Innovent

2023
INTERIM REPORT
中期報告

信達生物製藥
Innovent Biologics, Inc.

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

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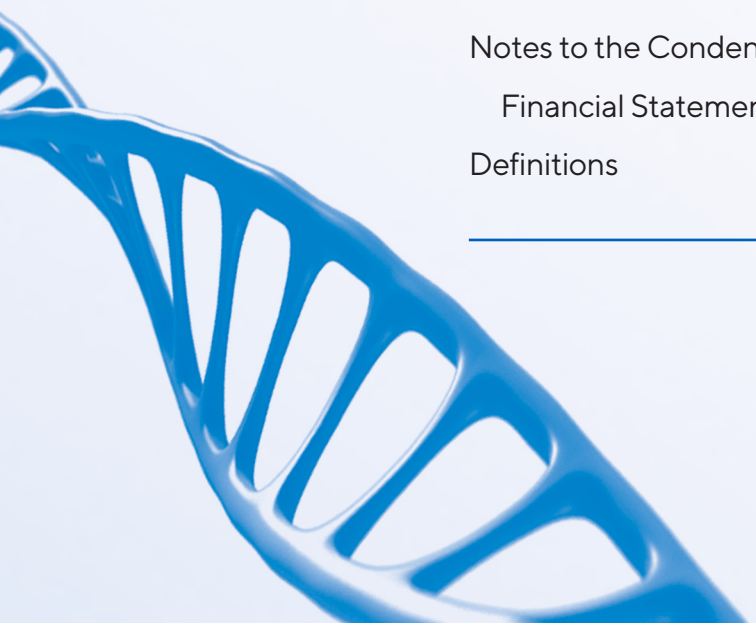

Company Profile

Overview

Innovent Biologics, Inc. is a biopharmaceutical company committed to developing, manufacturing and commercializing high-quality innovative medicines that are affordable to ordinary people. Founded in 2011 by Dr. De-Chao Michael Yu, we have instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, clinical development, CMC and commercialization capabilities.

We have developed a robust pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, multi-specific antibodies, immuno-cytokine, fusion proteins, T-cell engagers, ADCs, cell therapy and small molecules etc.), spanning multiple major therapeutic areas including oncology, cardiovascular and metabolism, autoimmune and ophthalmology diseases, that have promising clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

The Company has also entered into 30 strategic collaborations with Eli Lilly, Roche Group, Sanofi, Adimab, Incyte, MD Anderson Cancer Center and other international partners. We strive to work with many collaborators to help advance the biopharmaceutical industry, improve drug availability and enhance the quality of the patients' lives.

Pipeline summary

Leveraging on the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 35 valuable assets. We have 10 products in the market. These include: TYVYT® (Sintilimab Injection), BYVASDA® (Bevacizumab Injection), SULINNO® (Adalimumab Injection), HALPRYZA® (Rituximab Injection), Pemazyre® (Pemigatinib Oral Inhibitor), olverembatinib, Cyramza® (Ramucirumab Injection), Retsevmo® (Selpercatinib Capsules), FUCASO® (Equecabtagene Autoleucel Injection) and SINTBILO® (Tafolecimab Injection). In addition, one asset is under NMPA NDA review, seven assets are in Phase III or pivotal clinical trials, and about 20 more molecules are in early clinical development.

Corporate Information

Board of Directors

Executive Directors

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

Independent Non-Executive Directors

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

Audit Committee

Ms. Joyce I-Yin Hsu *(Chairwoman)*
Dr. Charles Leland Cooney
Dr. Kaixian Chen
Mr. Gary Zieziula

Remuneration Committee

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

Nomination Committee

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

Strategy Committee

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

Joint Company Secretaries

Ms. Yanju Wang
Ms. Lok Yee Chan *(ACG/HKACG)*

Authorised Representatives

Mr. Ronald Hao Xi Ede
Ms. Lok Yee Chan *(ACG/HKACG)*

Auditor

Deloitte Touche Tohmatsu
Registered Public Interests Entity Auditors
35/F One Pacific Place
88 Queensway Admiralty
Hong Kong

Registered Office

Maples Corporate Services Limited
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Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal Place of Business In China

168 Dongping Street
Suzhou Industrial Park
China 215123

Principal Place of Business in Hong Kong

Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Corporate Information

Legal Advisors

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and affiliate
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Han Kun Law Offices
33/F, HKRI Centre Two
HKRI Taikoo Hui
288 Shimen Road (No.1)
Shanghai 200041
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

Principal Share Registrar

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PO Box 1093
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KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
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Central
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China Construction Bank
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Stock Code

1801

Company Website

www.innoventbio.com

Financial Highlights

IFRS Measure:

Six Months Ended 30 June 2023 Compared to Six Months Ended 30 June 2022

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	**2,701,532**	2,239,599
Cost of sales	**(504,615)**	(471,528)
Gross profit	**2,196,917**	1,768,071
Other income	**232,421**	104,959
Other gains and losses	**280,607**	389,621
Research and development expenses	**(922,817)**	(1,174,450)
Administrative and other expenses	**(368,388)**	(407,795)
Selling and marketing expenses	**(1,347,414)**	(1,397,902)
Royalties and other related payments	**(277,143)**	(236,850)
Finance costs	**(50,292)**	(44,566)
Loss before tax	**(256,109)**	(998,912)
Income tax credit	**116,960**	48,444
Loss for the period	**(139,149)**	(950,468)
Other comprehensive expense:		
Items that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at FVTOCI	**(30,913)**	(42,715)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(18,539)**	(11,111)
Other comprehensive expense for the period, net of income tax	**(49,452)**	(53,826)
Total comprehensive expense for the period	**(188,601)**	(1,004,294)

Financial Highlights

- **Total revenue** was RMB2,701.5 million for the six months ended 30 June 2023, representing an increase of 20.6% from RMB2,239.6 million for the six months ended 30 June 2022. **Product revenue** increased by 20.4% to RMB2,457.5 million for the six months ended 30 June 2023, as compared with RMB2,040.9 million for the six months ended 30 June 2022. The growth was mainly driven by continuously fast ramp-up of product sales volume, launch of new products, as well as increasingly higher revenue contribution of new products. The impact of the COVID-19 pandemic also has diminished after the beginning of the year 2023.

- **Gross profit margin** of product sales was 79.7% for the six months ended 30 June 2023, representing an increase of 2.8% as compared with 76.9% for the six months ended 30 June 2022, primarily due to consistent volume growth, manufacturing efficiency improvement and cost optimization of major products.

- **R&D expenses** decreased by RMB251.7 million from RMB1,174.5 million for the six months ended 30 June 2022 to RMB922.8 million for the six months ended 30 June 2023. The R&D expenses were mainly spent on clinical trials of late-stage and prioritized assets in our robust pipeline, the exploration of early stage assets as well as pre-clinical research.

- **Selling and marketing expenses** were RMB1,347.4 million, accounting for 49.9% of total revenue, or 54.8% of product revenue for the six months ended 30 June 2023, as compared with RMB1,397.9 million, accounting for 62.4% of total revenue, or 68.5% of product revenue for the six months ended 30 June 2022. Since 2022, the Company has been developing a more sustainable and healthier commercial management model to establish a more agile organization with systematic and scientific management, which further increases the output and improves efficiency for more sustainable long-term growth.

- **LBITDA** was RMB216.1 million for the six months ended 30 June 2023, representing a decrease of 76.0% or RMB684.7 million from RMB900.8 million for the six months ended 30 June 2022. The decrease was primarily due to our strong revenue growth and core financials improvements attributable to the enhanced operational efficiency under a sustainable business model.

- In view of above, **loss for the period** was RMB139.1 million for the six months ended 30 June 2023, representing a decrease of 85.4% or RMB811.4 million from RMB950.5 million for the six months ended 30 June 2022.

Financial Highlights

Non-IFRS Measure[1]:

- **Adjusted gross profit margin** of product sales was 80.8% for the six months ended 30 June 2023, representing an increase of 2.2% as compared with 78.6% for the six months ended 30 June 2022.

- **Adjusted R&D expenses** decreased by RMB251.4 million from RMB1,077.7 million for the six months ended 30 June 2022 to RMB826.3 million for the six months ended 30 June 2023.

- **Adjusted selling and marketing expenses** were RMB1,339.6 million, accounting for 49.6% of total revenue, or 54.5% of product revenue for the six months ended 30 June 2023, as compared with RMB1,361.6 million, accounting for 60.8% of total revenue, or 66.7% of product revenue for the six months ended 30 June 2022.

- **Adjusted LBITDA** was RMB267.4 million for the six months ended 30 June 2023, representing a decrease of 74.2% or RMB768.3 million from RMB1,035.7 million for the six months ended 30 June 2022.

- **Adjusted loss for the period** was RMB190.4 million for the six months ended 30 June 2023, representing a decrease of 82.5% or RMB894.9 million from RMB1,085.3 million for the six months ended 30 June 2022.

[1] We adopted non-IFRS measures in order to illustrate our normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable. Non-IFRS measures are not financial measures defined under the IFRS, and represent corresponding financial measures under IFRS excluding the effect brought by certain non-cash items, such as (a) share-based compensation expenses; and (b) net foreign exchange gains or losses. For the calculation and reconciliation of these non-IFRS measures, please refer to "Management Discussion and Analysis – Financial Review – 10. Non-IFRS Measure".

Business Highlights

During the six months ended 30 June 2023, the Company has achieved strong revenue growth, attained numerous milestones of pipeline development, operated at a healthier and more sustainable business model adhering to the long-term strategy of global innovation as follows:

We generated product revenue of RMB2,457.5 million for the six months ended 30 June 2023, representing an increase of 20.4% compared to RMB2,040.9 million in the same period of the prior year, driven by continuous ramp-up of the product portfolio, including the strong sales performance of TYVYT® (sintilimab injection). The impact of the COVID-19 pandemic on sales activities has diminished after the beginning of the year 2023.

We made remarkable achievements in exploring a more sustainable business operation with improved core financials, including increased product gross profit margin, lowered selling and marketing expense ratio and administration expense ratio, and significantly narrowed LBITDA.

We attained three NDA or sNDA approvals to further expand our commercial product portfolio and delicate integrated solutions to broader and more stratified patient population. During the Reporting Period and up to the date of this report:

We expanded our commercial product portfolio from eight to ten products:

- In June 2023, FUCASO® (Equecabtagene Autoleucel), the first fully-human BCMA directed CAR-T cell therapy was approved by the NMPA for adult patients with RRMM who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent.

- In August 2023, SINTBLO® (tafolecimab injection), the first domestic anti-PCSK9 monoclonal antibody, was approved by the NMPA for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial hypercholesterolemia) and mixed dyslipidemia who have failed to achieve LDL-C goals by using moderate or higher doses of statins with or without other lipid-lowering agents, in adjunct to diet, in combination with statins or statins and other lipid-lowering therapies, to lower the level of LDL-C, total cholesterol and ApoB.

We obtained one new indication for an approved product:

- In May 2023, TYVYT® (sintilimab injection) was approved by the NMPA for its seventh indication in combination with bevacizumab and chemotherapy (pemetrexed and cisplatin) for patients with EGFR-mutated locally advanced or metastatic non-squamous NSCLC who progressed after EGFR TKI therapy.

Business Highlights

During the Reporting Period, we progressed the clinical development for the late-stage assets in regulatory review and ongoing pivotal/registrational studies, including:

One NDA is under review by the NMPA:

- In January 2023, the CDE of the NMPA has accepted and granted priority review designation to the NDA of IBI-376 (Parsaclisib Hydrochloride, PI3Kδ inhibitor), for the treatment of r/r FL who have received at least two previous systemic therapies.

We have progressed seven assets (including four new Phase 3 stage assets) in pivotal or registrational trials, including:

- IBI-362 (mazdutide), a GLP-1R and GCGR dual agonist. During the Reporting Period, we have completed subject enrollment for the Phase 3 trial (GLORY-1) of IBI-362 (6mg) in overweight or obesity, and two Phase 3 trials (DREAMS-1 and DREAMS-2) of IBI-362 (6mg) in T2DM. IBI-362 has shown good safety, robust weight loss efficacy, blood glucose lowering effect and multiple metabolic benefits in the data readouts from Phase 2 clinical studies in T2DM and obesity.

- IBI-351, a novel, orally active, potent $KRAS^{G12C}$ inhibitor. The pivotal study of IBI-351 monotherapy in later lines of $KRAS^{G12C}$-mutated NSCLC was ongoing during the Reporting Period and we plan to submit the NDA to the NMPA by the end of 2023.

- IBI-344 (taletrectinib), a next generation ROS1 TKI. The pivotal study of IBI-344 is ongoing during the Reporting Period and NDA submission to the NMPA is planned by the end of 2023.

- IBI-126 (tusamitamab ravtansine), a potential first-in-class ADC targeting CEACAM5. The Phase 3 trial of IBI-126 in 2L NSCLC was ongoing.

- IBI-112 (picankibart), a recombinant anti-IL-23p19 monoclonal antibody. We dosed the first patient in the Phase 3 clinical trial (CLEAR) of IBI-112 in patients with moderate-to-severe plaque psoriasis in February 2023 and currently have completed its patient enrollment.

- IBI-311, a recombinant anti-IGF-1R monoclonal antibody. We dosed the first patient in the Phase 3 trial (RESTORE) of IBI-311 in patients with TED in May 2023 and currently have completed its patient enrollment.

- IBI-302, an anti-VEGF/complement bispecific fusion. We have initiated the Phase 3 clinical trial for the treatment of nAMD and plan to start patient enrollment in the second half of 2023.

Business Highlights

During the Reporting Period, we continue to follow and update data for PoC or preliminary PoC clinical studies of novel assets such as:

- IBI-362 (mazdutide), a GLP-1/GCGR dual agonist. The 24-week primary endpoint was met in the Phase 2 clinical study of IBI-362 higher-dose 9mg in May 2023, showing metabolic surgery-equivalent weight loss efficacy for moderate-to-severe obesity and a consistently favorable safety profile.

- IBI-302, an anti-VEGF/complement bispecific fusion. The primary endpoint was met in the Phase 2 clinical study of IBI-302 2mg/4mg Q8W showing BCVA gains noninferior to 2mg Aflibercept Q8W at week 36 and week 52 in patients with nAMD and potential anti-macular atrophy effect. Another Phase 2 study of IBI-302 8mg to observe efficacy and durability in macular atrophy under longer dose interval is also ongoing.

- IBI-311, a recombinant anti-IGF-1R monoclonal antibody. We have observed clear clinical efficacy including improving proptosis and the diplopia in the Phase 2 clinical study of IBI-311 in TED subjects.

- IBI-110, a novel anti-LAG3 monoclonal antibody. The updated data of the Phase 1b clinical study of IBI-110 for the treatment of 1L HER2-negative GC and 1L HCC were released at the ASCO 2023 Annual Meeting.

- IBI-939, a novel anti-TIGIT monoclonal antibody. The updated data of Phase 1 clinical study of IBI-939 in combination with TYVYT® (sintilimab injection) for the treatment of 1L NSCLC (PD-L1 TPS≥50%) were released at the ASCO 2023 Annual Meeting.

- IBI-351, a novel, orally active, potent $KRAS^{G12C}$ inhibitor. The updated data of Phase 1 study of IBI-351 in later lines of $KRAS^{G12C}$-mutated NSCLC and CRC were released at the AACR 2023 Annual Meeting and the ASCO 2023 Annual Meeting, respectively, showing favorable safety and promising efficacy activity of IBI-351 monotherapy; based on the clinical data, the CDE of NMPA granted two BTDs for IBI-351 in later lines of $KRAS^{G12C}$-mutated NSCLC and CRC.

- IBI-126 (tusamitamab ravtansine), a potential first-in-class CEACAM5 ADC. A Phase 2 study was initiated in China to evaluate the combination of TYVYT® (sintilimab injection) and IBI-126 with or without chemotherapy in the treatment of 1L non-squamous NSCLC with CEACAM5 positive expression.

- IBI-353 (orismilast), a potent and selective, next-generation PDE4 inhibitor. Our partner UNION announced positive topline results from the Phase 2b clinical study (IASOS) of oral orismilast in adult patients with moderate-to-severe psoriasis. A Phase 1 study in Chinese healthy subjects has been completed during the Reporting Period.

Business Highlights

During the Reporting Period, we kept advancing novel molecules with global potential at early clinical stage, such as IBI-363 (PD-1/IL-2), IBI-389 (CLDN18.2/CD3), IBI-343 (CLDN18.2 ADC) and IBI-354 (HER2 ADC) in oncology area, and IBI-324 (VEGF-A/ANG-2) and IBI-333 (VEGF-A/VEGF-C) in non-oncology area.

Other major business updates during the Reporting Period include:

- In January 2023, we announced the inclusion in the NRDL (2022 version) of TYVYT® (sintilimab injection) in two new indications (negotiation list), olverembatinib for the first listing (negotiation list), and BYVASDA® (bevacizumab injection), HALPRYZA® (rituximab injection) and SULINNO® (adalimumab injection) in multiple new indications (general list). TYVYT® (sintilimab injection) is the first and the only PD-1 inhibitor for GC in the NRDL, as well as the only PD-1 inhibitor for the 1L treatment of five high-incidence cancer types in the NRDL. Olverembatinib, as an exclusive third generation BCR-ABL inhibitor, has been included in the NRDL for the first time, filling the gap in the treatment of CML patients harboring the T315I mutation. In addition, all the new indications of BYVASDA® (bevacizumab injection), HALPRYZA® (rituximab injection) and SULINNO® (adalimumab injection) have been included in the updated NRDL this year, expanding the reimbursement coverage and benefiting broader patient groups. The updated NRDL officially took effect on 1 March 2023.

- In May 2023, we published second interim analysis and survival analysis results of the ORIENT-31 study (NCT03802240) in the *Lancet Respiratory Medicine.* ORIENT-31 is globally the first multi-center, double-blind, prospective Phase 3 study to demonstrate significant PFS benefit of combination therapy of PD-1 antibody (TYVYT® (sintilimab injection)) with chemotherapy in patients with EGFR-mutated non-squamous NSCLC that progressed on prior EGFR-TKI therapy.

