Options Outstanding	Weighted Average Exercise Price USD	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value RMB'000
Outstanding at 1 January 2021	**21,381,170**	**1.03**	**8.87**	**1,078,491**
Granted	**776,518**	**8.75**		
Forfeited	**(335,300)**	**1.99**		
Exercised	**(777,962)**	**0.68**		
Outstanding at 30 Jun 2021 (Unaudited)	**21,044,426**	**1.32**	**8.42**	**1,173,684**
Outstanding at 1 January 2020	7,622,177	0.22	8.28	111,122
Granted	10,742,598	0.32		—
Cancelled	(2,245,902)	0.18		—
Outstanding At 30 June 2020 (Unaudited)	16,118,873	0.28	9.07	309,472

The weighted-average grant date fair value for options granted during the six months ended 30 June 2021 was USD3.33 (equivalent to RMB21.57), computed using Black Scholes model to determine the fair value as of the grant date of 6 May 2021, with the assumptions summarized as follows:

	Six months ended 30 June 2021
Risk-free interest rate	**0.02%~1.58%**
Expected dividend yield	**0%**
Expected volatility	**60.0%**

(Expressed in thousands of RMB unless otherwise stated)

27 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option (continued)

The weighted-average grant date fair value for stock options granted during the year ended 31 December 2020 was USD1.27 (equivalent to RMB8.76) (During the year ended 31 December 2019: USD0.35 (equivalent to RMB2.41)), for stock options subjected to service condition, the Group computed using the binomial option pricing model, with the assumptions (or ranges thereof) in the following table:

	Year ended 31 December 2020
Exercise price (USD)	0.18~3.24
Fair value of the ordinary shares on the date of option grant (USD)	0.54~2.83
Risk-free interest rate	0.39%~1.03%
Expected term (in years)	0%
Expected dividend yield	81.6%~87.6%
Expected volatility	10%
Expected forfeiture rate (post-vesting)	0.18~3.24

For stock options subjected to market condition, the Group used Monte Carlo Simulation model to determine the fair value as of the grant date, with the assumptions summarized as follow:

	Year ended 31 December 2020
Risk-free interest rate	0.5%
Expected dividend yield	0%
Expected volatility	87.0%

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in equity-settled share-based compensation reserve will continue to be held in equity-settled share-based compensation reserve.

The determination of the fair value is affected by assumptions regarding a number of complex and subjective variables.

The share-based compensation expenses for the stock options recognized for the six months ended 30 June 2021 were RMB28,093 thousand (For the six months ended 30 June 2020: RMB32,346 thousand), respectively.

As of 30 June 2021, there were unrecognized shared-based compensation expenses of RMB60,210 thousand (As of 31 December 2020: RMB112,101 thousand) related to stock options.

(Expressed in thousands of RMB unless otherwise stated)

27 SHARE-BASED COMPENSATION (CONTINUED)

(iii) Other share-based compensation arrangements

On 6 March 2020, Manco granted its restricted shares to the Group's directors for their services provided to the Group. The share-based compensation expenses for such restricted shares for the six months ended 30 June 2021 were RMB758 thousand and were pushed down to the Group accordingly (For the six months ended 30 June 2020: RMB11,129 thousand).

28 RESERVES

	Capital reserve RMB'000	FVOCI reserve RMB'000	Exchange reserve RMB'000	Accumulated deficit RMB'000	Total RMB'000
At 1 January 2021	**13,392,531**	**571,651**	**(207,293)**	**(6,916,016)**	**6,840,873**
Loss for the period	**—**	**—**	**—**	**(383,108)**	**(383,108)**
Share-based compensation	**76,628**	**—**	**—**	**—**	**76,628**
Change in fair value of financial assets at FVOCI	**—**	**628,291**	**—**	**—**	**628,291**
Foreign currency translation	**—**	**—**	**(61,035)**	**—**	**(61,035)**
Exercise of stock option	**3,439**	**—**	**—**	**—**	**3,439**
At 30 June 2021 (Unaudited)	**13,472,598**	**1,199,942**	**(268,328)**	**(7,299,124)**	**7,105,088**
At 1 January 2020	443,649	—	(46,897)	(1,257,851)	(861,099)
Loss for the period	—	—	—	(623,531)	(623,531)
Share-based compensation	42,752	—	—	—	42,752
Cancellation of warrants	71,806	—	—	—	71,806
Change in fair value of financial assets at FVOCI	—	298,339	—	—	298,339
Foreign currency translation	—	—	(15,713)	—	(15,713)
At 30 June 2020 (Unaudited)	558,207	298,339	(62,610)	(1,881,382)	(1,087,446)

