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Innovent

信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1801)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator and Sole Placing Agent

Morgan Stanley

The Board is pleased to announce that on September 12, 2023 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as placing agent for the purpose of procuring, as the agent of the Company, Placées for, or failing which to purchase itself, 68,000,000 Placing Shares at the Placing Price on the terms and subject to the conditions set out in the Placing Agreement.

The number of the Placing Shares represents: (a) approximately 4.41% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 4.22% of the enlarged total number of Shares in issue upon the completion of the Placing (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing other than the issue by the Company of the Placing Shares).

The Placing Price represents: (i) a discount of approximately 8.83% to the closing price of HK\$38.30 per Share as quoted on the Stock Exchange on September 11, 2023, being the date prior to the date of the Placing Agreement; and (ii) a discount of approximately 1.69% to the average closing price of HK\$35.52 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The gross proceeds from the Placing are expected to be approximately HK\$2,374.6 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$2,356.8 million. On this basis, the net price per Placing Share will be approximately HK\$34.66. The Company intends to apply the net proceeds from the Placing in the manner detailed in the section headed “Reasons for the Placing and Use of Proceeds”.

The Placing Shares are to be issued under the General Mandate granted to the Directors pursuant to resolutions of the Shareholders passed on June 21, 2023. As such, the allotment and issue of the Placing Shares is not subject to additional Shareholders’ approval.

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the transactions contemplated under the Placing Agreement are subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Placing is subject to the satisfaction of condition precedent under the Placing Agreement. Therefore, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES

The Board is pleased to announce that on September 12, 2023 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as placing agent for the purpose of procuring, as agent of the Company, Placees for, or failing which to purchase itself, 68,000,000 Placing Shares at the Placing Price on the terms and subject to the conditions set out in the Placing Agreement. The principal terms of the Placing Agreement are summarized below:

Date: September 12, 2023

Parties: (i) the Company; and
(ii) the Placing Agent

The Placing Shares

The Placing Shares represent approximately 4.41% of the total number of Shares in issue as at the date of this announcement, and approximately 4.22% of the enlarged total number of Shares in issue upon the completion of the Placing (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing other than the issue by the Company of the Placing Shares).

The Placing Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Placing including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

The Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and their ultimate beneficial owner(s) are Independent Third Parties prior to the entering into of the Placing Agreement.

Placees

It is expected that the Placing Shares will be placed to not fewer than six Placees who shall be professional, institutional or other investors (i) independent of and (ii) not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties.

Placing Price

The Placing Price represents: (i) a discount of approximately 8.83% to the closing price of HK\$38.30 per Share as quoted on the Stock Exchange on September 11, 2023, being the date prior to the date of the Placing Agreement; and (ii) a discount of approximately 1.69% to the average closing price of HK\$35.52 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement. The Placing Shares under the Placing have an aggregate nominal value of US\$680.0 and a market value of HK\$2,604.4 million.

The Placing Price was determined with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Company and the Placing Agent. The Board (including the independent non-executive Directors) considers that the Placing Price and the terms of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions and Completion of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing).

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares. The Placing Agreement has not provided for the right of the parties to waive the above conditions.

There is no other condition precedent to the Placing, save for the rights of the Placing Agent to exercise their rights to terminate the Placing Agreement (as described below). Completion of the Placing is expected to take place on September 19, 2023 (or such later time and/or date as the Company and the Placing Agent may agree in writing) (i.e. the Completion Date).

Termination

Pursuant to the terms of the Placing Agreement, if at any time prior to 8:00 a.m. (Hong Kong time) of the Completion Date:

- (a) there develops, occurs or comes into force:
- (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, Singapore, Japan, the PRC, the Cayman Islands, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions, which in the sole opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or
 - (iii) any significant change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change in any local, national, regional or international monetary, economic, financial, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions, which in the sole opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
 - (iv) any significant change in or affecting taxation or currency exchange rates, foreign exchange controls or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions, which in the sole judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (v) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the Relevant Jurisdictions; or

- (vi) any suspension of dealings in the Shares during the placing period whatsoever (other than as a result of the Placing); or
 - (vii) any imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
 - (viii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq; or
 - (ix) the resignation of the chairman or chief executive officer of the Company or any Directors; or
 - (x) any executive Director or senior management being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of the Company; or
 - (xi) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
 - (xii) any order or petition for the involuntary winding-up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the voluntary winding-up of any member of the Group; or
 - (xiii) the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
 - (xiv) any litigation, dispute, legal action or claim being threatened or instigated against any member the Group; or
 - (xv) any contravention by the Company or any member of the Group of any applicable laws and regulations (including the Listing Rules, the Code of Conduct and the CSRC Rules); or
- (b) (i) any breach of any of the representations, warranties and undertakings by the Company comes to the knowledge of the Placing Agent; (ii) any event occurs or any matter arises on or after the date hereof and prior to the completion of the Placing on the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the sole opinion of the Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing; (iii) there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or

- (c) there is any such adverse change, or any development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the sole opinion of the Placing Agent is materially adverse to the success of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8.00 a.m. (Hong Kong time) on the Completion Date.