- In June 2023, we entered into clinical trial collaboration with Merck KGaA investigating combination therapy of IBI-351 ($KRAS^{G12C}$ Inhibitor) and ERBITUX® (cetuximab) for $KRAS^{G12C}$-mutated advanced NSCLC in China. Under the agreement, we will conduct a Phase 1b study to evaluate the anti-tumor activity and safety of the combination therapy of IBI-351 with cetuximab in Chinese patients with advanced or metastatic NSCLC harboring $KRAS^{G12C}$ mutation. Merck KGaA will provide clinical drug supplies of cetuximab in this multi-center trial in China. Currently, cetuximab as a monotherapy or as a combination therapy has not been approved in any country for patients with advanced NSCLC.

- In June 2023, we entered into clinical trial collaboration with RemeGen investigating combination therapies of TYVYT® (sintilimab injection) with RC88, a novel MSLN-targeting ADC, or RC108, a novel c-Met-targeting ADC, respectively, as potential treatment options for advanced solid tumors in China. Under the agreement, we will provide clinical drug supplies of TYVYT® (sintilimab injection) during the clinical trial collaboration. RemeGen will conduct Phase 1/2a clinical studies to evaluate the anti-tumor activity and safety of the combination therapies of TYVYT® (sintilimab injection) with RC88 or RC108 in Chinese patients with advanced solid tumors.

Business Highlights

- During the Reporting Period, we continued to strengthen compliance and governance, and fulfill our social responsibilities. In active support to the sustainable development goals of the United Nations, we continued to adhere to the people-oriented principle, operate with integrity, take high quality as the cornerstone, follow the guidance of green ecology, drive development with innovation, effectively protect the rights and interests of all stakeholders, and proactively fulfill our social responsibilities. We also paid more attention to governance upgrade, compliance operation, operational efficiency improvement, high-quality innovation, diversification and empowerment of employees and low-carbon development, and strived to promote inclusive healthcare, enabling more patients to have equal access to affordable, high-quality and innovative medicines.

After the end of the Reporting Period and up to the Latest Practicable Date, we continue to make progress in business operation and pipeline development, including the following key milestones and achievements:

- In July 2023, we dosed the first patient in the Phase 2 study in China to evaluate the combination of TYVYT® (sintilimab injection) and IBI-126 (tusamitamab ravtansine, CEACAM5 ADC) with or without chemotherapy in the treatment of 1L non-squamous NSCLC with CEACAM5 expression.

- In August 2023, SINTBLO® (tafolecimab injection), the first domestic anti-PCSK9 monoclonal antibody, was approved by the NMPA for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial hypercholesterolemia) and mixed dyslipidemia who have failed to achieve LDL-C goals by using moderate or higher doses of statins with or without other lipid-lowering agents, in adjunct to diet, in combination with statins or statins and other lipid-lowering therapies, to lower the level of LDL-C, total cholesterol and ApoB.

- In August 2023, the preclinical results of IBI-363 were published in *Nature Cancer* under the title of "IL-2Rα-biased agonist enhances antitumor immunity by invigorating tumor-infiltrating $CD25^+CD8^+$ T cells". The study proposes a previously underappreciated function of CD25 in regulating IL-2 autocrine signaling in tumor-specific $CD8^+$ T (TST) cells to exert their antitumor functions, and challenge the "IL-2 dogma" that has dominated the whole field in the past decades, suggesting a new approach to designing safer and more effective IL-2 drugs. At the same time, this study also proposes to use "IL-2 signature" as a novel biomarker to predict the clinical benefits of anti-PD-1 antibody in cancer patients, and provides scientific rationales of combining IL-2 and PD-1 antibody in individuals who do not respond to PD-1 blockade.

- In September 2023, we successfully raised approximately HK$2.4 billion (or US$300 million) through a new share placement, which was primarily used to accelerate the R&D of several priority pre-clinical and clinical programmes in our global pipeline, so as to better secure our long-term strategic goals of sustainable growth and global innovation.

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

Management Discussion and Analysis

Overview

Innovent Biologics, Inc. is a biopharmaceutical company committed to developing, manufacturing and commercializing high-quality innovative medicines that are affordable to ordinary people. Founded in 2011 by Dr. De-Chao Michael Yu, we have instituted global quality standards in every aspect of our business operations, and have built a fully-integrated multi-functional biopharmaceutical platform consisting of research, clinical development, CMC and commercialization capabilities.

We have developed a robust pipeline covering a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, multi-specific antibodies, immuno-cytokine, fusion proteins, T-cell engagers, ADCs, cell therapy and small molecules etc.), spanning multiple major therapeutic areas including oncology, cardiovascular and metabolism, autoimmune and ophthalmology diseases, that have promising clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

First Half of 2023 Review and Outlook: Remarkable Achievements with Accelerated Growth and Improved Efficiency to Underpin Sustainable Growth

Positioned as a leading biopharmaceutical company in China, we have outlined sustainable growth and global innovation as Innovent's long-term strategic goals in our second decade of operations. During the first half of 2023, we are pleased with remarkable Company achievements that solidify our ability to establish a sustainable business foundation. We believe that the results of the first half of 2023 show that Innovent is growing stronger and healthier with: 1) strong revenue performance and improved operational efficiency that underline our sustainable business model; 2) a more diversified pipeline portfolio and an enhanced R&D strategy that ensures sustainable growth; and 3) financial margins improvement and high resilience that help us manage risks and ensure long term sustainability.

These significant progresses reinforce our confidence and commitment to continually launch new products and enhance our business scale, while improving operational productivity and efficiency. As a result, we are able to achieve strategic goals as to continue our sustainable R&D innovation, grow our business over the long run, and pursue our vision to be a leading biopharmaceutical company in China as well as a global premier biopharmaceutical company.

Solidified Business Operations with Strong Revenue Performance and Improved Financials

Our rich late-stage pipeline enables us to continuously launch new products and expand our commercial portfolio to deliver sustainable growth. During the Reporting Period and up to the date of this report, our commercial portfolio expanded from eight to ten products with the approval of FUCASO® (Equecabtagene Autoleucel injection) and SINTBILO® (tafolecimab injection) in China. In addition, TYVYT® (sintilimab injection) was approved for a seventh indication as the world's first PD-1 inhibitor approved for patients with EGFR-mutated NSCLC who progressed after EGFR-TKI therapy.

We achieved both strong revenue growth and improved operational efficiency that underline our sustainable business model. As the Company has been taking the lead in establishing a sustainable business model in the China biopharmaceutical industry, we have achieved continuous improvements in our operational productivity and efficiency. In the first half of 2023, we achieved both strong revenue growth and core financial improvements including a remarkable decrease in LBITDA, further validating the sustainability of our business model. During the Reporting Period (all numbers below are under non-IFRS measures unless otherwise stated):

Management Discussion and Analysis

- We have fully leveraged the clinical value of our novel medicines with broad NRDL coverage and a diversified oncology portfolio, along with effective marketing initiatives coupled with strong execution by our extensive commercial team, allowing us to achieve rapid revenue growth. In the first half of 2023, product sales revenue increased by 20.4% year-over-year, with particularly stronger growth after the second quarter when the COVID pandemic impact has further diminished. This reflects patients' rigid demand on our innovative medicines with clear clinical value. TYVYT® (sintilimab injection) has maintained rapid volume growth momentum powered by the inclusion in NRDL for 1L GC and 1L ESCC and further solidified its leadership in the market. TYVYT® (sintilimab injection) was also approved for a seventh indication in May 2023 as the first approved PD-1 inhibitor for EGFR-positive non-squamous NSCLC after EGFR-TKI therapy. Meanwhile, the sales of other products in our commercial portfolio maintained solid growth momentum. The contribution from our innovative assets continued to increase, laying a foundation for sustainable growth.

- We continued to optimize our manufacturing processes and quality controls, thereby improving production efficiency and optimizing the production cost of our manufactured products. The adjusted gross profit margin was 80.8% of product revenue, an increase of 2.2% from the 78.6% in the first half of 2022.

- We further improved the productivity and efficiency of our commercial operations. The agile organization benefits from a scientific and systematic resource allocation system that enables more mature and fast-responses to the changing environment. The adjusted selling and marketing expenses was 54.5% of total product revenue in the first half of 2023, representing a decrease of 12.2% compared to 66.7% in the first half of 2022.

- We continued to take effective measures to control costs and improve management efficiency. Our adjusted administration expense ratio to total revenue was 10.1% in the first half of 2023, a decreased of 4.0% from 14.1% in the first half of 2022 along with economy of scales effect brought by fast revenue growth.

- As a result, our adjusted LBITDA remarkably decreased to RMB267.4 million from RMB1,035.7 million in the same period of 2022.

We are pleased with the significant achievements the Company has made during the Reporting Period in our business operations, which reinforced our commitment and confidence to continually launch new products and grow the scale of our business, while improving operational productivity and efficiency, and achieve sustainable R&D innovation and grow our business over the long run.

In particular, our strategic positioning in certain non-oncology therapeutic areas started to emerge as a new source of growth, with SINTBILO® (tafolecimab injection) as our first approved cardiovascular drug. It is to be followed by several innovative candidates that have high differentiation and substantial market potential currently in late-stage clinical development. We are also prospectively establishing our commercial presence in certain key chronic disease areas. We are committed to building a compelling product portfolio and brand franchise with diversified R&D and commercialization capabilities covering both oncology and non-oncology areas to support long-term growth for the Company.

Broad Pipeline Across Therapeutic Areas to Deliver Differentiated Innovation and Growth Potential

With the ambition to be a premier biopharmaceutical company that enjoys sustainable growth, we have been strategically investing in several therapeutic areas with high unmet needs, including oncology, CVM, autoimmune and ophthalmology. We have built a robust and diversified pipeline with over 30 innovative drug candidates, of which, 10 products have been approved,

Management Discussion and Analysis

one asset is under review by the NMPA, seven assets are in Phase 3 or pivotal clinical studies, and approximately 20 assets are in early clinical development. In particular:

Leverage extensive portfolio and navigate novel modalities and therapies to strengthen our foundation in oncology. Our commercial and late-stage oncology pipeline will further solidify our leadership in oncology. At the same time, we will continue to prioritize the development of early-stage oncology assets that have global market potential under a consistent and efficient PoC development strategy.

- **For hematological malignancies,** the first fully-human BCMA-directed CAR-T cell therapy FUCASO® (Equecabtagene Autoleucel injection) was approved by the NMPA for adult patients with RRMM in June 2023; and the NDA of Parsaclisib (PI3Kδ) for the treatment of r/r FL is under review by the NMPA.

- **For lung cancer,** clinical development remains on track for two targeted small molecule drugs, IBI-351 ($KRAS^{G12C}$) and IBI-344 (ROS1), both are in pivotal clinical studies and targeted for NDA submission by the end of 2023. A global Phase 3 clinical study of IBI-126 (CEACAM5 ADC) for 2L NSCLC is also ongoing.

- We are advancing multiple monoclonal and bispecific antibodies with global potential in PoC or early-stage clinical trials, such as IBI-110 (LAG3), IBI-939 (TIGIT), IBI-310 (CTLA-4), IBI-363 (PD-1/IL-2), and IBI-389 (CLDN18.2/CD3), with preliminary positive efficacy and safety data observed; and IBI-334 (EGFR/B7H3) is planned to enter first-in-human clinical trial in the second half of 2023.

- We have deeply invested in the ADC area as a new wave of global innovation. Our uniquely designed IBI-343 (CLDN18.2 ADC) is undergoing Phase 1 multi-regional clinical trial in Australia and China with signals observed that support its best-in-class potential, followed by a series of novel ADC projects. Further, we are leveraging our leadership in the immune-oncology ("**IO**") space to expand ADC combination therapies in earlier lines treatment, such as combining sintilimab and IBI-126 (CEACAM5 ADC) in 1L treatment of NSCLC (in Phase 2), combining sintilimab and IBI-343 (CLDN 18.2 ADC) to explore early line treatment of GC, and collaborating with RemeGen to investigate combination therapies of sintilimab with RC88 (MSLN ADC) or RC108(c-Met ADC) in Phase 1/2 clinical studies.

We are also strategically accelerating the development of high-value candidates to untap potential in three key chronic disease areas, aiming to bring innovative medicine to address unmet needs, improve compliance and quality of life for a wide range of patient populations, thus building a strong product portfolio and brand franchise that offers competitive advantages that sustain long-term growth.

- **In the CVM field, we received the first NDA approval and we prioritized clinical development of multiple best-in-class assets based on robust data readout.** In August 2023, SINTBLO® (tafolecimab injection) was approved by the NMPA for the treatment of hypercholesterolemia as the first domestic anti-PCSK9 monoclonal antibody with robust LDL-C reduction and longer dosing interval advantage. In May 2023, the Phase 2 clinical study of IBI-362 (mazdutide, GLP-1R/GCGR) higher-dose 9mg met the 24-week primary endpoint, showing bariatric surgery-equivalent weight loss efficacy for moderate-to-severe obesity and a consistently favorable safety profile. Mazdutide is anticipated to readout 48-week data in the second half of 2023. We are excited about mazdutide's potential, and plan to initiate a higher-dose 9mg Phase 3 registrational clinical study at the end of 2023. Meanwhile, Phase 3 registrational clinical studies of mazdutide 6mg in obesity and T2DM are also ongoing, and we plan to submit the first NDA for obesity between the end of 2023 and early 2024. IBI-128 (XOI) global Phase 3 multi-regional clinical study for the treatment of hyperuricemia in gout patients has been initiated by our partner

Management Discussion and Analysis

LG Chem at the end of 2022. We will develop IBI-128 in China in pace with the global registrational progress of this asset.

- **In the autoimmune field, we select novel targets to treat unmet needs in various autoimmune diseases.** The Phase 2 data for IBI-112 (picankibart, IL-23p19) demonstrated its potential long-lasting efficacy advantage and convenient extended dosing intervals (Q12W) for psoriasis. We initiated a Phase 3 registrational trial for IBI-112 and completed patient enrollment in the first half of 2023. IBI-353 (PDE4) multi-regional Phase 2b clinical study for oral treatment of psoriasis has reached positive topline results as reported by our partner UNION in early 2023; we have completed the Phase 1 study in the first half of 2023. Furthermore, more innovative autoimmune molecules such as IBI-355 (CD40L) and IBI-356 (OX40L) will enter first-in-human clinical studies to target other unmet medical needs in various types of autoimmune diseases.

- **In the ophthalmology field, we accelerate registrational studies for two important assets.** As IBI-311 (IGF-1R) has observed robust efficacy in Phase 2 study and there is urgent unmet need in the treatment of TED in China, we have quickly moved the asset into Phase 3 registrational trial in May 2023. We also decided to advance the global first-in-class VEGF/Complement fusion protein IBI-302 8mg into Phase 3 study for the treatment of nAMD in the second half of 2023, based on the observed robust efficacy, the potential effect in anti-macular atrophy and longer durability from the Phase 2 studies of IBI-302 2mg/4mg and IBI-302 8mg. We are also exploring differentiated clinical values of IBI-324 (VEGF/ANG-2) and IBI-333 (VEGF-C/VEGF-A) from existing treatment methods in early stage of clinical trials.

R&D Platform: Global Innovation Continues as Long-Term Strategy

During the Reporting Period, with global innovation as the long-term strategy, we continue to fuel a broad and diversified pipeline portfolio through Innovent Academy with the aim to bring more innovative medicines to the global market. Meanwhile, we adhere scientific and cost-efficient approaches to explore the PoC and early clinical development of innovative molecules through our industry-leading platforms of R&D and CMC.

- **Innovent Academy as the innovation powerhouse continues to advance science to deliver differentiated molecules with global potential both in oncology and non-oncology areas:** In the first half of 2023, Innovent Academy is on track in delivering four highly differentiated novel molecules into IND-enabling stage, each with unique molecular structure designs, and complementing our existing pipeline to drive our mid to long term growth. Notably, as IBI-343 (CLDN18.2 ADC) and IBI-363 (PD-1/IL-2) have observed preliminary differentiated efficacy and safety in first-in-human multi-regional clinical trials ("**MRCT**"s), our confidence to further invest in our ADC platform and antibody platform has increased. We have more ADC programs that are set to enter the clinic in the coming years. In addition to oncology innovation based on our deep scientific understanding and expertise in antibody engineering, Innovent Academy is also developing a significant portion of its compelling programs in several key non-oncology areas, including CVM, ophthalmology and autoimmune diseases, which have huge unmet need and global market potential.

Management Discussion and Analysis

- **Product development platform utilizes scientific and efficient approaches to scout opportunities for early-stage innovative pipeline:** As a clear path towards the long-term strategy of global innovation and to balance risks with reasonable investment returns, we are exploring our early-stage pipeline with global potential in ongoing PoC studies in a high cost-effective manner. With proven track record and strong execution, our product development team are progressing more innovative molecules into early-stage global clinical development to explore the clinical value of the assets, with PD-1/IL-2, CLDN18.2 ADC being developed in MRCTs in Australia and China. By combining deep understanding in key therapeutic areas and operational execution excellence, we endeavor to bridge the gap between fundamental science and medical application for patients.

Healthy financial position and improving financial resilience. As of 30 June 2023, the Company had approximately RMB8,526.5 million (equivalent to about US$1.2 billion) cash on hand and short-term financial assets. In September 2023, we successfully raised approximately HK$2.4 billion (or US$300 million) through a new share placement, and the Company therefore had cash on hand and short-term financial assets of approximately US$1.5 billion. The proceeds were primarily used to accelerate the R&D of several priority pre-clinical and clinical programmes in our global pipeline. We believe that our healthy financial position along with consistently efficient capital allocation and financial performance improvement will enable us to achieve our long-term sustainability strategic goal.

The year 2023 is the transformational year of a new decade for the Company's development. We are very pleased with the achievements we have made so far in our commercial operation, R&D development and financial improvement. We are confident that we are on track to further expand and develop Innovent into a global premier biopharmaceutical company, creating sustainable value for our patients, employees, society and the Shareholders.