(Expressed in thousands of RMB unless otherwise stated)

29 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(i) Major non-cash transactions

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value changes of financial instruments	**3,365**	334,927
Cancellation of warrant	**–**	(71,806)
Exercise of stock options	**466**	–
Net addition of right-of-use assets	**10,208**	11,167
	14,039	274,288

(Expressed in thousands of RMB unless otherwise stated)

29 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(ii) Financial liabilities from financing cash flow

	Other non-current liability RMB'000	Preferred shares RMB'000	Lease liabilities RMB'000	Warrants RMB'000	Convertible notes RMB'000	Total RMB'000
At 1 January 2021	**369,438**	**20,880**	**77,893**	**–**	**–**	**468,211**
Financing cash flows out	**–**	**–**	**(7,802)**	**–**	**–**	**(7,802)**
Interest expenses	**13,660**	**–**	**2,126**	**–**	**–**	**15,786**
Non-cash transactions	**–**	**3,365**	**10,208**	**–**	**–**	**13,573**
Foreign currency translation	**(31,327)**	**(213)**	**(91)**	**–**	**–**	**(31,631)**
At 30 June 2021 (Unaudited)	**351,771**	**24,032**	**82,334**	**–**	**–**	**458,137**
At 1 January 2020	–	2,463,933	40,759	116,270	279,048	2,900,010
Financing cash flows in	348,590	1,912,000	–	–	–	2,260,590
Financing cash flows out	–	–	(5,611)	–	–	(5,611)
Interest expenses	6,444	–	1,257	–	–	7,701
Non-cash transactions	–	676,148	11,167	(116,871)	(275,904)	294,540
Foreign currency translation	385	25,784	473	601	(3,144)	24,099
At 30 June 2020 (Unaudited)	355,419	5,077,865	48,045	–	–	5,481,329

30 RELATED PARTY TRANSACTIONS

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

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

30 RELATED PARTY TRANSACTIONS (CONTINUED)

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

CBC Group, mainly comprises C-Bridge Healthcare Fund II, L.P., C-Bridge Investment Everest Limited, C-Bridge II Investment Eight Limited, C-Bridge Healthcare Fund IV, L.P., C-Bridge IV Investment Two Limited, C-Bridge IV Investment Nine Limited Ltd., C-Bridge Capital Investment Management, Ltd. ("C-Bridge Capital"), CBC Group Investment Management, Ltd, C-Bridge Value Creation Limited and Everest Management Holding Co., Ltd. As at 30 June 2021, C-Bridge Healthcare Fund II, L.P. and C-Bridge Healthcare Fund IV, L.P., own 45% of shares in the Group on a collective basis.

Name of related party	Relationship
I-Mab	Significant influence investee held by CBC Group
Everest Medicines II Limited ("Everest II") (Before November 25, 2019)	Controlled by CBC Group before the acquisition of Everest II
Shanghai Kangshida Management Consulting Co., Ltd. (Kangshida)	Entity controlled by CBC Group
Affamed Therapeutics Limited ("Affamed")	Entity controlled by CBC Group
CMAB Biopharma Limited ("CMAB")	Entity controlled by CBC Group
NiKang Therapeutics, Inc. ("NiKang")	Entity controlled by CBC Group after the disposal

Save as disclosed elsewhere in the Notes in this report, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2021 and 2020.

(ii) Transactions

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

(Expressed in thousands of RMB unless otherwise stated)

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Transactions (continued)

(a) Provision of consultancy services to related parties

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
C-Bridge Capital	**—**	4,122
Affamed	**—**	767
CMAB	**—**	1,407
NiKang	**—**	28
	—	6,324

(b) Rental fees charged to a related party

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Kangshida	**—**	552

(c) Management consultancy services and others provided by related parties

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
C-Bridge Capital	**—**	14,102
CBC Group Investment Management, Ltd.	**—**	1,255
Affamed	**427**	—
	427	15,357

(Expressed in thousands of RMB unless otherwise stated)