Lock-up Arrangements of the Company

The Company has undertaken to the Placing Agent that for a period from the date of the Placing Agreement up to three months after the Completion Date (which is December 19, 2023), the Company will not, except for the Placing Shares and save pursuant to any employee share option scheme or restricted share plan of the Company or bonus or scrip dividend or similar arrangements or any strategic investment agreements entered into by the Company or the Group pursuant to which the Company may issue shares or securities convertible into shares as consideration or any agreements existing on the date of the Placing Agreement pursuant to which the Company is obligated to issue shares, allot or issue or offer to allot or issue any Shares without first having obtained the written consent of the Placing Agent.

GENERAL MANDATE

The Placing Shares are to be issued under the General Mandate.

As at the date of this announcement, the number of new Shares that can be allotted and issued by the Company under the General Mandate is 308,143,518 Shares. The allotment and issue of the Placing Shares will utilise approximately 22.07% of the Shares that can be allotted and issued by the Company under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming all the Placing Shares are fully placed and subscribed for, the gross proceeds from the Placing are expected to be approximately HK\$2,374.6 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$2,356.8 million. On this basis, the net price per Placing Share will be approximately HK\$34.66.

In the past years, the Company has continually made significant progresses in its business operation and developed into a leading biopharmaceutical company in China. The latest results for the first half of 2023 has shown strong revenue performance and improved operational efficiency, a more diversified pipeline portfolio and an enhanced R&D strategy, and improved capability to manage risks and ensure long term sustainability.

For the Company's future development, the Company has outlined sustainable growth and global innovation as its long-term strategic goals. The Company plans to continue grow its business over the long run, and pursue its vision to be a global premier biopharmaceutical company.

The net proceeds of the Placing will be used with (i) approximately 60% (i.e. approximately HK\$1,414.1 million) for expediting the R&D of various prioritized preclinical and clinical programs in our pipeline globally, including but not limited to the conduction of MRCTs (multi-regional clinical trials), as well as for building the global infrastructure and facilities; (ii) approximately 30% (i.e. approximately HK\$707.0 million) for the development, marketing and commercialization of IBI362 (mazdutide), a GLP-1R/GCGR dual agonist and potential best-in-class clinical-stage drug candidate for diabetes and obesity. Respective phase 3 clinical studies of IBI362 (mazdutide) in obesity and diabetes are progressing smoothly for the subsequent NDA submission plan in China; and (iii) approximately 10% (i.e. approximately HK\$235.7 million) for general and corporate use. The Directors therefore believe that the Placing is in the interests of the Group and the Shareholders as a whole.

Apart from the Placing, the Company entered into (i) a placing agreement on January 15, 2021 in relation to the placing of new shares under general mandate and approximately HK\$4,670.6 million was raised (the “**Previous Placing**”), and (ii) a subscription agreement with Sanofi Foreign Participations B.V. on August 4, 2022 pursuant to which approximately HK\$2,416.7 million was raised (the “**Previous Subscription**”). For details of the Previous Placing, the Previous Subscription and their respective utilization status, please refer to the announcements of the Company dated January 15, 2021 and January 22, 2021, August 4, 2022 and August 18, 2022, and the interim results announcement of the Company for the six months ended June 30, 2023, respectively.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to completion of the Placing, set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing.

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
– The Placees	–	–	68,000,000	4.22%
– Other Shareholders	1,541,937,849	100.00	1,541,937,849	95.78%
Total	1,541,937,849	100.00	1,609,937,849	100.00

FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activity through the issue of equity securities in the past twelve months immediately preceding the date of this announcement.

Completion of the transactions contemplated under the Placing Agreement is subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Placing is subject to the satisfaction of condition precedent under the Placing Agreement. Therefore, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“CSRC”	the China Securities Regulatory Commission
“CSRC Archive Rules”	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) issued by the CSRC on February 24, 2023 (as amended, supplemented or otherwise modified from time to time)
“CSRC Filing Rules”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on February 17, 2023 (as amended, supplemented or otherwise modified from time to time)
“CSRC Rules”	the CSRC Archive Rules and the CSRC Filing Rules
“Company”	Innovent Biologics, Inc. 信達生物製藥, an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 28, 2011
“Completion Date”	expected to be September 19, 2023 (or such later time and/or date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Code of Conduct”	the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to resolutions of the Shareholders passed on June 21, 2023 to allot, issue and deal with up to 308,143,518 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) who is(are) third party(ies) who are not its connected persons of the Company (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Placee(s)”	any professional, institutional or other investor whom the Placing Agent has procured to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the private placing to the Placee(s) procured by the Placing Agent of the Placing Shares pursuant to the Placing Agreement
“Placing Agent” or “Sole Placing Agent”	Morgan Stanley Asia Limited
“Placing Agreement”	the Placing Agreement dated September 12, 2023 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$34.92 per Placing Share
“Placing Shares”	68,000,000 new Shares to be issued by the Company and to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) in the issued share capital of the Company with a nominal value of US\$0.00001
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	the United States of America
“%”	per cent.

For presentation purpose, percentage figures presented in this announcement have been rounded to the nearest two decimal places.

By Order of the Board
Innovent Biologics, Inc.
Dr. De-Chao Michael Yu
Chairman and Executive Director

Hong Kong, China, September 12, 2023

As at the date of this announcement, the Board comprises Dr. De-Chao Michael Yu as Chairman and Executive Director and Mr. Ronald Hao Xi Ede as Executive Director, and Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen, and Mr. Gary Zieziula as Independent Non-executive Directors.