Pipeline Summary

Leveraging on the Company's fully-integrated multi-functional platform and strategic partnerships and collaborations, the Company has developed a robust pipeline of 35 valuable assets. The Company's pipeline assets cover a variety of novel and validated therapeutic targets and drug modalities (including monoclonal antibodies, multi-specific antibodies, fusion proteins, T-cell engagers, ADCs, immuno-cytokine cell therapy and small molecules), spanning multiple major therapeutic areas including oncology, cardiovascular and metabolic, autoimmune and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

Management Discussion and Analysis

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

Products	Target (s)	Modality	Therapeutic Area	Rights	Status: Pre-clinical / IND / Phase 1 / Phase 1b/2 / Pivotal Phase 2 / Phase 3 / NDA / Launched
TYVYT® (sintilimab)	PD-1	Monoclonal antibody	Oncology	Worldwide	Approved : 1L nsqNSCLC, 1L sqNSCLC, 1L HCC, 1L GC, 1L ESCC, 2L EGFRm nsqNSCLC, cHL
BYVASDA® (bevacizumab)	VEGF-A	Monoclonal antibody	Oncology	Worldwide	Approved: NSCLC, mCRC, HCC, rGBM, r/r CC, OC, 2L EGFRm nsqNSCLC
HALPRYZA® (rituximab)	CD20	Monoclonal antibody	Oncology	Worldwide	Approved: nHL, CLL
Pemazyre® (Pemigatinib)	FGFR1/2/3	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	Approved: 2L CCA
Olverembatinib (BCR-ABL TKI)	BCR-ABL	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	Approved: 2L TKI-resistant CML
Cyramza® (ramucirumab)	VEGFR-2	Monoclonal antibody	Oncology	Mainland China	Approved: 2L GC, 2L HCC
Retsevmo® (selpercatinib)	RET	Small molecule	Oncology	Mainland China	Approved: RETm NSCLC / TC/MTC
FUCASO® (Equecabtagene Autoleucel)	BCMA CAR-T	Cell therapy	Oncology	Worldwide	Approved: r/r MM
IBI376 (parsaclisib)	PI3Kδ	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	Submitted: r/r FL
IBI351 (fulzerasib)	KRAS ^{G12C}	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	2L KRAS+ NSCLC 1L KRAS+ NSCLC / 3L CRC
IBI344 (Taletrectinib)	ROS1	Small molecule	Oncology	Mainland China, HK, Taiwan, Macau	2L ROS1+ NSCLC
IBI126 (Tusamitamab)	CEACAM5 ADC	Antibody drug conjugate	Oncology	Mainland China	2L CEACAM5+ NSCLC 1L CEACAM5+ NSCLC
IBI110	LAG3	Monoclonal antibody	Oncology	Worldwide	1L sqNSCLC; 1L GC; 1L HCC
IBI939	TIGIT	Monoclonal antibody	Oncology	Worldwide	1L NSCLC (PD-L1 TPS>=50%)
IBI310	CTLA-4	Monoclonal antibody	Oncology	Worldwide	Multiple cancer types
IBI323	LAG3/PD-L1	Bispecific antibody	Oncology	Worldwide	CRC
IBI188	CD47	Monoclonal antibody	Oncology	Worldwide	MDS
IBI322	PD-L1/CD47	Bispecific antibody	Oncology	Worldwide	Lymphoma
IBI363	PD-1/IL-2	Bispecific antibody	Oncology	Worldwide	Advanced malignancies
IBI127	IL-2	Immunocytokine	Oncology	Mainland China	Advanced malignancies
IBI343	CLDN18.2 ADC	Antibody drug conjugate	Oncology	Worldwide	Advanced malignancies
IBI389	CLDN18.2/CD3	Bispecific antibody	Oncology	Worldwide	Advanced malignancies
IBI360	CLDN18.2	Monoclonal antibody	Oncology	Worldwide	Advanced malignancies
IBI345	CLDN18.2 Modular CAR-T	Cell therapy	Oncology	Worldwide	Advanced malignancies
IBI354	HER2 ADC	Antibody drug conjugate	Oncology	Worldwide	Advanced malignancies
IBI130	TROP2 ADC	Antibody drug conjugate	Oncology	Worldwide	Advanced malignancies
IBI334	EGFR/B7H3	Bispecific antibody	Oncology	Worldwide	Advanced malignancies

NSCLC: non small cell lung cancer; HCC: hepatocellular carcinoma; GC: gastric cancer; ESCC: esophageal squamous cell carcinoma; GBM: glioblastoma; CC: cervical cancer; OC: ovarian cancer; cHL: classic Hodgkin lymphoma; CML: chronic myeloid leukemia; CLL: chronic lymphocytic leukemia; CCA: cholangiocarcinoma; FL: follicular lymphoma ; TC: thyroid cancer ; MTC: medullary thyroid cancer; CRC: colorectal cancer; MDS: myelodysplastic syndrome; MM: multiple myeloma

Listed drugs | Biologics | Small molecules

Products	Target (s)	Modality	Therapeutic Area	Rights	Status: Pre-clinical / IND / Phase 1 / Phase 1b/2 / Pivotal Phase 2 / Phase 3 / NDA / Launched
SULINNO® (adalimumab)	TNF-α	Monoclonal antibody	Autoimmune	Worldwide	Approved: RA, AS, Pso, Pediatric plaque Pso, PJIA, Uveitis , CD, Pediatric CD
SINTBILO® (tafolecimab)	PCSK9	Monoclonal antibody	Cardiovascular & Metabolic	Worldwide	Approved: Primary hypercholesterolemia and mixed dyslipidemia
IBI362 (mazdutide)	GLP-1R/GCGR	Polypeptide	Cardiovascular & Metabolic	Mainland China, HK, Taiwan, Macau	Obesity (6mg) T2DM (6mg) Obesity (9mg)
IIBI112 (Pincankibart)	IL-23p19	Monoclonal antibody	Autoimmune	Worldwide	Pso UC
IBI311	IGF-1R	Monoclonal antibody	Ophthalmology	Worldwide	TAO
IBI302	VEGF/Complement	Fusion protein	Ophthalmology	Worldwide	nAMD nAMD
IBI324	VEGF-A/ANG-2	Fusion protein	Ophthalmology	Worldwide	DME
IBI333	VEGF-A/VEGF-C	Fusion protein	Ophthalmology	Worldwide	nAMD
IBI353	PDE4	Small molecule	Autoimmune	Mainland China, HK, Taiwan, Macau	Pso
IBI128 (Tigulixostat)	XOI	Small molecule	Cardiovascular & Metabolic	Mainland China, HK, Taiwan, Macau	Gout with Hyperuricemia

AS: ankylosing spondylitis; RA: rheumatoid arthritis; PsA: psoriatic arthritis; PsO: psoriasis; CD: Crohn's disease; PIJA: polyarticular juvenile idiopathic arthritis HeFH: heterozygous familial hypercholesterolemia; Non-FH:non-familial hypercholesterolemia; TED: thyroid eye disease; DME:Diabetic Macular Edema; nAMD: Neovascular Age-related Macular Degeneration

Listed drugs | Biologics | Small molecules

Management Discussion and Analysis

Business Review

Commercial Stage Products

During the Reporting Period and up to the date of this report, we have successfully expanded our commercial portfolio into ten products spanning over multiple therapeutic areas with strong synergies to provide integrated patient solutions. The commercial portfolio includes: TYVYT® (sintilimab injection), BYVASDA® (bevacizumab injection), SULINNO® (adalimumab injection), HALPRYZA® (rituximab injection), PEMAZYRE® (pemigatinib), olverembatinib, Cyramza® (ramucirumab), Retevmo® (selpercatinib), FUCASO® (Equecabtagene Autoleucel), and SINTBILO® (tafolecimab injection).

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

TYVYT® (sintilimab injection): *an innovative fully human anti-PD-1 monoclonal antibody co-developed with Lilly; the National Major New Drugs Innovation and Development Program;*

Approved in China for seven indications including non-squamous NSCLC, squamous NSCLC, EGFR-mutated non-squamous NSCLC, HCC, GC, ESCC, and classic Hodgkin's lymphoma.

- In January 2023, TYVYT® (sintilimab injection) was included in the NRDL for two additional indications including 1L GC and 1L ESCC. TYVYT® (sintilimab injection) is the first and the only PD-1 inhibitor for GC in the NRDL, as well as the only PD-1 inhibitor for the 1L treatment of five high-incidence cancer types in the NRDL. The updated NRDL has taken effect since 1 March 2023.

- In April 2023, the final analysis results of ORIENT-15, the Phase 3 clinical study evaluating TYVYT® (sintilimab injection) in combination with chemotherapy for 1L ESCC, were released in a poster presentation at the AACR Annual Meeting 2023 (Abstract CT075).

- In April 2023, the final analysis results of ORIENT-16, the Phase 3 study evaluating TYVYT® (sintilimab injection) in combination with chemotherapy for 1L GC were released in a poster presentation at the AACR Annual Meeting 2023 (Abstract CT078).

- In May 2023, the second interim analysis and survival analysis results of the Phase 3 ORIENT-31 clinical study (NCT03802240) were published in the *Lancet Respiratory Medicine*. This Phase 3 study evaluated TYVYT® (sintilimab injection) with BYVASDA® (bevacizumab injection) combined with or without chemotherapy (pemetrexed and cisplatin) in patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy. The first interim analysis was published in the *Lancet Oncology* in 2022.

- In May 2023, the NMPA approved the seventh indication of TYVYT® (sintilimab injection) in combination with bevacizumab and chemotherapy in patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy.

- We continuously carry out clinical development programs for TYVYT® (sintilimab injection), as an immunotherapy backbone, in multiple clinical studies in combination with other novel molecules to overcome unmet medical needs for cancer treatment.

BYVASDA® (bevacizumab injection)*, a fully-human anti-VEGF monoclonal antibody; the National Major New Drugs Innovation and Development Program;*

Approved in China for eight indications including NSCLC, EGFR-mutated non-squamous NSCLC, metastatic CRC, adult recurrent glioblastoma, advanced or unresectable HCC, epithelial ovarian, fallopian tube, or primary OC, CC.

- In January 2023, a total of seven indications of BYVASDA® (bevacizumab injection) were included in the updated NRDL (including three new indications for OC, CC and HCC as a new drug in combination with sintilimab).

Management Discussion and Analysis

- In May 2023, the NMPA approved the eighth indication for BYVASDA® (bevacizumab injection) in combination with TYVYT® (sintilimab injection) and chemotherapy (pemetrexed and cisplatin) for EGFR-mutated non-squamous NSCLC after EGFR-TKI therapy.

HALPRYZA® (rituximab injection): *a recombinant chimeric murine/human anti-CD20 monoclonal antibody co-developed with Lilly; the National Major New Drugs Innovation and Development Program;*

Approved in China for multiple blood tumors treatment including non-Hodgkin's lymphoma and chronic lymphocytic leukemia.

- In January 2023, all approved indications of HALPRYZA® (rituximab injection) were included in the updated NRDL (including two new indications, for the maintenance therapy for previously untreated follicular lymphoma and the treatment of chronic lymphocytic leukemia).

SULINNO® (adalimumab injection): *a fully-human anti-TNF-α monoclonal antibody; the National Major New Drugs Innovation and Development Program;*

Approved in China for eight indications including rheumatoid arthritis, ankylosing spondylitis, psoriasis, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease.

- In January 2023, a total of eight approved indications of SULINNO® (adalimumab injection) were included in the updated NRDL (including two new indications for Crohn's disease and pediatric Crohn's disease).

PEMAZYRE® (pemigatinib): *a potent, selective oral inhibitor of FGFR isoforms 1, 2, and 3 licensed from Incyte (NASDAQ ticker symbol: INCY) for development and commercialization in Greater China;*

Approved in markets of mainland China, Taiwan and Hong Kong for the treatment of adults with previously treated, unresectable locally advanced or metastatic CCA with a FGFR2 fusion or rearrangement.

- In April 2023, the OS results of the Phase 2 study of pemigatinib in Chinese patients with advanced CCA were presented at the AACR Annual Meeting 2023 (Abstract CT153).

- In May 2023, PEMAZYRE® (pemigatinib) has been included in the health insurance reimbursement scheme in Taiwan market for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement as confirmed by a validated diagnostic test that have progressed after at least one prior line of systemic therapy.

Olverembatinib: *a novel BCR-ABL TKI co-developed and co-commercialized with Ascentage Pharma Group International; the National Major New Drugs Innovation and Development Program;*

Approved in China for the treatment of adult patients with TKI-resistant CML-CP or CML-AP harboring the T315I mutation as confirmed by a validated diagnostic test.

- In January 2023, olverembatinib has been included in the NRDL for the first time for adult patients with T315I-mutant CML-CP and CML-AP.

- In June 2023, the updated clinical results of the Phase 1b/2 of olverembatinib in patients with TKI-resistant succinate dehydrogenase (SDH)-deficient gastrointestinal stromal tumor (GIST) were released in a poster presentation at the ASCO 2023 Annual Meeting (Poster #474).

- In June 2023, olverembatinib received the second BTD by NMPA for the treatment of patients with SDH-deficient GIST who had received 1L treatment.

Management Discussion and Analysis

Cyramza® (ramucirumab): *a VEGF receptor 2 antagonist that binds specifically to VEGFR-2, thereby blocking the binding of the receptor ligands (VEGF-A, VEGF-C, and VEGF-D) – which may slow tumor growth. Cyramza® (ramucirumab) was discovered by Lilly and licensed to the Company for commercialization in mainland China.*

In the U.S., Cyramza® (ramucirumab) is the first U.S. FDA approved treatment for patients with advanced gastric cancer after prior chemotherapy and the first U.S. FDA approved biomarker-driven therapy in patients with HCC after sorafenib who have an alpha fetoprotein of ≥400 ng/mL.

In mainland China, Cyramza® (ramucirumab) is approved for two indications including 2L treatment of patients with advanced or metastatic, gastric or gastro-esophageal junction (GEJ) adenocarcinoma and the treatment of HCC patients who have an alpha fetoprotein of ≥400 ng/mL and have been treated with sorafenib. In November 2022, Cyramza® (ramucirumab) was officially launched in mainland China market.

- In April 2023, Cyramza® (ramucirumab) has been recommended in combination with paclitaxel for 2L treatment of advanced or metastatic GC (Level 1A evidence, Grade I recommendation) in CSCO Guidelines for GC 2023 version.

Retsevmo® (selpercatinib): *a highly selective and potent RET kinase inhibitor that was discovered by Lilly and licensed to the Company for commercialization in mainland China.*

In the U.S., selpercatinib (under the U.S. trade name Retevmo®) was granted accelerated approval by the U.S. FDA in May 2020 as the first treatment for adult patients with RET fusion-positive metastatic NSCLC and adult and pediatric patients aged 12 years and older with advanced or metastatic MTC carrying a RET mutation who require systemic therapy, as well as adult and pediatric patients aged 12 years and older with RET fusion-positive advanced or metastatic TC who require systemic therapy and refractory to radioiodine therapy, if applicable. In September 2022, the U.S. FDA granted regular approval to selpercatinib for adult patients with locally advanced or metastatic NSCLC with a RET gene fusion. FDA also granted accelerated approval to selpercatinib as the first and only RET inhibitor for adult patients with locally advanced or metastatic solid tumors with a RET gene fusion that have progressed on or following prior systemic treatment or who have no satisfactory alternative treatment options.

In mainland China, Retsevmo® (selpercatinib) is approved for the treatment of adult patients with locally advanced or metastatic NSCLC with a RET gene fusion, adult and pediatric patients 12 years of age and older with advanced or metastatic MTC with a RET mutation who require systemic therapy, and adult and pediatric patients 12 years of age and older with advanced or metastatic TC with a RET gene fusion who require systemic therapy and who are radioactive iodine-refractory (if radioactive iodine is appropriate). In March 2023, Retsevmo® (selpercatinib) was officially launched in the mainland China market.

- In March 2023, Retsevmo® (selpercatinib) was officially launched in the mainland China market.
- In April 2023, Retsevmo® (selpercatinib) has been recommended for the treatment of locally advanced or metastatic NSCLC with a RET gene fusion (Level 3A evidence, Grade I recommendation) in CSCO Guidelines for NSCLC 2023 version.
- In August 2023, Lilly announced topline results from the LIBRETTO-431 study evaluating Retevmo versus platinum-based chemotherapy plus pemetrexed – with or without pembrolizumab – as an initial treatment for patients with RET fusion-positive advanced or metastatic NSCLC. The study met its primary endpoint, demonstrating a statistically significant and clinically meaningful improvement in PFS.

Management Discussion and Analysis

FUCASO® *(Equecabtagene Autoleucel):* *a fully-human BCMA-directed CAR-T cell therapy, co-developed with IASO Bio.*

Approved in China for adult patients with RRMM who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent.

- In June 2023, the updated long-term follow-up results from the Phase 1b/2 study (FUMANBA-1) of Equecabtagene Autoleucel for the treatment of RRMM was presented at the ASCO Annual Meeting 2023.

- In June 2023, FUCASO® (Equecabtagene Autoleucel) was approved by the NMPA for the treatment of adult patients with RRMM who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent. FUCASO® (Equecabtagene Autoleucel) is the first fully-human BCMA-directed CAR-T approved in China.

SINTBILO® *(tafolecimab injection):* *a novel fully-human anti-PCSK9 monoclonal antibody; the National Major New Drugs Innovation and Development Program.*

Approved in China for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial hypercholesterolemia) and mixed dyslipidemia who have failed to achieve LDL-C goals by using moderate or higher doses of statins with or without other lipid-lowering agents.

- In July 2023, the results from the Phase 3 clinical trial (CREDIT-4) of tafolecimab injection in Chinese patients with hypercholesterolemia were published as a research article in *JACC: Asia*.

- In August 2023, SINTBILO® (tafolecimab injection) was approved by the NMPA for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial hypercholesterolemia) and mixed dyslipidemia who have failed to achieve LDL-C goals by using moderate or higher doses of statins with or without other lipid-lowering agents, in adjunct to diet,in combination with statins or statins and other lipid-lowering therapies, to lower the level of LDL-C, total cholesterol and ApoB. It is the first domestically self-developed anti-PCSK9 monoclonal antibody approved in China.

- In the second half of 2023, we plan to publish the results from the Phase 3 clinical trial (CREDIT-1) of tafolecimab in Chinese subjects with non-familial hypercholesterolemia on medical journal.

NDA and Late Stage Drug Candidates

Currently, one asset is undergoing NDA review process and seven candidates are under registrational or pivotal clinical studies, providing potential for continuously expanding commercial portfolio, sustainable growth prospects for our business and benefiting more stratified and complex patient groups from cancers to chronic diseases.

NDA and Late Stage Drug Candidates – Oncology

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

IBI-376 (Parsaclisib Hydrochloride): *a selective, next-generation investigational novel oral inhibitor of PI3Kδ, the Company in-licensed from Incyte for development and commercialization in Greater China.*

- In January 2023, the NDA of IBI-376 for the treatment of r/r FL has been accepted by the NMPA and granted priority review designation.

- In June 2023, the updated results of the pivotal Phase 2 study of IBI-376 for the treatment of r/r FL in China were presented at the 28th Annual Meeting of the European Society of Hematology (EHA) 2023.