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Balances

(a) Amount due to related parties

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
CBC Group Investment Management, Ltd.	**436**	440

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

(iv) Key management compensation:

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries, wages and bonuses	**40,839**	23,472
Contributions to pension plans	**265**	81
Housing funds, medical insurance and other social insurance	**980**	546
Share-based payments	**30,453**	28,326
	72,537	52,425

(Expressed in thousands of RMB unless otherwise stated)

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(v) Loan to a director:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Loan to a director (Note 18)	**2,203**	2,172

31 COMMITMENTS

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

Capital expenditure commitments

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Property, plant and equipment	**36,237**	13,070

"AGM"	the annual general meeting of the Company to be held on 1 June 2021
"Articles of Association"	the articles of association of the Company adopted on 21 September 2020 with effect from Listing, as amended from time to time
"ASCENT"	a phase 3, randomized, confirmatory trial in metastatic triple-negative breast cancer patients who have received at least two prior therapies for metastatic disease
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Collaboration and License Agreement"	the collaboration and license agreement dated 13 September 2021 entered into between the Company and Providence in relation to, among other things, the manufacture, development and commercialization of the Licensed Products
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company" or "Everest Medicines"	Everest Medicines Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 14 July 2017
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

Definitions

"COVID-19 Vaccines"	active mRNA pharmaceutical ingredients, biological, pharmaceutical or vaccine products discovered or developed and owned or controlled by Providence that are capable of producing an immune response, including but not limited to antibody production, upon exposure to the COVID-19 virus, including but not limited to PTX-COVID-19-B, PTX-COVID-19-V1, PTX-COVID-19-LT and any related vaccine products designed to address SARS-CoV-2 variants, as the sole active ingredient or in combination with one or more other active ingredients
"COVID-19 Vaccines License Agreement"	the license agreement dated 13 September 2021 entered into between the Company and Providence in relation to, among other things, the manufacture, development and commercialization of the COVID-19 Vaccines
"Director(s)"	the director(s) of our Company
"ELEVATE UC"	a global phase 3 clinical program for etrasimod in patients with ulcerative colitis
"ELEVATE UC 12"	the second registrational trials within the phase 3 ELEVATE UC registrational program with a 12-week induction period trial
"ELEVATE UC 52"	a 2:1 randomized, double-blind, placebo-controlled one-year trial to assess the efficacy and safety of etrasimod 2 mg once-daily on clinical remission after both 12 and 52 weeks, the first of two registrational trials within the phase 3 ELEVATE UC registrational program
"EVER-132-001"	a phase 2b registration clinical trial evaluating sacituzumab govitecan-hziy for the treatment of patients with mTNBC who have received at least two prior therapies for metastatic disease
"Everest HK"	Everest Medicines II (HK) Limited, a company limited by shares incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"Exploit" or "Exploitation"	research, develop, manufacture, commercialize, or otherwise make, have made, use, offer for sale, sell, import, export, and otherwise exploit
"FGF19"	fibroblast growth factor 19, a specific ligand, for the FGF receptor 4. FGF19-FGFR4 signaling is implicated in many cellular processes, including cell proliferation, migration, metabolism and differentiation

"FGF401"	a small molecule competitive inhibitor of FGFR4, that was discovered by Novartis AG. FGF401 is a potential new treatment for HCC and other solid tumors with activation of the FGF19-FGFR4 pathway. It is one of our drug candidates
"FGFR4"	a receptor for FGF19, which requires KLB as a co-receptor. FGFR4 serves as a target for treatment of cancer because activation of the FGF19-FGFR4 pathway occurs in liver tumors and other solid tumors. Knockdown of FGF19, FGFR4 and KLB in liver cancer cell lines inhibits proliferation, and FGF19 expressed by non-tumor cells can lead to tumor formation in the liver. Fibroblast growth factor receptors (FGFRs) play a key role in regulating cell survival and proliferation, and a growing body of evidence suggest they also play a role in cancer progression
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"HER2"	human epidermal growth factor receptor 2, a protein involved in normal cell growth which may be made in than normal amounts by some types of cancer cells, including breast, ovarian, bladder, pancreatic, and stomach cancers. This may cause cancer cells to grow more quickly and spread to other parts of the body
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"IPO"	initial public offering
"KLB"	Klotho beta, a co-receptor required for the activation of FGFR4 by FGF19
"Latest Practicable Date"	20 September 2021, being the latest practicable date for ascertaining certain information in this interim report before its publication