IBI-351: *a novel, orally active, potent KRAS^{G12C} inhibitor in-licensed from GenFleet Therapeutics (Shanghai) Inc..*

- In April 2023, the updated results of the Phase 1 study of IBI-351 as monotherapy in patients with previously-treated advanced NSCLC harboring KRAS^{G12C} mutation were presented at the AACR 2023.

Management Discussion and Analysis

- In June 2023, the preliminary results from a pooled analysis of two Phase 1 studies of IBI-351 as monotherapy in patients with metastatic CRC harboring $KRAS^{G12C}$ mutation were presented at the ASCO Annual Meeting 2023.

- During the Reporting Period, the Phase 1b studies of IBI-351 combination therapy for $KRAS^{G12C}$-mutated cancers has been ongoing.

- In the second half of 2023, we plan to release updated result of IBI-351 at upcoming medical conferences.

- By the end of 2023, we plan to submit the NDA of IBI-351 as monotherapy for the treatment of 2L $KRAS^{G12C}$-mutated NSCLC.

IBI-344 (taletrectinib): *a novel next-generation ROS1 TKI in-licensed from AnHeart Therapeutics Co., Ltd. (AnHeart R&D code: AB-106) for the co-development and commercialization in Greater China.*

- In March 2023, the updated efficacy and safety data from a Phase 2 clinical trial of taletrectinib (TRUST-I) and a pooled analysis of TRUST-I and the taletrectinib Phase 1 studies in patients with ROS1-positive NSCLC were presented in an oral presentation at the ELCC 2023.

- By the end of 2023, an NDA submission to the China NMPA for taletrectinib is planned, based on the positive pivotal TRUST-I trial results, for the treatment of patients with ROS1 positive NSCLC who are previously treated with a ROS1 TKI.

IBI-126 (tusamitamab ravtansine): *a potential first-in-class ADC targeting CEACAM5, a cell-surface glycoprotein that is highly expressed in NSCLC, GC and other cancers. The Company collaborated with Sanofi (EURONEXT: SAN and NASDAQ: SNY) on the development and commercialization of IBI-126 in China.*

- Tusamitamab ravtansine is currently in a Phase 3 study for 2L NSCLC globally (including China), and global Phase 2 studies in additional indications including 1L NSCLC, GC and other solid tumors.

- In 2023, we initiated a Phase 2 clinical study in China to explore tusamitamab ravtansine in combination with sintilimab with or without chemotherapy in the treatment of 1L non-squamous NSCLC with CEACAM5 positive expression.

NDA and Late Stage Drug Candidates – Non-Oncology

IBI-362 (mazdutide): *a GLP-1R/GCGR dual agonist in-licensed from Lilly, potential best-in-class clinical-stage drug candidate for T2DM and obesity.*

- In January 2023, we completed subject enrollment for the Phase 3 clinical trial (GLORY-1) of mazdutide in Chinese adults with overweight or obesity and the trial is ongoing. The subjects are randomized in a 1:1:1 ratio to receive either mazdutide 4.0 mg, mazdutide 6.0 mg or placebo for 48 weeks. The primary endpoints include the percentage change in body weight from baseline to week 32 and the proportion of subjects with 5% or more body weight loss from baseline at week 32.

- In January 2023, we dosed the first patient for the Phase 3 clinical study (DREAMS-1) of mazdutide in Chinese patients with T2DM inadequately controlled by diet and exercise alone. We have completed the subject enrollment and are continually following up with the trial. The subjects are randomized in a 1:1:1 ratio to receive either mazdutide 4.0 mg, mazdutide 6.0 mg or placebo. The study treatment period will be 48 weeks in total, including a 24-week double-blind treatment period and a 24-week extension treatment period. The primary endpoint is the change from baseline to week 24 in glycated HbA1c levels.

- In January 2023, we dosed the first patient for the Phase 3 clinical study (DREAMS-2) of mazdutide in Chinese patients with T2DM who have inadequate glycemic control with metformin monotherapy or combination therapy of metformin with SGLT2 inhibitors or sulfonylureas. We have completed the subject enrollment and

Management Discussion and Analysis

are continually following up with the trial. The subjects are randomized in a 1:1:1 ratio to receive either mazdutide 4.0 mg, mazdutide 6.0 mg or dulaglutide 1.5 mg for 28 weeks. The primary endpoint is the change from baseline to week 28 in HbA1c levels.

- In May 2023, the Phase 2 clinical study of mazdutide (higher dose 9mg) in Chinese adults with obesity achieved its primary endpoint. Mazdutide (higher dose 9mg) demonstrated favorable safety and robust weight loss efficacy and may provide an alternative to metabolic surgery for the treatment of moderate-to-severe obesity. After 24 weeks of treatment, the treatment difference of the mean percent change in body weight from baseline versus placebo was -15.4% (95%CI: -18.8%, -11.9%), P<0.0001. The treatment difference of the mean change in body weight from baseline versus placebo was -14.7 kg (95%CI: -17.9 kg, -11.5 kg), P<0.0001.

- In the second half of 2023, we expect to read out 48-week treatment data from the Phase 2 clinical study of mazdutide (higher dose 9mg) in Chinese adults with obesity, and expect to initiate a Phase 3 clinical study of mazdutide (higher dose 9mg) around the end of 2023.

- Between the end of 2023 and early 2024, we plan to submit the first NDA of mazdutide (6mg) for Chinese adults with overweight or obesity.

IBI-112 (picankibart): *a novel long-acting anti-IL-23p19 subunit monoclonal antibody.*

- In February 2023, we dosed the first patient in the Phase 3 clinical study (CLEAR) of picankibart in patients with moderate-to-severe plaque psoriasis. We have completed the subject enrollment and the research period is expected to be 68 weeks.

- During the Reporting Period, the Phase 2 clinical study of picankibart for patients with ulcerative colitis is ongoing.

IBI-311: *a recombinant IGF-1R monoclonal antibody*

- In February 2023, we dosed the first patient in the Phase 2 clinical study of IBI-311 in patients with TED.

- We have observed clear clinical efficacy including improving proptosis and the diplopia in the Phase 2 study of IBI-311 in TED subjects.

- In May 2023, we dosed the first patient in the Phase 3 clinical study (RESTORE) of IBI-311 in patients with TED and have completed patient enrollment.

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

- In early 2023, the Phase 2 study of 2mg/4mg IBI-302 Q8W met its primary endpoint with BCVA gains noninferior to 2mg Aflibercept Q8W at week 36 and week 52. Another Phase 2 study of 8mg high concentration IBI-302 to observe efficacy under longer dose interval is ongoing.

- In the second half of 2023, we plan to start patient enrollment for the Phase 3 clinical study for 8mg IBI-302 for nAMD.

- In the end of 2023 to early 2024, we expect to read out data for the Phase 2 clinical study of 8mg IBI-302 for nAMD.

- In the second half of 2023, we plan to release Phase 1 clinical trial data for high concentration IBI-302 for nAMD at upcoming medical conference.

Selected Drug Candidates at Phase 1/2 Stages

We have approximately 20 assets at Phase 1/2 stages, most of which we own their global rights. We believe these candidates, together with dozens of preclinical projects, can provide a robust and well-diversified pipeline for sustainable growth of the Company in mid to long term.

Management Discussion and Analysis

Selected Oncology Drug Candidates in Phase 1/2 Stages

Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

IBI-110: *a novel anti-LAG3 monoclonal antibody*

- IBI-110 is in early-stage exploration in multiple indications including in a PoC study in 1L squamous NSCLC.
- In June 2023, the updated data of IBI-110 in a Phase 1b clinical study in 1L HCC and 1L GC were presented at the ASCO Annual Meeting 2023. IBI-110 has shown encouraging preliminary efficacy signal and safety profile in combination with sintilimab.

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

- IBI-939 is in early-stage exploration in a PoC study in previously untreated advanced PD-L1 selected NSCLC.
- In June 2023, the updated data of IBI-939 in a Phase 1b clinical study in combination with sintilimab for previously untreated locally advanced PD-L1 selected NSCLC were presented at the ASCO Annual Meeting 2023, in which prolonged PFS benefit and tolerable safety profiles were observed.

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

- In 2023, we continue to explore the potential of IBI-310 in certain selected indications.

IBI-363: *a potential first-in-class PD-1/IL-2 bispecific antibody fusion protein*

- In 2023, we continue to explore IBI-363 in Phase 1 MRCT for patients with advanced solid tumors in Australia and China.

IBI-343: *a potential best-in-class recombinant anti-CLDN18.2 monoclonal ADC*

- In 2023, we continue to explore IBI-343 in Phase 1 MRCT in patients with CLDN18.2-positive solid tumors in Australia and China, and in the second half of 2023, we expect to observe preliminary data of IBI-343.

IBI-323: *a novel LAG-3/PD-L1 bispecific antibody*

- In 2023, we continue to follow the Phase 1b clinical study for IBI-323.

IBI-389: *a novel CLDN18.2/CD3 bispecific antibody*

- In 2023, we continue to explore IBI-389 in Phase 1 clinical study in patients with CLDN18.2-positive solid tumors.

IBI-334: *a potential first-in-class EGFR/B7H3 bispecific antibody*

- In July 2023, we submitted IND application for IBI-334 and plan to enter Phase 1 clinical study in patients with advanced solid tumors in Australia and China.

Selected Non-oncology Drug Candidates in Phase 1/2 Stages

IBI-128 (Tigulixostat): *a late-stage novel non-purine XOI for the chronic management of hyperuricemia in patients with gout disease; collaborated with LG Chem for the development and commercialization in China. LG Chem has initiated multi-regional global Phase 3 clinical trials for Tigulixostat in the fourth quarter of 2022.*

- In 2023, our partner LG Chem is continuing global Phase 3 MRCT clinical studies of Tigulixostat in patients with gout disease. Tigulixostat has shown superior efficacy in uric acid reduction and good safety profile in Phase 2 study. We will develop IBI-128 in China in pace with the global registration progress of Tigulixostat.

Management Discussion and Analysis

IBI-353 (orismilast): *a potent and selective, next-generation PDE4 inhibitor with broad anti-inflammatory properties co-developed and co-commercialized with UNION.*

- In January 2023, UNION announced positive topline results of the Phase 2b ex-China study of oral orismilast in patients with moderate to severe psoriasis. UNION is also following Ph2b ex-China study of orismilast in atopic dermatitis.

- In the first half of 2023, we have completed the Phase 1 study for orismilast in Chinese healthy subjects.

IBI-333 (VEGF-A/VEGF-C): *A bispecific recombinant fully humanized fusion protein targeting VEGF-A and VEGF-C*

- In February 2023, we dosed the first patient in the Phase 1 clinical study of IBI-333 in patients with nAMD.

IBI-355: *a potential best-in-class anti-CD40L monoclonal antibody*

- We received IND approval for IBI-355 and plan to initiate the Phase 1 clinical study in the second half of 2023.

IBI-356: *a potential best-in-class anti-OX40L monoclonal antibody*

- We filed IND application of IBI-356 in August 2023 and expect to receive IND approval in second half of 2023.

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

Strategic Collaboration with Partners and Other Corporate Development

- In June 2023, we entered into clinical trial collaboration with Merck KGaA investigating combination therapy of IBI-351 ($KRAS^{G12C}$ inhibitor) and cetuximab (ERBITUX® (cetuximab)) for $KRAS^{G12C}$-mutated NSCLC in China. Under the agreement, we will conduct a Phase 1b study to evaluate the anti-tumor activity and safety of the combination therapy of IBI-351 with cetuximab in Chinese patients with advanced or metastatic NSCLC harboring $KRAS^{G12C}$ mutation. Merck KGaA will provide clinical drug supplies of cetuximab in this multi-center trial in China. Currently, cetuximab as a monotherapy or as a combination therapy has not been approved in any country for patients with advanced NSCLC.

- In June 2023, we entered into clinical trial collaboration with RemeGen investigating therapies of TYVYT® (sintilimab injection) with RC88, a novel MSLN-targeting ADC, or RC108, a novel c-Met-targeting ADC, respectively, as potential treatment options for advanced solid tumors in China. Under the agreement, we will provide clinical drug supplies of TYVYT® (sintilimab injection) during the clinical trial collaboration. RemeGen will conduct Phase 1/2a clinical studies to evaluate the anti-tumor activity and safety of the combination therapies of TYVYT® (sintilimab injection) with RC88 or RC108 in Chinese patients with advanced solid tumors.

- In September 2023, we successfully raised approximately HK$2.4 billion (or US$300 million) through a new share placement, which was primarily used to accelerate the R&D of several priority pre-clinical and clinical programmes in our global pipeline, so as to better secure our long-term strategic goals of sustainable growth and global innovation.

- During the Reporting Period, our production capacity of 140,000L guaranteed sufficient capacity to commensurate with our growing and maturing drug pipeline and to support our continued business expansions. In particular, the large-scale stainless-steel bioreactors have provided market competitive cost advantage for the production of antibody drugs.

Management Discussion and Analysis

Financial Review

Six Months Ended 30 June 2023 Compared to Six Months Ended 30 June 2022

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	**2,701,532**	2,239,599
Cost of sales	**(504,615)**	(471,528)
Gross profit	**2,196,917**	1,768,071
Other income	**232,421**	104,959
Other gains and losses	**280,607**	389,621
Research and development expenses	**(922,817)**	(1,174,450)
Administrative and other expenses	**(368,388)**	(407,795)
Selling and marketing expenses	**(1,347,414)**	(1,397,902)
Royalties and other related payments	**(277,143)**	(236,850)
Finance costs	**(50,292)**	(44,566)
Loss before tax	**(256,109)**	(998,912)
Income tax credit	**116,960**	48,444
Loss for the period	**(139,149)**	(950,468)
Other comprehensive expense:		
Items that will not be reclassified to profit or loss		
Fair value loss on investment in equity instruments at FVTOCI	**(30,913)**	(42,715)
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**(18,539)**	(11,111)
Other comprehensive expense for the period, net of income tax	**(49,452)**	(53,826)
Total comprehensive expense for the period	**(188,601)**	(1,004,294)

Management Discussion and Analysis

1. Revenue

For the six months ended 30 June 2023, the Group generated revenue from contracts with customers of RMB2,701.5 million. The Group generates revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D services provided to its customers. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	Six Months Ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Sales of pharmaceutical products	**2,457,459**	2,040,886
License fee income	**235,877**	198,472
R&D service fee income	**8,196**	241
Total revenue from contracts with customers	**2,701,532**	2,239,599

For the six months ended 30 June 2023, the Group recorded revenue from sales of pharmaceutical products of RMB2,457.5 million, as compared with RMB2,040.9 million for the six months ended 30 June 2022.

During the six months ended 30 June 2023, the Group recorded license fee income of RMB235.9 million, as compared with RMB198.5 million for the six months ended 30 June 2022. Under the Exclusive License and Collaboration Agreement for China and Co-Development Agreement entered into between the Group and Lilly in March 2015 on the products of TYVYT® (sintilimab injection) and HALPRYZA® (rituximab injection), the Group received collaboration payments and started to recognize revenue at the commercialisation stage of relevant products. During the six months ended 30 June 2023 and 2022, such license fee income recorded was RMB234.4 million and RMB177.5 million, respectively. Meanwhile, the Group recognized a one-time license fee income of RMB1.5 million for the six months ended 30 June 2023, as compared with RMB21.0 million for the six months ended 30 June 2022.

In addition, the Group continued to provide R&D services to customers. During the six months ended 30 June 2023, the Group generated R&D service revenue of approximately RMB8.2 million, as compared with RMB0.2 million for the six months ended 30 June 2022.

2. Cost of Sales

The Group's cost of sales consists of cost of raw material, direct labour, manufacturing cost and manufacturing overhead related to the production of the products sold as well as inventory impairment loss and amortisation of development cost for products at commercialisation stage. For the six months ended 30 June 2023, the Group recorded cost of sales of RMB504.6 million, as compared with RMB471.5 million for the six months ended 30 June 2022.

3. Other Income

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

Management Discussion and Analysis

For the six months ended 30 June 2023, other income of the Group increased by RMB127.4 million to RMB232.4 million, from RMB105.0 million for the six months ended 30 June 2022. The increase was primarily due to more bank interest income earned.

4. Other Gains and Losses

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

For the six months ended 30 June 2023, other gains and losses of the Group was a gain of RMB280.6 million, as compared with a gain of RMB389.6 million for the six months ended 30 June 2022, which primarily included gains of RMB278.3 million, mainly generated by the favourable foreign exchange rates.

5. R&D Expenses

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

For the six months ended 30 June 2023 and 2022, the Group incurred R&D expenses of RMB922.8 million and RMB1,174.5 million, respectively.

6. Administrative and Other Expenses

For the six months ended 30 June 2023, administrative and other expenses of the Group decreased to RMB368.4 million from RMB407.8 million for the six months ended 30 June 2022.

7. Selling and Marketing Expenses

Selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities. Selling and marketing expenses were RMB1,347.4 million for the six months ended 30 June 2023, as compared with RMB1,397.9 million for the six months ended 30 June 2022. The Group continuously devotes commercialisation effort to build sales channels and explore potential markets to maximize the commercial value of our products. In addition, the Group continuously develops a more sustainable and healthier commercial management model to establish a more agile and leaner organization with systematic and scientific management, which could further increase the output and improve efficiency for more sustainable long-term growth.

8. Royalties and Other Related Payments

Royalties and other related payments were RMB277.1 million for the six months ended 30 June 2023, as compared with RMB236.9 million for the six months ended 30 June 2022. This represents the royalties, sales based milestones, profit sharing, as well as other related payments to the third parties for various co-development and licensing-in products.

9. Income tax credit

Income tax credit was RMB117.0 million for the six months ended 30 June 2023, as compared with a credit of RMB48.4 million for the six months ended 30 June 2022. This increase was mainly generated by the recognition of a refund of withholding tax to be received in relation to the upfront payments received from Lilly in 2020.

Management Discussion and Analysis

10. Non-IFRS Measure

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

Non-IFRS measures represent corresponding measures under IFRS excluding the effect of certain non-cash items including the share-based compensation expenses and net foreign exchange gains or losses.