"License Agreement"	the license agreement dated 16 September 2021 entered into between Everest HK, Sinovent and SinoMab in relation to the Exploitation of the Licensed Products
"Licensed Products"	Collaboration Products and Additional Products (as defined in the announcement published by the Company on 13 September 2021)
"Licensed Technology"	any and all patents and know-how controlled by the Licensor or its affiliates that are necessary or reasonable useful to Exploit XNW1011 and the Licensed Products (as defined in the announcement published by the Company on 17 September 2021) in renal diseases and conditions
"Licensor"	each and collectively, Sinovent and SinoMab
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	9 October 2020, the date on which the Shares were listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Milestone Payments"	the payments that are payable by the Company to Providence upon achievement of certain milestones pursuant to the Collaboration and License Agreement and the Share Issuance Agreement
"mNSCLC"	metastatic non-small cell lung cancer, the kind of lung cancer which has spread from the lungs to other parts of the body
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NeflgArd"	a randomized, double-blind, placebo-controlled, two-part global registrational phase 3 clinical trial in IgA nephropathy

"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Company
"NSCLC"	non-small cell lung cancer, the most common type of lung cancer making up about 80% to 85% of all cases, which may or not be metastatic. The cells of NSCLC are larger than those of small cell lung cancer. Generally, small cell cancer is more aggressive than NSCLC
"Post-IPO Share Award Scheme"	the post-IPO share award scheme adopted by the Company on 21 September 2020
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by the Company on 21 September 2020
"Post-IPO Share Schemes"	the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme
"PRC Legal Advisor"	Zhong Lun Law Firm, our legal advisor on PRC law
"Pre-IPO ESOP"	the employee equity plan approved and adopted by our Company on 25 December 2018 as amended and restated on 17 February 2020
"Pre-IPO MSOP"	the employee stock option plan approved and adopted by our Company on 23 November 2017
"Pre-IPO Share Schemes"	the Pre-IPO ESOP and Pre-IPO MSOP
"Prospectus"	the prospectus of the Company dated 25 September 2020
"Providence"	Providence Therapeutics Holdings Inc., a company incorporated under the laws of Canada
"Remuneration Committee"	the Remuneration Committee of the Company
"Reporting Period"	the six months ended 30 June 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)

"Share Issuance Agreement"	the share issuance agreement Agreement dated 13 September 2021 entered into between the Company and Providence, pursuant to which the Company shall issue certain Shares to satisfy the Milestone Payments under the Collaboration and License Agreement and the Share Issuance Agreement
"SinoMab"	SinoMab BioScience Limited
"Sinovent"	Suzhou Sinovent Pharmaceuticals, Co., Ltd.
"SPR206"	SPR206 is a polymyxin derivative compound being clinically developed for treating serious infections caused by Gram-negative organisms. SPR206 is being developed as a treatment for high-risk patients with suspected or known Gram-negative infections, such as carbapenem-resistant Enterobacteriaceae, Carbapenem-resistant Acinetobacter baumannii and multi-drug resistant Pseudomonas aeruginosa to prevent mortality and reduce the length of stay in the hospital setting. It is one of our drug candidates
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TROP-2"	human trophoblast cell-surface antigen 2, which is a membrane antigen that is frequently over-expressed in many common solid tumors
"TROPHY"	an international, multi-center, open-label, phase 2 study in patients with metastatic urothelial cancer after failure of a platinum-based regimen and either a programmed death receptor-1 or a programmed death-ligand 1 inhibitor
"TROPiCS-02"	an open-label, randomized, multi-center phase 3 study to compare the efficacy and safety of sacituzumab govitecan versus the treatment of physician's choice in subjects with metastatic or locally recurrent inoperable hormone receptor positive, HER2 negative metastatic breast cancer, after failure of at least two, and no more than four, prior chemotherapy regimens for metastatic disease
"TROPiCS-03"	a phase 2 basket trial for biomarker-enriched cancer patients with solid tumors, including mNSCLC, head and neck squamous cell carcinoma and metastatic endometrial cancer, or metastatic endometrial cancer, among other TROP-2 expressing solid tumors
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent

EVEREST MEDICINES
云 顶 新 耀