The table below sets forth a reconciliation of the gross profit to adjusted gross profit for the periods:

	Six Months Ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gross profit	**2,196,917**	1,768,071
Added:		
Share-based compensation expenses	**27,165**	35,178
Adjusted gross profit	**2,224,082**	1,803,249

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

	Six Months Ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
R&D expenses	**(922,817)**	(1,174,450)
Added:		
Share-based compensation expenses	**96,566**	96,749
Adjusted R&D expenses	**(826,251)**	(1,077,701)

Management Discussion and Analysis

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

	Six Months Ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Selling and marketing expenses	**(1,347,414)**	(1,397,902)
Added:		
Share-based compensation expenses	**7,813**	36,312
Adjusted selling and marketing expenses	**(1,339,601)**	(1,361,590)

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

	Six Months Ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Administrative and other expenses	**(368,388)**	(407,795)
Added:		
Share-based compensation expenses	**95,446**	92,936
Adjusted administrative and other expenses	**(272,942)**	(314,859)

The table below sets forth a reconciliation of the LBITDA to adjusted LBITDA for the periods:

	Six Months Ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
LBIDTA	**(216,113)**	(900,846)
Added:		
Share-based compensation expenses	**226,990**	261,175
Net foreign exchange gains	**(278,265)**	(396,032)
Adjusted LBIDTA	**(267,388)**	(1,035,703)

Management Discussion and Analysis

The table below sets forth a reconciliation of the loss for the period to adjusted loss for the period for the periods:

	Six Months Ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss for the period	**(139,149)**	(950,468)
Added:		
Share-based compensation expenses	**226,990**	261,175
Net foreign exchange gains	**(278,265)**	(396,032)
Adjusted loss for the period	**(190,424)**	(1,085,325)

Selected Data from Statement of Financial Position

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Total current assets	**11,385,307**	11,506,708
Total non-current assets	**6,511,729**	6,082,137
Total assets	**17,897,036**	17,588,845
Total current liabilities	**2,872,464**	3,499,198
Total non-current liabilities	**4,241,355**	3,359,698
Total liabilities	**7,113,819**	6,858,896
Net current assets	**8,512,843**	8,007,510

Management Discussion and Analysis

11. Liquidity and Source of Funding and Borrowing

As at 30 June 2023, the Group's bank balances and cash and current portion of other financial assets decreased to RMB8,526.5 million from RMB9,166.0 million as at 31 December 2022. The decrease primarily resulted from investment in ongoing R&D projects and capacity expansion. As at 30 June 2023, the current assets of the Group were RMB11,385.3 million, including bank balances and cash of RMB7,655.7 million. As at 30 June 2023, the current liabilities of the Group were RMB2,872.5 million, including trade and bills payables of RMB216.4 million, other payables and accrued expenses of RMB1,833.4 million, contract liabilities of RMB345.5 million, borrowings of RMB450.1 million and lease liabilities of RMB27.0 million. As at 30 June 2023, the Group had available unutilized long-term bank loan facilities of approximately RMB2,177.4 million.

12. Key Financial Ratios

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

	As at 30 June 2023	As at 31 December 2022
Current ratio[(1)]	**4.0**	3.3
Quick ratio[(2)]	**3.5**	2.9
Gearing ratio[(3)]	**NM[(4)]**	NM[(4)]

Notes:

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

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

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

(4) Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative as at 30 June 2023.

13. Significant Investments

The Group did not hold any significant investments that accounted for 5% or more of the Company's total assets during the six months ended 30 June 2023.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2023.

15. Pledge of Assets

As at 30 June 2023, the Group had a total of RMB823.8 million of property, plant and equipment, RMB276.9 million of land use rights and RMB875.5 million of bank deposits pledged to secure its loans and banking facilities.

Management Discussion and Analysis

16. Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.

17. Foreign Exchange Exposure

During the six months ended 30 June 2023, a majority of the Group's transactions were settled in Renminbi (RMB), the functional currency of the Company's primary subsidiaries. As at 30 June 2023, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 30 June 2023. The Group uses forward contracts to eliminate the foreign exchange exposures.

18. Employees and Remuneration

As at 30 June 2023, the Group had 5,144 employees, including approximately 1,000 people from R&D, approximately 1,000 from CMC, and approximately 3,000 from selling and marketing. The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. The number of employees employed by the Group varies from time to time depending on need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experience and performance. The remuneration policy and package of the Group's employees are periodically reviewed.

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based payment expenses. In accordance with applicable Chinese laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees.

The Company also adopted the Pre-IPO Plan, the post-IPO ESOP, the 2018 RS Plan and the 2020 RS Plan to provide incentives for the Group's employees. Please refer to the section headed "Statutory and General Information – D. Equity Plan" in Appendix IV to the prospectus of the Company dated 18 October 2018 for further details of the Pre-IPO Plan, the Post-IPO ESOP and the 2018 RS Plan and the circular of the Company dated 28 May 2020 for further details of the 2020 RS Plan, the termination of the 2018 RS Plan and the survival of the restricted shares granted or earmarked pursuant to the 2018 RS Plan. The 2020 RS Plan succeeds the 2018 RS Plan.

The total remuneration cost incurred by the Group for the six months ended 30 June 2023 was RMB1,358.8 million, as compared to RMB1,436.9 million for the six months ended 30 June 2022.

During the six months ended 30 June 2023, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

Other Information

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

As at 30 June 2023, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of holding[1]	Long position/ Short position
Dr. De-Chao Michael Yu ("**Dr. Yu**")	Beneficial owner	105,480,614[2]	6.84%	Long position
		371,747[3]	0.02%	Short position
	Grantor of a trust	9,000,000[4]	0.58%	Long position
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	12,422,595[5]	0.80%	Long position
Dr. Charles Leland Cooney ("**Dr. Cooney**")	Beneficial owner	127,710[6]	0.00%	Long position
Mr. Ronald Hao Xi Ede ("**Mr. Ede**")	Beneficial owner	8,270,975[7]	0.53%	Long position
Ms. Joyce I-Yin Hsu ("**Ms. Hsu**")	Beneficial owner	88,620[8]	0.00%	Long position
Dr. Kaixian Chen ("**Dr. Chen**")	Beneficial owner	38,268[9]	0.00%	Long position
Mr. Gary Zieziula ("**Mr. Zieziula**")	Beneficial owner	307,012[10]	0.01%	Long position

Notes:

1. The calculation is based on the total number of 1,540,720,092 Shares in issue as at 30 June 2023.

2. Includes (i) 88,325,531 Shares held directly by Dr. Yu, (ii) Dr. Yu's entitlement to receive up to 10,224,889 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Yu's entitlement to the aggregate of 6,930,194 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

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

Other Information

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

5. These Shares are held by The Bryn Mawr Trust Company of Delaware as trustee of (i) Madrone Grove Dynasty Trust; and (ii) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.

6. Includes (i) 45,401 Shares held by Dr. Cooney; (ii) Dr. Cooney's entitlement to receive up to 74,594 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Cooney's entitlement to the aggregate of 7,715 Shares underlying the Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

7. Includes (i) 4,055,616 Shares held directly by Mr. Ede; (ii) Mr. Ede's entitlement to receive up to 2,744,715 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Mr. Ede's entitlement to the aggregate of 1,470,644 Shares underlying Restricted Shares granted to him, subject to the conditions of these Restricted Shares.

8. Includes (i) 6,311 shares held directly by Ms. Hsu; (ii) Ms. Hsu's entitlement to receive up to 74,594 Shares pursuant to the exercise of options granted to her, subject to the conditions of these options; and (iii) Ms. Hsu's entitlement to the aggregate of 7,715 Shares underlying the Restricted Shares granted to her, subject to the conditions of these underlying Restricted Shares.

9. Includes (i) 5,346 shares held directly by Dr. Chen; (ii) Dr. Chen's entitlement to receive up to 29,837 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Chen's entitlement to the aggregate of 3,085 Shares underlying the Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

10. Includes (i) Mr. Zieziula's entitlement to receive up to 272,899 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (ii) Mr. Zieziula's entitlement to the aggregate of 34,113 Shares underlying the Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

Save as disclosed above, as at 30 June 2023, 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.

Other Information

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

As at 30 June 2023, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position/ Lending pool
Temasek Holdings (Private) Limited[2]	Interest in a controlled corporation	138,042,850	8.95%	Long position
The Capital Group Companies, Inc.[3] (the "**Capital Group Companies**")	Interest in a controlled corporation	93,660,369	6.07%	Long position
LAV Asset Management (Hong Kong) Limited[4] ("**LAV**")	Investment manager	77,036,540	5.00%	Long position
Yi Shi[4] ("**Mr. Shi**")	Interest in a controlled corporation	77,036,540	5.00%	Long position

Notes:

1. The calculation is based on the total number of 1,540,720,092 Shares in issue as at 30 June 2023.

2. TLS Beta Pte. Ltd ("**TLS Beta**") is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 89,475,350 Shares held by TLS Beta.

   Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are also deemed to be interested in the 11,230,000 Shares held by held by Elbrus Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Life Sciences Private Limited.

   Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are also deemed to be interested in the 3,941,000 Shares held by True Light Investments H Pte Ltd., an indirect wholly-owned subsidiary of Fullerton Management Pte Ltd.

   In addition to the above, Temasek Holdings (Private) Limited is deemed to be interested in the 33,396,500 Shares held by other entity under its control. For details, please refer to the disclosure of interest form of Temasek Holdings (Private) Limited filed on 21 June 2023.

2. Capital Research and Management Company ("**Capital Research**") is a wholly-owned subsidiary of Capital Group Companies, which directly holds 55,165,236 Shares and is deemed to be interested in the 38,495,133 Shares held by other entities under the control of Capital Group International Inc., a wholly-owned subsidiary of Capital Research. Under the SFO, Capital Group Companies is deemed to be interested in the Shares held by Capital Research. For details, please refer to the disclosure of interest form of the Capital Group Companies filed on 31 May 2023.

3. LAV is wholly-owned by Mr. Shi, and under the SFO, Mr. Shi is deemed to be interested in LAV's interest in the Company. For details, please refer to the disclosure of interest form of Mr. Shi filed on 18 April 2023.

Save as disclosed above, as at 30 June 2023, no persons other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations" above had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Other Information

Equity Plans

The Company has four existing share schemes, namely the Pre-IPO Share Incentive Plan (terminated), the Post-IPO ESOP, the 2018 RS Plan (terminated on 12 June 2020) and the 2020 RS Plan, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2023. The Company has complied and will continue to comply with Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

33,772,014 new Shares, representing approximately 2.20% of the weighted average of issued share capital of the Company, may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Post-IPO ESOP and the 2020 RS Plan.

Further details and relevant breakdowns of each of the share schemes of the Company are set out below:

1. Pre-IPO Share Incentive Plan

The term of the Pre-IPO Share Incentive Plan has expired on 9 May 2022 and the Pre-IPO Share Incentive Plan has been terminated.

Maximum Number of Shares Available for Issue

The overall limit on the number of underlying shares which were delivered and may be delivered pursuant to awards granted under the Pre-IPO Share Incentive Plan is 165,476,820 Shares, subject to any adjustments for other dilutive issuances.

Given that no further awards would be granted under the Pre-IPO Share Incentive Plan after Listing, the outstanding number of options would be equivalent to the maximum number of Shares available for issue under the Pre-IPO Share Incentive Plan. As at 1 January 2023 and 30 June 2023, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Incentive Plan were 30,271,504 and 28,684,002 Shares, respectively.

Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and Note 20 to the consolidated financial statements.

Other Information

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan (which involves issuing new Shares) during the Reporting Period are as follows:

					Number of options					
Name or category of grantee	Date of grant	Exercise period	Vesting Period	Exercise price	Outstanding as at 1 January 2023	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Weighted average closing price immediately before the exercise date during the Reporting Period
Service Providers in aggregate	Between 10 May 2012 and 13 July 2018	10 years from the date of grant	4 years from the date of grant	Between US$0.017 and US$0.212	8,580,000	-	-	-	8,580,000	N/A
Employee Participants in aggregate	Between 10 May 2012 and 9 October 2018	10 years from the date of grant	4 years to 6 years from the date of grant	Between US$0.017 and US$1.342	21,691,504	(1,587,502)[1]	-	-	20,104,002	HK$39.39
Total					30,271,504	(1,587,502)	-	-	28,684,002	

Note:

(1) The exercise price in respect of the options exercised during the Reporting Period is between US$0.017 and US$1.342.

2. Post-IPO ESOP

Maximum Number of Shares Available for Issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO ESOP and any other schemes is 111,815,071, being no more than 10% of the Shares in issue on the date the Shares commenced trading on the Stock Exchange. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO ESOP and any other share option schemes of the Company at any time must not exceed 30% of the Shares in issue from time to time.

As of 1 January 2023, 64,059,876 new Shares were available for grant under the Post-IPO ESOP. During the Reporting Period, 13,589,642 options had been granted pursuant to the Post-IPO ESOP. It follows that, as of 30 June 2023, the total number of new Shares available for grant under the Post-IPO ESOP was 53,348,908 Shares (including those cancelled and lapsed during the Reporting Period).

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

Details of the movements of the options granted under the Post-IPO ESOP during the Reporting Period are as follows:

					Number of options										
Name or category of grantee	Date of grant	Exercise period	Vesting Period	Exercise price	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Closing price of the Shares immediately before the date of grant during the Reporting Period	Fair value of options at the date of grant during the Reporting Period	Weighted average closing price immediately before the exercise date during the Reporting Period	Performance targets for options granted during the Reporting Period
Directors														
Dr. De-Chao Michael Yu	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	4,142,857	-	-	-	-	4,142,857	N/A	N/A	N/A	N/A
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	2,071,429	-	-	-	-	2,071,429	N/A	N/A	N/A	N/A
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	1,035,714	-	-	-	-	1,035,714	N/A	N/A	N/A	N/A
	30 March 2022	10 years from the date of grant	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60	1,354,889	-	-	-	-	1,354,889	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	75% shall vest on March 30, 2026; and 25% shall vest on March 30, 2027	HK$38.39	-	1,620,000	-	-	-	1,620,000	HK$37.40	HK$16.36[1]	N/A	See Note 2
Mr. Ronald Hao Xi Ede	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	952,381	-	-	-	-	952,381	N/A	N/A	N/A	N/A
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	635,714	-	-	-	-	635,714	N/A	N/A	N/A	N/A
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	342,857	-	-	-	-	342,857	N/A	N/A	N/A	N/A
	30 March 2022	10 years from the date of grant	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60	373,763	-	-	-	-	373,763	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	75% shall vest on March 30, 2026; and 25% shall vest on March 30, 2027	HK$38.39	-	440,000	-	-	-	440,000	HK$37.40	HK$16.36[1]	N/A	See Note 2
Dr. Charles Leland Cooney	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60	38,628	-	-	-	-	38,628	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026	HK$38.39	-	35,966	-	-	-	35,966	HK$37.40	HK$17.19[1]	N/A	Nil

Name or category of grantee	Date of grant	Exercise period	Vesting Period	Exercise price	Number of options						Closing price of the Shares immediately before the date of grant during the Reporting Period	Fair value of options at the date of grant during the Reporting Period	Weighted average closing price immediately before the exercise date during the Reporting Period	Performance targets for options granted during the Reporting Period
					Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023				
Ms. Joyce I-Yin Hsu	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60	38,628	-	-	-	-	38,628	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026	HK$38.39	-	35,966	-	-	-	35,966	HK$37.40	HK$17.19[11]	N/A	Nil
Dr. Kaixian Chen	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	HK$30.60	15,451	-	-	-	-	15,451	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026	HK$38.39	-	14,386	-	-	-	14,386	HK$37.40	HK$17.19	N/A	Nil
Mr. Gary Zieziula	1 June 2022	10 years from the date of grant	33.33% shall vest on 1 June 2023; 33.33% shall vest on 1 June 2024; and 33.33% shall vest on 1 June 2025	HK$24.30	117,045	-	-	-	-	117,045	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	33.33% shall vest on March 30, 2024; 33.33% shall vest on March 30, 2025; and 33.33% shall vest on March 30, 2026	HK$38.39	-	155,854	-	-	-	155,854	HK$37.40	HK$17.19	N/A	Nil
Service Providers in aggregate	15 March 2019	10 years from the date of grant	75% shall vest on 9 December 2022; and 25% shall vest on 9 December 2023	HK$28.30	100,000	-	-	-	-	100,000	N/A	N/A	N/A	N/A
	9 December 2022	10 years from the date of grant	75% shall vest on 9 December 2025; and 25% shall vest on 9 December 2026	HK$32.25	800,000	-	-	-	-	800,000	N/A	N/A	N/A	N/A
Employee Participants in aggregate[6]	15 March 2019	10 years from the date of grant	75% shall vest on 15 March 2022; and 25% shall vest on 15 March 2023	HK$28.30	4,641,920	-	(111,832)	(26,443)	-	4,503,645	N/A	N/A	HK$38.54	N/A
	14 June 2019	10 years from the date of grant	75% shall vest on 14 June 2022; and 25% shall vest on 14 June 2023	HK$26.25	285,714	-	-	(7,143)	-	278,571	N/A	N/A	N/A	N/A
	29 August 2019	10 years from the date of grant	75% shall vest on 29 August 2022; and 25% shall vest on 29 August 2023	HK$25.85	57,143	-	-	-	-	57,143	N/A	N/A	N/A	N/A
	4 December 2019	10 years from the date of grant	75% shall vest on 4 December 2022; and 25% shall vest on 4 December 2023	HK$28.15	295,713	-	(187,856)	(22,143)	-	85,714	N/A	N/A	HK$40.25	N/A

Name or category of grantee	Date of grant	Exercise period	Vesting Period	Exercise price	Number of options									
					Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023	Closing price of the Shares immediately before the date of grant during the Reporting Period	Fair value of options at the date of grant during the Reporting Period	Weighted average closing price immediately before the exercise date during the Reporting Period	Performance targets for options granted during the Reporting Period
	15 April 2020	10 years from the date of grant	75% shall vest on 15 April 2023; and 25% shall vest on 15 April 2024	HK$33.95	7,815,560	-	(170,494)	(427,403)	-	7,217,663	N/A	N/A	HK$38.69	N/A
	11 June 2020	10 years from the date of grant	75% shall vest on June 11, 2023; and 25% shall vest on June 11, 2024	HK$47.80	1,163,101	-	-	(12,300)	-	1,150,801	N/A	N/A	N/A	N/A
	27 August 2020	10 years from the date of grant	75% shall vest on 27 August 2023; and 25% shall vest on 27 August 2024	HK$54.55	214,284	-	-	(100,000)	-	114,284	N/A	N/A	N/A	N/A
	3 December 2020	10 years from the date of grant	75% shall vest on 3 December 2023; and 25% shall vest on 3 December 2024	HK$53.90	3,456,306	-	-	(28,571)	-	3,427,735	N/A	N/A	N/A	N/A
	30 March 2021	10 years from the date of grant	75% shall vest on 30 March 2024; and 25% shall vest on 30 March 2025	HK$78.20	5,992,801	-	-	(416,063)	-	5,576,738	N/A	N/A	N/A	N/A
	23 June 2021	10 years from the date of grant	75% shall vest on 23 June 2024; and 25% shall vest on 23 June 2025	HK$90.05	749,953	-	-	(96,810)	-	653,143	N/A	N/A	N/A	N/A
		10 years from the date of grant	50% shall vest on 23 June 2026; and 50% shall vest on 23 June 2027	HK$90.05	245,714	-	-	(120,000)	-	125,714	N/A	N/A	N/A	N/A
	26 August 2021	10 years from the date of grant	75% shall vest on 26 August 2024; and 25% shall vest on 26 August 2025	HK$64.69	200,428	-	-	(36,571)	-	163,857	N/A	N/A	N/A	N/A
	6 December 2021	10 years from the date of grant	75% shall vest on 6 December 2024; and 25% shall vest on 6 December 2025	HK$68.51	479,658	-	-	(39,062)	-	440,596	N/A	N/A	N/A	N/A
	30 March 2022	10 years from the date of grant	75% shall vest on 30 March 2025; and 25% shall vest on 30 March 2026	HK$30.60	8,386,756	-	-	(914,856)	-	7,471,900	N/A	N/A	N/A	N/A
	8 July 2022	10 years from the date of grant	75% shall vest on 8 July 2025; and 25% shall vest on 8 July 2026	HK$37.55	372,426	-	-	(107,857)	-	264,569	N/A	N/A	N/A	N/A
	29 August 2022	10 years from the date of grant	75% shall vest on 29 August 2025; and 25% shall vest on 29 August 2026	HK$33.10	98,428	-	-	(42,857)	-	55,571	N/A	N/A	N/A	N/A
	9 December 2022	10 years from the date of grant	75% shall vest on 9 December 2025; and 25% shall vest on 9 December 2026	HK$32.25	220,698	-	-	-	-	220,698	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	75% shall vest on 30 March 2026; and 25% shall vest on 30 March 2027	HK$38.39	-	11,107,470	-	(480,600)	-	10,626,870	HK$37.4	Staff: HK$18.09 Management: HK$18.51[1]	N/A	See Note 2
	20 June 2023	10 years from the date of grant	75% shall vest on 20 June 2026; and 25% shall vest on 20 June 2027	HK$35.20	-	180,000	-	-	-	180,000	HK$35.6	Staff: HK$14.41 Management: HK$14.82[1]	N/A	See Note 3
Total					46,695,959	13,589,642	(470,182)	(2,878,679)	-	56,936,740				

Other Information

Notes:

(1) The Company granted 2,302,172 options to the Directors and 11,287,470 options to the Employee Participants during the Reporting Period, which are measured at the fair value of the equity instruments at the grant date according to IFRS 2 Share-based payments.

The fair value of the equity-settled share-based payments was determined at the grant date without taking into consideration all non-market vesting conditions expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.

(2) Each vesting of the options granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the Company and each of the grantees. The vesting percentage of the options at each vesting will be adjusted based on his/her annual performance appraisal. For details, please refer to the announcement of the Company dated 30 March 2023.

(3) Each vesting of the options granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the Company and each of the grantees. These performance targets are set against certain benchmark of the functions in which the individual grantee serves, these functions include research and development, CMC, sales and marketing, and general and administration, etc. The vesting percentage of the options at each vesting will be adjusted based on his/her annual performance appraisal. For details, please refer to the announcement of the Company dated 20 June 2023.

(4) Employee Participants other than Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede, Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen and Mr. Gary Zieziula as disclosed above, on individual basis.

3. 2018 RS Plan

The 2018 RS Plan was terminated in its entirety on 12 June 2020.

Maximum Number of Shares Available for Issue

The total number of shares issued and may be issued by the Company within two years of the Listing for distribution of Shares corresponding to the restricted shares granted under the 2018 RS Plan shall not exceed 55,907,535 Shares.

Given that no further awards would be granted under the 2018 RS Plan after its termination, the number of unvested awards would be equivalent to the maximum number of Shares available for issue under the 2018 RS Plan. As of 1 January 2023 and 30 June 2023, restricted shares representing 7,114,634 and 2,437,890 underlying Shares granted to eligible participants pursuant to the 2018 RS Plan remain unvested, respectively.

Further details of the 2018 RS Plan are set out in the Prospectus and Note 20 to the financial statements.

Other Information

Details of the movements of the restricted Shares granted under the 2018 RS Plan (to be satisfied by new Shares) during the Reporting Period are as follows:

Name or category of grantee	Date of grant	Vesting Period	Purchase Price	Unvested as of 1 January 2023	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 30 June 2023	Closing price at date of grant	Weighted average closing price immediately before the vesting date during the Reporting Period
Directors										
Dr. De-Chao Michael Yu	2 May 2019	5 years from the date of grant	Nil	2,760,719	(1,380,359)	–	–	1,380,360	HK$25.15	HK$36.35
	15 April 2020	4 years from the date of grant	Nil	1,450,000	(1,087,500)	–	–	362,500	HK$33.95	HK$42.70
Mr. Ronald Hao Xi Ede	15 April 2020	4 years from the date of grant	Nil	320,000	(240,000)	–	–	80,000	HK$33.95	HK$42.70
Employee Participants in aggregate	2 May 2019	4 years from the date of grant	Nil	8,795	(3,795)	(5,000)	–	–	HK$25.15	HK$36.35
	14 June 2019	4 years from the date of grant	Nil	15,000	(5,000)	(10,000)	–	–	HK$25.90	HK$36.35
	29 August 2019	4 years from the date of grant	Nil	17,500	–	–	–	17,500	HK$25.85	N/A
	4 December 2019	4 years from the date of grant	Nil	15,000	–	(5,000)	–	10,000	HK$28.15	N/A
	15 April 2020	4 years from the date of grant	Nil	2,084,080	(1,479,174)	(127,608)	–	477,298	HK$33.95	HK$42.70
	11 June 2020	4 years from the date of grant	Nil	443,540	(331,155)	(2,153)	–	110,232	HK$47.80	HK$35.90
Total				7,114,634	(4,526,983)	(149,761)	–	2,437,890		

Note: Employee Participants other than Dr. De-Chao Michael Yu and Mr. Ronald Hao Xi Ede as disclosed above, on individual basis.

4. 2020 RS Plan

Maximum Number of Shares Available for Issue

The total number of shares issued and may be issued by the Company within five years of 12 June 2020 for distribution of Shares corresponding to the restricted shares granted under the 2020 RS Plan shall not exceed 67,152,410 Shares.

As of 1 January 2023, 42,308,998 restricted shares were available for grant under the 2020 RS Plan. During the Reporting Period, 20,182,372 restricted shares were granted to eligible participants pursuant to the 2020 RS Plan. It follows that, as of 30 June 2023, 24,722,249 restricted shares (including those cancelled and lapsed during the Reporting Period) were available for grant under the 2020 RS Plan.

Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020, the circular of the Company dated 28 May 2020 and Note 20 to the financial statements.

Details of the movements of the restricted shares granted under the 2020 RS Plan (to be satisfied by new Shares) during the Reporting Period are as follows:

Name or category of grantee	Date of grant	Vesting Period	Purchase Price	Unvested as of 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 30 June 2023	Closing price of the Shares immediately before the date of grant during the Reporting Period	Fair value of restricted shares at the date of grant during the Reporting Period	Weighted average closing price immediately before the vesting date during the Reporting Period	Performance targets for restricted shares granted during the Reporting Period
Directors													
Dr. De-Chao Michael Yu	30 March 2021	4 years from the date of grant	Nil	725,000	–	–	–	–	725,000	N/A	N/A	N/A	N/A
	30 March 2022	4 years from the date of grant	Nil	2,032,334	–	–	–	–	2,032,334	N/A	N/A	N/A	N/A
	30 March 2023	75% shall vest on 30 March 2026; and 25% shall vest on 30 March 2027	Nil	–	2,430,000	–	–	–	2,430,000	HK$37.40	HK$35.05[1]	N/A	See Note 2
Mr. Ronald Hao Xi Ede	30 March 2021	4 years from the date of grant	Nil	160,000	–	–	–	–	160,000	N/A	N/A	N/A	N/A
	30 March 2022	4 years from the date of grant	Nil	560,644	–	–	–	–	560,644	N/A	N/A	N/A	N/A
	30 March 2023	75% shall vest on 30 March 2026; and 25% shall vest on 30 March 2027	Nil	–	670,000[2]	–	–	–	670,000	HK$37.40	HK$35.05[1]	N/A	See Note 2
Dr. Charles Leland Cooney	30 March 2022	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	Nil	4,828	–	(1,609)	–	–	3,219	N/A	N/A	HK$37.40	N/A
	30 March 2023	33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025; and 33.33% shall vest on 30 March 2026	Nil	–	4,496	–	–	–	4,496	HK$37.40	HK$35.05[1]	N/A	Nil
Ms. Joyce I-Yin Hsu	30 March 2022	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	Nil	4,828	–	(1,609)	–	–	3,219	N/A	N/A	HK$37.40	N/A
	30 March 2023	33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025; and 33.33% shall vest on 30 March 2026	Nil	–	4,496	–	–	–	4,496	HK$37.40	HK$35.05[1]	N/A	Nil
Dr. Kaixian Chen	30 March 2022	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	Nil	1,931	–	(644)	–	–	1,287	N/A	N/A	HK$37.40	N/A
	30 March 2023	33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025; and 33.33% shall vest on 30 March 2026	Nil	–	1,798	–	–	–	1,798	HK$37.40	HK$35.05[1]	N/A	Nil
Mr. Gary Zieziula	1 June 2022	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	Nil	14,631	–	(4,877)	–	–	9,754	N/A	N/A	HK$36.70	N/A
	30 March 2023	33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025; and 33.33% shall vest on 30 March 2026	Nil	–	19,482	–	–	–	19,482	HK$37.40	HK$35.05[1]	N/A	Nil

Name or category of grantee	Date of grant	Vesting Period	Purchase Price	Unvested as of 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 30 June 2023	Closing price of the Shares immediately before the date of grant during the Reporting Period	Fair value of restricted shares at the date of grant during the Reporting Period	Weighted average closing price immediately before the vesting date during the Reporting Period	Performance targets for restricted shares granted during the Reporting Period
Service Providers in aggregate	9 December 2022	4 years from the date of grant	Nil	930,000	–	–	–	–	930,000	N/A	N/A	N/A	N/A
Employee Participants in aggregate[2]	27 August 2020	4 years from the date of grant	Nil	180,000	–	–	(100,000)	–	80,000	N/A	N/A	N/A	N/A
	3 December 2020	4 years from the date of grant	Nil	4,429,169	–	–	(20,000)	–	4,409,169	N/A	N/A	N/A	N/A
	30 March 2021	4 years from the date of grant	Nil	1,492,240	–	–	(86,900)	–	1,405,340	N/A	N/A	N/A	N/A
	23 June 2021	244,000 restricted shares; 6 years from the date of grant 429,587 restricted shares; 4 years from the date of grant	Nil	311,700	–	–	(68,500)	–	243,200	N/A	N/A	N/A	N/A
	26 August 2021	4 years from the date of grant	Nil	153,000	–	–	(28,000)	–	125,000	N/A	N/A	N/A	N/A
	6 December 2021	4 years from the date of grant	Nil	363,600	–	–	(28,500)	–	335,100	N/A	N/A	N/A	N/A
	30 March 2022	4 years from the date of grant	Nil	12,718,836	–	–	(1,348,323)	–	11,370,513	N/A	N/A	N/A	N/A
	8 July 2022	4 years from the date of grant	Nil	281,000	–	–	(95,000)	–	186,000	N/A	N/A	N/A	N/A
	29 August 2022	4 years from the date of grant	Nil	90,000	–	–	(30,000)	–	60,000	N/A	N/A	N/A	N/A
	8 July 2022	4 years from the date of grant	Nil	329,407	–	–	–	–	329,407	N/A	N/A	N/A	N/A
	30 March 2023	75% shall vest on 30 March 2026; and 25% shall vest on 30 March 2027	Nil	–	16,872,100	–	(790,400)	–	16,081,700	HK$37.40	HK$36.70	N/A	See Note 2
	20 June 2023	75% shall vest on 20 June 2026; and 25% shall vest on 20 June 2027	Nil	–	180,000	–	–	–	180,000	HK$33.60	HK$30.25	N/A	See Note 3
Total				24,783,148	20,182,372	(8,739)	(2,595,623)	–	42,361,158				

Notes:

(1) The Company granted 3,130,272 restricted shares to the Directors and 17,052,100 restricted shares to the Employees Participants during the Reporting Period, which are measured at the fair value of the equity instruments at the grant date according to IFRS 2 Share-based payments.

The fair value of the equity-settled share-based payments was determined at the grant date without taking into consideration all non-market vesting conditions expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.

Other Information

(2) Each vesting of the restricted shares granted to grantees are subject to the individual annual performance targets as stipulated in the award letters entered into by the Company and the grantees. The vesting percentage of the restricted shares will be adjusted based on his annual performance appraisal at each vesting. For further details, please refer to the announcement of the Company dated 30 March 2023.

(3) Each vesting of the restricted shares granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters entered into by the grantee and the Company. These performance targets are set against certain benchmark of the functions in which the individual grantee serves, these functions include research and development, CMC, sales and marketing, and general and administration, etc. The vesting percentage of the restricted shares will be adjusted based on his/her annual performance appraisal at each vesting. For further details, please refer to the announcement of the Company dated 20 June 2023.

(4) Employee Participants other than Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede, Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen and Mr. Gary Zieziula as disclosed above, on individual basis.

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

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2023.

Material Litigation

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2023. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended 30 June 2023.

Use of Net Proceeds

(a) Use of Net Proceeds from the July 2020 Placing

The placing of new shares pursuant to the placing agreement dated 23 July 2020 (the "**July 2020 Placing Agreement**") was completed on 30 July 2020 (the "**July 2020 Placing**"). An aggregate of 56,200,000 new placing shares representing approximately 4.02% of the enlarged issued share capital of the Company immediately after the completion of the July 2020 Placing, were successfully placed to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company.

The placing price of HK$50.00 represents: (i) a discount of approximately 4.67% to the closing price of HK$52.45 per Share as quoted on the Stock Exchange on 22 July 2020, being the day prior to the date of the Primary Placing Agreement; and (ii) a discount of approximately 3.85% to the average closing price of HK$52.00 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the July 2020 Placing Agreement.

The net proceeds raised from the July 2020 Placing were approximately HK$2,787.5 million (approximately RMB2,514.2 million). The net proceeds have been and will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing, that is, (i) to build our second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth, (ii) to fund increased international clinical trial needs with expansion of our R&D laboratories, and (iii) for general corporate use, as appropriate.

Other Information

As at 30 June 2023, net proceeds of the July 2020 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the July 2020 Placing. The table below sets out the use of proceeds from the July 2020 Placing as at 30 June 2023:

Use of net proceeds from the July 2020 Placing as disclosed in the Company's announcements relating to the July 2020 Placing	Unutilised as at 31 December 2022 RMB million	**Utilisation for the six months ended 30 June 2023 RMB million**	**Unutilised as at 30 June 2023 RMB million**
Building a second production facility in Suzhou for TYVYT® (sintilimab injection) and additional capacity commensurate with our growth	96.6	**96.6**	**–**
Funding increased international clinical trial needs with expansion of R&D laboratories	160.9	**160.9**	**–**
General corporate use	–	**–**	**–**
	257.5	**257.5**	**–**

(b) Use of Net Proceeds from the January 2021 Placing

The placing of new shares pursuant to the placing agreement dated 15 January 2021 was completed on 22 January 2021 (the "**January 2021 Placing**"). The net proceeds raised from the January 2021 Placing were approximately HK$4,670.6 million (approximately RMB3,893.3 million). The net proceeds will be utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the January 2021 Placing, with the allocation being as follows: (i) approximately 70.0% will be for expediting the investment and development of various clinical programs for our leading innovative products globally and funding potential product licensing and possible mergers and acquisitions activities; and (ii) the remaining 30.0% will be for further expanding the production capacity and for working capital and other general corporate use.

Other Information

As at 30 June 2023, approximately RMB3,638.7 million of the net proceeds of the January 2021 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the Company's announcements relating to the January 2021 Placing, and RMB254.6 million remained unutilised. The table below sets out the use of proceeds from the January 2021 Placing as at 30 June 2023:

Use of net proceeds from the January 2021 Placing as disclosed in the Company's announcements relating to the January 2021 Placing	Unutilised as at 31 December 2022 RMB million	**Utilisation for the six months ended 30 June 2023 RMB million**	**Unutilised as at 30 June 2023 RMB million**
Expediting the investment and development of various clinical programs for our leading innovative products globally	–	**–**	**–**
Funding potential product licensing and possible mergers	–	**–**	**–**
Further expanding the production capacity	279.6	**25.0**	**254.6**
Working capital and other general corporate use	202.3	**202.3**	**–**
	481.9	**227.3**	**254.6**

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 18 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

(c) Use of Net Proceeds from the Subscription

Reference is made to the announcements of the Company dated 4 August 2022 and 18 August 2022 in relation to the subscription of new shares under the general mandate (the "**Subscription Announcements**"). On 4 August 2022, the Group entered into a strategic multi-program collaboration and license agreement with Sanofi group to establish a strategic collaboration for the clinical development and commercialization of certain products. In addition to the said agreement, Sanofi Foreign Participations B.V. (the "**Subscriber**") entered into a share subscription agreement, pursuant to which the Subscriber agreed to subscribe, and the Company agreed to allot and issue to the Subscriber, two tranches of the subscription (the "**Subscription**").

Other Information

The first tranche of the subscription was completed on 18 August 2022 (the "**First Tranche**"). The net proceeds raised from the First Tranche were approximately HK$2,416.7 million (approximately RMB2,089.0 million). The net proceeds will be utilised in accordance with the intended use of proceeds as previously disclosed in the Subscription Announcements with the allocation being as follows: (i) approximately 70.0% for expediting the R&D of various preclinical and clinical programs in our pipeline globally; (ii) approximately 20.0% for further expanding our production capacity; and (iii) the remaining 10.0% for funding potential in-licensing deal, potential merger & acquisition ("**M&A**") activities, working capital and other general corporate use. The second tranche of the subscription will be subject to a separate written share issuance agreement between the parties to be entered into in the future.

As at 30 June 2023, approximately RMB1,354.9 million of the net proceeds of the First Tranche had been utilised in accordance with the intended use of proceeds as previously disclosed in the Subscription Announcements, and RMB734.1 million remained unutilised. The table below sets out the use of proceeds from the First Tranche as at 30 June 2023:

Use of net proceeds from the First Tranche as disclosed in the Subscription Announcements	Unutilised as at 31 December 2022 RMB million	**Utilisation for the six months ended 30 June 2023 RMB million**	**Unutilised as at 30 June 2023 RMB million**
Expediting the R&D of various preclinical and clinical programs in our pipeline globally	1,070.2	**753.9**	**316.3**
Further expanding our production capacity	417.8	**–**	**417.8**
Funding potential in-licensing deal, potential M&A activities, working capital and other general corporate use	–	**–**	**–**
	1,488.0	**753.9**	**734.1**

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 50 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

Other Information

Interim Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely, Ms. Joyce I-Yin Hsu, Dr. Charles Leland Cooney, Dr. Kaixian Chen, and Mr. Gary Zieziula. Ms. Joyce I-Yin Hsu, an independent non-executive Director, is the chairwoman of the Audit Committee.

The Audit Committee has reviewed this interim report. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been reviewed by the Group's external auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants and the Audit Committee. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

Other Board Committees

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

Future Plans for Material Investment or Capital Assets

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

Changes to Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the last published annual report are set out below:

- Dr. De-Chao Michael Yu resigned as an independent non-executive director of BabyTree Group (stock code on the Stock Exchange: 1761) in May 2023;
- Mr. Ronald Hao Xi Ede resigned as an independent non-executive director of Mindray Medical (previously listed on the New York Stock Exchange with current stock code on the Shenzhen Stock Exchange: 300760) in May 2023;
- Dr. Charles Leland Cooney resigned as an independent non-executive director of Codiak BioScience (stock code on the NASDAQ: CDAK) and GreenLight Bioscience (stock code on the NASDAQ: GRNA) in July 2023;
- Mr. Gary Zieziula resigned as a president of Kyowa Kirin USA Holdings, Inc., the North America Region Headquarters of Kyowa Kirin Co., Ltd (stock code on the Tokyo Stock Exchange: 4151) in April 2023.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Important Events after the Reporting Period

On 12 September 2023, 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, Placees for, or failing which to purchase itself, 68,000,000 Placing Shares at HK$34.92 on the terms and subject to the conditions set out in the Placing Agreement.

Other Information

The gross proceeds from the Placing were approximately HK$2,374.6 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) were approximately HK$2,356.8 million. 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. Completion of the Placing took place on 19 September 2023. For further details, please refer to the Company's announcements dated 12 September 2023 and 19 September 2023.

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.

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. During the six months ended 30 June 2023, the Company has adopted and complied with all applicable code provisions set out in the CG Code except for the following deviation.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have separate chairman of the Board and chief executive officer which Dr. De-Chao Michael Yu, our executive Director, currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending 31 December 2023.

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

Model Code for Securities Transactions

The Company has adopted the Model Code as 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 they have confirmed that they have complied with the Model Code during the six months ended 30 June 2023. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the six months ended 30 June 2023.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of Innovent Biologics, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 85, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue from contracts with customers	4	**2,701,532**	2,239,599
Cost of sales		**(504,615)**	(471,528)
Gross profit		**2,196,917**	1,768,071
Other income		**232,421**	104,959
Other gains and losses	5	**280,607**	389,621
Research and development expenses		**(922,817)**	(1,174,450)
Administrative and other expenses		**(368,388)**	(407,795)
Selling and marketing expenses		**(1,347,414)**	(1,397,902)
Royalties and other related payments		**(277,143)**	(236,850)
Finance costs		**(50,292)**	(44,566)
Loss before tax		**(256,109)**	(998,912)
Income tax credit	6	**116,960**	48,444
Loss for the period	7	**(139,149)**	(950,468)
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Fair value loss on investment in equity instruments at fair value through other comprehensive income ("FVTOCI")		**(30,913)**	(42,715)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(18,539)**	(11,111)
Other comprehensive expense for the period, net of income tax		**(49,452)**	(53,826)
Total comprehensive expense for the period		**(188,601)**	(1,004,294)
Loss per share	8		
– Basic (RMB Yuan)		**(0.09)**	(0.65)
– Diluted (RMB Yuan)		**(0.09)**	(0.65)

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	**3,803,628**	3,411,496
Right-of-use assets		**383,506**	414,650
Intangible assets		**1,190,445**	1,198,163
Equity instruments at FVTOCI	11	**171,657**	202,570
Prepayments for acquisition of long-term assets		**263,188**	234,573
Prepayments and other receivables	13	**234,316**	193,058
Other financial assets	14	**464,989**	427,627
		6,511,729	6,082,137
Current assets			
Inventories		**1,300,027**	1,428,882
Trade receivables	12	**1,015,502**	575,269
Prepayments and other receivables	13	**543,284**	336,521
Other financial assets	14	**870,837**	3,213
Bank balances and cash	15	**7,655,657**	9,162,823
		11,385,307	11,506,708
Current liabilities			
Trade and bills payables	16	**216,413**	325,622
Other payables and accrued expenses	17	**1,833,436**	1,820,977
Contract liabilities		**345,498**	434,911
Borrowings	18	**450,100**	888,000
Lease liabilities		**27,017**	26,392
Tax payables		**–**	3,296
		2,872,464	3,499,198
Net current assets		**8,512,843**	8,007,510
Total assets less current liabilities		**15,024,572**	14,089,647

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Non-current liabilities			
Contract liabilities		**724,375**	569,096
Borrowings	18	**2,888,466**	2,215,433
Government grants		**310,271**	314,181
Lease liabilities		**86,715**	98,683
Other financial liabilities		**231,528**	162,305
		4,241,355	3,359,698
Net assets		**10,783,217**	10,729,949
Capital and reserves			
Share capital	19	**106**	105
Reserves		**10,783,111**	10,729,844
Total equity		**10,783,217**	10,729,949

The condensed consolidated financial statements on page 54 to 85 were approved and authorised for issue by the board of directors on 23 August 2023 and signed on its behalf by:

Yu, De-Chao Michael
DIRECTOR

Ede, Hao Xi Ronald
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital RMB'000	Share premium RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 (Note)	Translation reserve RMB'000	Share-based Payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022 (restated)	101	22,493,658	(120,009)	(313,652)	1,995	828,689	(12,560,385)	10,330,397
Loss and total comprehensive expenses for the period	–	–	(42,715)	–	(11,111)	–	(950,468)	(1,004,294)
Recognition of equity-settled share based payment	–	–	–	–	–	261,175	–	261,175
Vesting of restricted shares	–*	33,501	–	–	–	(33,501)	–	–
Exercise of share options	–*	16,531	–	–	–	(12,719)	–	3,812
At 30 June 2022 (unaudited)	101	22,543,690	(162,724)	(313,652)	(9,116)	1,043,644	(13,510,853)	9,591,090
At 1 January 2023 (audited)	**105**	**24,705,638**	**(120,885)**	**(313,652)**	**(18,451)**	**1,216,849**	**(14,739,655)**	**10,729,949**
Loss and total comprehensive expenses for the period	**-**	**-**	**(30,913)**	**-**	**(18,539)**	**-**	**(139,149)**	**(188,601)**
Recognition of equity-settled share based payment	**-**	**-**	**-**	**-**	**-**	**226,990**	**-**	**226,990**
Vesting of restricted shares	**1**	**168,977**	**-**	**-**	**-**	**(168,978)**	**-**	**-**
Exercise of share options (note 19(d))	**-***	**25,540**	**-**	**-**	**-**	**(10,661)**	**-**	**14,879**
At 30 June 2023 (unaudited)	**106**	**24,900,155**	**(151,798)**	**(313,652)**	**(36,990)**	**1,264,200**	**(14,878,804)**	**10,783,217**

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

*: Amount is less than RMB1,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before tax	**(256,109)**	(998,912)
Adjustments for:		
Loss on disposal of property, plant and equipment	**1,003**	–
Depreciation of property, plant and equipment	**136,028**	88,285
Amortisation of intangible assets	**36,223**	16,913
Depreciation of right-of-use assets	**15,373**	19,735
Amortization of prepaid bonus	**14,335**	12,913
Net foreign exchange gains	**(256,545)**	(367,902)
(Gain) loss from changes in fair value of other financial assets measured at fair value through profit or loss ("FVTPL")	**(932)**	11,049
Gain from disposal of other financial assets measured at FVTPL	**–**	(2,672)
Gain from changes in fair value change of other financial liabilities measured at FVTPL	**(2,413)**	(1,720)
Share-based payment expenses	**226,990**	261,175
Research and development expenses paid by partners of joint operations	**9,318**	25,878
Government grants income related to asset	**(3,910)**	(4,259)
Bank interest income	**(190,015)**	(89,833)
Interest on other financial assets measured at amortised cost	**(7,905)**	–
Interest on bank borrowings	**47,489**	44,566
Interest on lease liabilities	**2,803**	2,011
Inventory impairment loss, net of reversal	**12,497**	14,363
Operating cash flows before movements in working capital	**(215,770)**	(968,410)
Increase in trade receivables	**(440,233)**	(218,243)
Decrease (increase) in inventories	**116,358**	(144,038)
Increase in prepayments and other receivables	**(103,910)**	(35,831)
(Decrease) increase in trade and bills payables	**(109,209)**	41,305
Increase in other payables and accrued expenses	**94,859**	124,906
Increase in contract liabilities	**65,866**	409,215
Decrease in government grants related to income	**–**	(3,453)
Cash used in operations	**(592,039)**	(794,549)
Income tax paid	**(30,852)**	(12,150)
NET CASH USED IN OPERATING ACTIVITIES	**(622,891)**	(806,699)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Interest received	**180,249**	95,260
Placement of term deposits with maturity dates over three months	**(4,405,975)**	(6,795,527)
Placement of pledged term deposits	**(620,482)**	(1,066,018)
Purchase of property, plant and equipment	**(597,901)**	(428,991)
Purchase of intangible assets	**(28,505)**	(49,040)
Purchase of other financial assets at FVTPL	**(33,064)**	(33,557)
Purchase of other financial assets at amortised cost	**(836,822)**	–
Payments for rental deposits	**–**	(439)
Repayment to a partner of joint operations	**(36,268)**	(53,015)
Release of term deposits with maturity dates over three months	**6,424,634**	7,211,907
Release of pledged term deposits	**663,403**	852,966
Proceeds from disposal of leasehold lands	**15,771**	–
Proceeds on release of other financial assets at FVTPL	**–**	644,770
Receipt of government grants related to property, plant and equipment	**–**	1,098
NET CASH FROM INVESTING ACTIVITIES	**725,040**	379,414
FINANCING ACTIVITIES		
Interest paid	**(62,816)**	(53,088)
New borrowings raised	**978,133**	530,851
Repayment of borrowings	**(743,000)**	(253,126)
Repayment of lease liabilities	**(14,146)**	(11,896)
Proceeds from exercise of share options	**14,879**	3,812
Proceeds from other partners of investment fund consolidated	**71,636**	7,172
NET CASH FROM FINANCING ACTIVITIES	**244,686**	223,725
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**346,835**	(203,560)
CASH AND CASH EQUIVALENTS AT 1 JANUARY,	**1,016,165**	1,359,408
Effects of foreign exchange rate changes	**(30,735)**	196,195
CASH AND CASH EQUIVALENTS AT 30 JUNE,	**1,332,265**	1,352,043
Represented by:		
Bank balances and cash	**7,655,657**	8,317,947
Less: Term deposits with maturity date over three months	**(5,447,910)**	(5,678,437)
Less: Pledged bank deposits	**(875,482)**	(1,287,467)
	1,332,265	1,352,043

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional/change in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended 30 June 2023 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.1.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January, 2022;

(ii) the Group also, as at 1 January, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance. And it has no impact on the retained earnings at the earliest period presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January, 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2.3 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements for the six months ended 30 June 2023 but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	**2,457,459**	2,040,886
Licence fee income	**1,525**	20,944
Overtime		
Research and development service fee income	**8,196**	241
Licence fee income	**234,352**	177,528
	2,701,532	2,239,599

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customers have the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 45 – 60 days upon delivery. Customers can only return or request refund if the goods delivered do not meet required quality standards. As at 30 June 2023, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION (Continued)

Licence fee income

The Group provides licence of its patented intellectual property ("IP") or commercialisation licence to customers. Licence fee income is recognised at a point of time upon the customer obtains control of IP or if control is transferred over time, e.g. commercialisation licence to customers for a term of period, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

Research and development agreements with customers

The Group entered into research and development agreements with customers. The Group earns revenues by providing research services to the customer through fee-for-service contracts. Contract duration is over a year. Upfront payments (if any) received by the Group was initially recognised as a contract liability. Services revenue is recognised as a performance obligation satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses units produced/services transferred to the customer to date as an output method to measure progress towards complete satisfaction of these performance obligations. Payment for services is not due from the customer until the development is completed and therefore a contract asset is recognised over the period in which the services are performed.

Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and except for entity-wide disclosures, major customers and geographic information, no further analysis of the segment is presented.

Geographical information

Substantially all of the Group's operations and non-current assets are located in the People's Republic of China ("PRC"). An analysis of the Group's revenue from external customers, analysed by their respective country/region of operation, is detailed below:

Revenue by geographical location

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The PRC	**2,463,745**	2,213,605
Republic of Indonesia	**3,412**	7,287
United States of America ("USA")	**234,375**	18,707
	2,701,532	2,239,599

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	**(1,003)**	–
Gain (loss) from changes in fair value of other financial assets measured at FVTPL (note 14)	**932**	(11,049)
Gain from disposal of other financial assets measured at FVTPL	**–**	2,672
Gain from changes in fair value of other financial liabilities measured at FVTPL	**2,413**	1,720
Net foreign exchange gains	**278,265**	396,032
Others	**–**	246
	280,607	389,621

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Over provision in prior year	**(889)**	(48,444)
Current income tax	**116**	–
Withholding tax (note)	**(116,187)**	–
	(116,960)	(48,444)

Note:

Innovent Suzhou is entitled to RMB144.5 million tax refund for income tax withheld in 2020 from license fee income with a USA based customer.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss before tax has been arrived at after charging:		
Directors' emoluments	**87,265**	71,840
Other staffs costs:		
Salaries and other allowances	**601,023**	755,377
Performance related bonus	**371,037**	250,744
Retirement benefit scheme contributions	**138,082**	149,702
Share-based payment expenses	**161,397**	209,207
Total staff costs	**1,358,804**	1,436,870
Depreciation of property, plant and equipment	**136,028**	88,285
Amortisation of intangible assets	**36,223**	16,913
Depreciation of right-of-use assets	**15,373**	19,735
Capitalised in inventories	**(80,030)**	(52,638)
	107,594	72,295
Auditors' remuneration	**1,100**	1,100
Cost of inventories recognised as an expense	**158,232**	212,083
Inventory impairment loss, net of reversal	**12,497**	14,363

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

8. LOSS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Loss (RMB'000)		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(139,149)**	(950,468)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,535,320,657**	1,465,029,677

The computation of basic loss per share for the period ended 30 June 2023 and 2022 excluded the treasury shares and included the vested but unissued restricted shares of the Company. Details of the restricted shares are set out in note 20.

(b) Diluted

30 June 2023 and 2022

The Company had two categories of potential ordinary shares which are restricted shares awarded under the Pre-IPO Share Incentive Plan (the "Pre-IPO Plan"), 2018 Restricted Shares Plan (the "2018 RS Plan"), 2020 Restricted Shares Plan (the "2020 RS Plan") and the shares options awarded under Pre-IPO Plan and Post-IPO share option scheme (the "Post-IPO ESOP"), as details set out in note 20. As the Group incurred losses for the period ended 30 June 2023 and 2022, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the period ended 30 June 2023 and 2022 is the same as basic loss per share.

9. DIVIDENDS

No dividend was paid, declared or proposed for the shareholders of the Company during the period ended 30 June 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately RMB535.0 million (six months ended 30 June 2022: RMB240.7 million) construction costs mainly for new production plant and machinery.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

11. EQUITY INSTRUMENTS AT FVTOCI

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Listed		
– Equity securities (note)	**171,657**	202,570

Note: The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. Loss in fair value amounting to RMB30.9 million is recognised during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB42.7 million).

12. TRADE RECEIVABLES

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Trade receivables from contracts with customers	**1,015,502**	575,269

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

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
0 – 60 days	**1,015,502**	575,269

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Prepayments	**44,113**	26,613
Other receivables	**285,357**	279,656
Prepaid bonus (note a)	**122,992**	117,411
Other loans (note b)	**3,809**	3,769
Other tax recoverables	**315,678**	96,368
Rental deposits	**5,651**	5,762
	777,600	529,579
Analysed as:		
Non-current	**234,316**	193,058
Current	**543,284**	336,521
	777,600	529,579

Notes:

(a) On 26 August 2018, 12 May 2021, 21 June 2021, 14 June 2022 and 14 June 2023, in consideration of future performance of their duties as directors of the Company, the Company granted bonuses in the total amount of RMB297 million to two directors of the Company (including Dr. Yu, the CEO of the Company), which is equal to the sum of 1) subscription receivables from these directors of the Company in the amount of RMB76.4 million (comprising subscription receivables for restricted shares in the amount of RMB29.2 million and subscription receivables for share options due from two directors of the Company in the amount of RMB47.2 million); 2) an amount of RMB131.4 million due from these two directors of the Company in respect of the withholding tax resulting from the restricted shares and share options subscriptions; and 3) an amount of RMB89.2 million due from these two directors of the Company in respect of the withholding tax resulting from the grant of the prepaid bonuses as at 26 August 2018.

Based on the relevant terms of the directors' respective service agreements (which reflected the relevant contractual terms of these directors' bonus plan), the outstanding subscription receivables and the amount paid or payable for these directors of the Company in respect of the withholding tax resulting from the share subscriptions and the grant of these bonuses as at 26 August 2018, 12 May 2021, 21 June 2021, 14 June 2022 and 14 June 2023 were converted to bonuses paid in advance to directors of the Company. These directors of the Company shall be liable to return the whole or part of the bonuses and the relevant tax paid for them if certain service and/or performance conditions are not satisfied in accordance with the relevant terms of the respective directors' service agreements.

During the six months ended 30 June 2023, RMB14.3 million (six months ended 30 June 2022: RMB12.9 million) was recognised as bonus expense based on the underlying terms of bonus plan and recorded under administrative expenses in accordance with the relevant terms of services agreements and RMB32.0 million (31 December 2022: RMB28.0 million) is expected to be recognised in the next twelve months and therefore, it is classified as current assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) On 2 May 2018, pursuant to the board resolution of the compensation committee of the Company, the board of the Company has approved the acceleration of exercise of shares options granted to 33 individuals. Along with the acceleration of share options, all individuals have signed separate loan agreements with the Group for financing their payment on exercising the share options and other related costs.

All of the loans are interest bearing at 3.5% per annum. The loans will be repaid according to the various repayment schedule before May 2024 in which RMB3.8 million (31 December 2022: RMB2.3 million) will be repaid within a year and classified as current receivables while the remaining nil (31 December 2022: RMB1.5 million) will be repaid after twelve months and classified as non-current receivables.

14. OTHER FINANCIAL ASSETS

	Current		Non-current	
	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)	**At 30 June 2023 RMB'000 (unaudited)**	At 31 December 2022 RMB'000 (audited)
Investment notes (note a)	**870,837**	–	**–**	–
Other investments at FVTPL (note b)	**–**	3,213	**464,989**	427,627
	870,837	3,213	**464,989**	427,627

Notes:

(a) The Group invested in notes issued by financial institutions with an interest rate as stated in the contract ranging from 4.9% to 5.9% per annum. These notes are classified as financial assets measured at amortised cost and will mature within 1 year.

(b) Other investments at FVTPL comprise of:

Unlisted equity investments

Other than the investments listed below, other investments have no significant change for the six months ended June 30, 2023.

On 30 June 2023, the Group subscribed preferred shares which represent 0.57% and accumulated to 1.285% of the equity of a private entity incorporated in the United Stated and the investment is measured at FVTPL. Gain from changes in fair value amounting to RMB4,145,000 is recognised during the six months ended 30 June 2023.

On 12 January 2023, the Group subscribed ordinary shares which represent 1.50% of the equity of a private entity incorporated in PRC and the investment is measured at FVTPL. No change in fair value is recognised during the six months ended 30 June 2023.

Warrants for equity securities listed in Hong Kong

On 14 July 2021, the Group obtained warrants for subscription of 6,787,587 ordinary shares of a listed entity incorporated in Hong Kong on or before 14 July 2023 at a price of HK$57.2 per share. The warrant is measured at FVTPL and a loss on fair value change amounting to RMB3,213,000 (30 June 2022: loss on fair value change amounting to RMB11,049,000) is recognised during the period ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. BANK BALANCES AND CASH

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Cash at bank	**1,109,056**	695,624
Cash on hand	**69**	169
Term deposits with maturity date less than three months	**223,140**	320,372
Cash and cash equivalents	**1,332,265**	1,016,165
Term deposits with maturity date over three months	**5,447,910**	7,245,216
Pledged bank deposits	**875,482**	901,442
	7,655,657	9,162,823

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

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Term deposits	**1.45% - 6.55%**	1.99% - 5.50%
Cash at bank	**0.00% - 2.50%**	0.01% - 0.35%

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

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
USD	**5,842,501**	8,013,075
HKD	**28,354**	8,909
GBP	**1,730**	685

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. TRADE AND BILLS PAYABLES

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Trade payables	**182,150**	267,942
Bills payables	**34,263**	57,680
	216,413	325,622

The average credit period on trade purchases is 0 to 90 days. Ageing analysis of the Group's trade payables based on the invoice dates at the end of the reporting period is as follows:

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
0 – 30 days	**169,091**	170,865
31 – 60 days	**10,883**	58,614
Over 60 days	**2,176**	38,463
	182,150	267,942

Ageing analysis of the Group's bills payables based on the date of issue of bills at the end of the reporting period is as follows:

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
0 – 90 days	**28,154**	50,000
90 – 180 days	**6,109**	7,680
	34,263	57,680

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

17. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Accrued expenses		
– Research and development expenses (note a)	**618,161**	706,815
– Royalties and other related payments	**275,320**	191,818
– Selling and marketing expenses	**126,699**	155,788
– Legal and professional fee	**7,100**	13,137
– Employee reimbursement	**48,017**	87,536
– Others	**50,566**	52,802
	1,125,863	1,207,896
Amounts due to partners of joint operations (note b)	**7,465**	34,415
Interest payables	**1,953**	4,363
Other payables	**75,558**	44,726
Other tax payable	**67,730**	57,719
Payables in respect of acquisition of property, plant and equipment	**221,095**	224,571
Staff payroll payables	**333,772**	247,287
	1,833,436	1,820,977

Notes:

a. Amounts included accrued service fees to outsourced service providers, namely, contract research organisation and clinical trial sites.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

18. BORROWINGS

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Fixed-rate borrowings – at amortised cost	**3,338,566**	3,103,433
Analysed as:		
Secured	**2,243,988**	2,008,855
Unsecured*	**1,094,578**	1,094,578
	3,338,566	3,103,433
The carrying amounts of the above borrowings are repayable**:		
Within one year	**450,100**	888,000
Within a period of more than one year but not exceeding two years	**761,500**	509,000
Within a period of more than two years but not exceeding five years	**1,747,400**	1,311,855
Within a period of more than five years	**379,566**	394,578
	3,338,566	3,103,433
Less: Amounts due within one year shown under current liabilities	**(450,100)**	(888,000)
Amounts shown under non-current liabilities	**2,888,466**	2,215,433

* In accordance with the loan agreements, for borrowings with carrying amount of RMB695 million, the Group is required to pledge qualified assets within 5 years since 30 September 2020, or repay of the loan in advance.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

18. BORROWINGS (Continued)

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

	Six months ended 30 June	
	2023	2022
Effective interest rate:		
Fixed-rate borrowings	**2.60% - 4.90%**	2.60% - 4.90%

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

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Property, plant and equipment (note 10)	**823,849**	889,354
Right-of-use assets – leasehold land	**276,891**	279,919
Pledged bank deposits (note 15)	**875,482**	901,442
	1,976,222	2,070,715

19. SHARE CAPITAL

	Number of ordinary shares	**Amount** US$'000
Authorised		
At 1 January 2022, 31 December 2022 and 30 June 2023	**5,000,000,000**	**50**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. SHARE CAPITAL (Continued)

	Number of shares	Amount US$'000	Equivalent amount of ordinary shares RMB'000
Issues and fully paid			
At 1 January 2022 (audited)	1,462,108,664	14	101
Exercise of share options (note a)	2,563,463	– *	– *
Issuance of vested restricted share (note b)	2,774,824	– *	– *
At 30 June 2022 (unaudited)	1,467,446,951	14	101
Exercise of share options (note a)	8,458,318	– *	– *
Issuance of vested restricted shares (note b)	1,526,044	– *	– *
Issuance of ordinary shares (note c)	56,975,670	1	4
At 31 December 2022 (audited)	**1,534,406,983**	**15**	**105**
Exercise of share options (note d)	**2,057,684**	**– ***	**– ***
Issuance of vested restricted share (note e)	**4,255,425**	**– ***	**1**
At 30 June 2023 (unaudited)	**1,540,720,092**	**15**	**106**

*: Amount is less than RMB1,000.

Notes:

(a) During the year ended 31 December 2022, a total of 9,962,542 and 1,059,239 ordinary shares were issued to the employees in connection with the exercise of share options under the Pre-IPO plan and Post-IPO plan at an aggregate exercise price of USD2,154,000 (equivalent to RMB14,584,000) and HKD29,976,000 (equivalent to RMB27,472,000) respectively.

(b) During the year ended 31 December 2022, a total of 4,300,868 restricted shares were issued to Dr. Yu, independent non-executive directors and other employees of the Group.

(c) On 4 August 2022, the Group entered into a share issuance agreement with an independent third party pursuant to which an aggregate of 56,975,670 ordinary shares were issued to this independent third party at HK$42.42 per share. The net proceeds of this issuance is EUR300 million (equivalent to RMB2,089 million). The net proceeds received by the Group was recognised as share capital at par value of US$0.00001 each and the remaining amount was recognised as share premium of the Company.

(d) During the six months ended 30 June 2023, a total of 2,057,684 ordinary shares were issued to the Group's employees in connection with the exercise of share options under the Pre-IPO plan and Post-IPO plan at an aggregate exercise price of USD327,000 (equivalent to RMB2,253,000) and HKD14,241,000 (equivalent to RMB12,626,000) respectively.

(e) During the six months ended 30 June 2023, a total of 4,255,425 restricted shares were issued to Dr. Yu, independent non-executive directors and other employees of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE-BASED PAYMENT TRANSACTIONS

(i) Pre-IPO Plan

On 10 May 2012, the shareholders of the Company approved the adoption of the Pre-IPO Plan for the purpose of incentivising, retaining and rewarding certain employees, board members and individual consultant or adviser who renders bona fide services to the Company or its subsidiaries ("Eligible Person") for their contributions the Group's business, and to align their interests with those of the Group.

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

	Number of share options Employees six months ended	
	2023	2022
At the beginning of the period	**30,271,504**	42,425,296
Forfeited	**–**	(343,750)
Exercised	**(1,587,502)**	(2,563,463)
Expired	**–**	(150,000)
At the end of the period	**28,684,002**	39,368,083

As at 30 June 2023, 23,889,002 (six months ended 30 June 2022: 27,519,333) outstanding options under the Pre-IPO Plan were exercisable.

For the outstanding options, vesting period ended dates range from 30 April 2017 to 8 October 2024, weighted average remaining contractual life being 4.89 years, exercise price ranges from US$0.04 to US$0.30 and weighted average exercise price being US$0.22.

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

	Weighted average exercise price Employees six months ended	
	2023	2022
Forfeited	**–**	US$0.29
Exercised	**US$0.21**	US$0.23
Expired	**–**	US$0.02

The total expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB685,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB4,964,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(ii) Post-IPO ESOP

On 13 October 2018, shareholders resolution was passed to adopt the Post-IPO ESOP. The purpose of the Post-IPO ESOP is to encourage participants to work towards enhancing the value of the Company.

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

	Number of share options			
	Directors of the Company six months ended		Employees six months ended	
	2023	2022	**2023**	2022
At the beginning of the period	**11,119,356**	9,180,952	**35,576,603**	35,390,011
Granted	**2,302,172**	1,938,404	**11,287,470**	10,456,741
Forfeited	**–**	–	**(2,878,679)**	(3,479,883)
Exercised	**–**	–	**(470,182)**	–
At the end of the period	**13,421,528**	11,119,356	**43,515,212**	42,366,869

On 30 March 2023, the Company granted a total of 2,302,172 share options to directors of the Group, subject to the accomplishment of certain non-market performance conditions.

On 30 March 2023 and 20 June 2023, the Company granted a total of 11,287,470 share options to employees of the Group, subject to the accomplishment of certain non-market performance conditions.

For the granted options, 75% of the granted options shall vest on the third anniversary of the vesting commencement date while another 25% shall vest on the fourth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time before the share options expired, i.e. ten years after the date of vesting commencement.

As at 30 June 2023, a total of 18,322,332 (six months ended 30 June 2022: 8,717,751) outstanding options under the Post-IPO ESOP were exercisable.

For the outstanding options, vesting period ended dates ranges from 14 March 2022 to 22 June 2027, weighted average remaining contractual life being 7.88 years, exercise price ranges from HK$24.30 to HK$90.05 and weighted average exercise price being HK$41.79.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(ii) Post-IPO ESOP (Continued)

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

	Weighted average exercise price			
	Directors of the Company six months ended		Employees six months ended	
	2023	2022	**2023**	2022
Granted	**HK$38.39**	HK$30.22	**HK$38.39**	HK$30.60
Exercised	**–**	–	**HK$30.29**	–
Forfeited	**–**	–	**HK$47.45**	HK$62.75

Fair value of share options granted

Binomial Options Pricing Model was used to determine the fair value of the options granted during the six months ended 30 June 2023. Key assumptions, such as expected dividend yield, post-vesting exit rate, expected exercise multiple, risk-free interest rate and expected volatility, are determined by the directors of the Company with best estimate.

The key inputs into the model were as follows:

	2023
Fair value per option on grant date	**HK$15.70 – HK$19.02**
Weighted average share price of the Company on grant date	**HK$35.05**
Exercise price	**HK$38.39**
Expected volatility	**44.00% – 45.00%**
Risk-free rate	**3.10% – 3.39%**
Expected dividend yield	**0.00%**
Post-vesting exit rate	**5.00%**
Expected exercise multiple	**2.2 – 2.6**

The directors of the Company estimated the risk-free interest rate based on the yield of Hong Kong Government Bonds issued under the Institutional Bond Issuance Programme with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB88,432,000 (six months ended 30 June 2022: RMB128,300,000) for the six months ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(iii) 2018 RS Plan

On 15 October 2018, the board of directors approved the RS Plan to issue 55,907,535 restricted shares within two years of the Company's IPO. The purpose of the RS Plan is to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company and stimulate the efforts of such persons on the Group's behalf.

The following table summarised the Group's unvested restricted shares movement under 2018 RS Plan.

	Numbers of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2022 (Restated)	10,472,456	37.49
Vested	(1,451,744)	26.23
Forfeited	(394,660)	43.61
Unvested as at 30 June 2022	8,626,052	39.10
Unvested as at 1 January 2023	**7,114,634**	**40.10**
Vested	**(4,526,983)**	**41.00**
Forfeited	**(149,761)**	**42.98**
Unvested as at 30 June 2023	**2,437,890**	**38.26**

The Group measured the fair value of the unvested restricted shares as of the grant dates and is recognised as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB20,240,000 (six months ended 30 June 2022: RMB34,928,000) for the six months ended 30 June 2023.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(iv) 2020 RS Plan

On 30 March 2023 and 20 June 2023, the Company granted a total of 3,130,272 and 17,052,100 restricted shares at nil consideration to directors and employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. The restricted shares shall initially be unvested. 75% of the restricted shares shall vest in 2026 while another 25% shall vest in 2027, subject to the performance condition to be fulfilled.

The following table summarised the Group's unvested restricted shares movement under 2020 RS Plan.

	Number of unvested restricted shares	Weighted average grant date fair value per share HK$
Unvested as at 1 January 2022 (Restated)	9,635,760	64.69
Granted	18,470,549	30.60
Vested	(5,535)	65.04
Forfeited	(1,075,497)	48.93
Unvested as at 30 June 2022	27,025,277	42.01
Unvested as at 1 January 2023	**24,783,148**	**40.79**
Granted	**20,182,372**	**36.41**
Vested	**(8,739)**	**27.08**
Forfeited	**(2,595,623)**	**37.97**
Unvested as at 30 June 2023	**42,361,158**	**38.92**

The Group measured the fair value of the unvested restricted shares as of the grant dates which is recognised the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the condensed consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB117,633,000 (six months ended 30 June 2022: RMB92,983,000) for the six months ended 30 June 2023.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

21. CAPITAL COMMITMENT

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
Acquisition of property, plant and equipment	**1,487,121**	1,433,425
Acquisition of intangible asset	**55,300**	30,824
	1,542,421	1,464,249

22A. TRANSACTIONS AND BALANCES WITH DR. YU

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

22B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short term benefits	**21,672**	19,872
Share-based payment expenses	**65,593**	51,968
	87,265	71,840

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets (except for those set out below) are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis using prices from observable current market transactions.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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

Financial assets	Fair value as at **30 June 2023 RMB'000**	31 December 2022 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(1) Equity instruments at FVTOCI	**171,657**	202,570	Level 1	Active market quoted transaction price	N/A	N/A
(2) Other financial assets – investment in unlisted company	**94,814**	94,814	Level 3	Market comparison approach – reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple")	DLOM – discount of lack marketability/ P/R&D multiple/ Expected option life/ Risk free rate/ expected volatility	The higher the DLOM is, the lower the fair value is (note a). The higher the P/R&D is, the higher the fair value is (note b). The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.
(3) Other financial assets – investment in unlisted company	**63,304**	63,304	Level 3	Market comparison approach – reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple")	DLOM – discount of lack of marketability/ P/R&D multiple/ Expected option life/ Risk free rate/ expected volatility	The higher the DLOM is, the lower the fair value is (note c). The higher the P/R&D is, the higher the fair value is (note d). The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 30 June 2023 RMB'000	Fair value as at 31 December 2022 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(4) Other financial assets – investment in unlisted company	**54,907**	54,907	Level 3	Back-solve from recent transaction price market multiple method	IPO/Redemption/ Liquidation probability/Expected option life/Risk free rate/Expected volatility	The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is. (note e)
(5) Other financial assets – warrant of listed company	**-**	3,213	Level 3	Black Scholes Merton Model	Time to maturity/ Risk free rate/ Expected Volatility	The longer the time to maturity is, the higher the fair value is. The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.
(6) Other financial asset – investments in unlisted companies	**251,964**	214,602	Level 2	Recent Transaction Price	N/A	N/A

Note a: A slight increase in the DLOM used in isolation would result in a slight decrease in the fair value measurement of unlisted equity investment and vice versa. If the DLOM was 5% higher/lower while holding all other variables constant, the carrying amount of the unlisted equity investment would decrease/increase by RMB5,790,000 (31 December 2022: RMB5,573,000) as at 30 June 2023.

Note b: A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment and vice versa. If the P/R&D multiple was 5% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would increase/decrease by RMB4,053,000(31 December 2022: RMB3,910,000) as at 30 June 2023.

Note c: A slight increase in the DLOM used in isolation would result in a slight decrease in the fair value measurement of unlisted equity investment and vice versa. If the DLOM was 5% higher/lower while holding all other variables constant, the carrying amount of the unlisted equity investment would decrease/increase by RMB4,570,000 (31 December 2022: RMB4,405,000) as at 30 June 2023.

Note d: A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment and vice versa. If the P/R&D multiple was 5% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would increase/decrease by RMB3,199,000 (31 December 2022: RMB3,083,000) as at 30 June 2023.

Note e: A slight increase in the IPO probability used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment. If the IPO probability was 10% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would decrease/increase by RMB13,608,000/14,029,000 (31 December 2022: RMB13,522,000/13,116,000) as at 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(ii) Reconciliation of level 3 fair value measurements of financial assets

The following table presents the reconciliation of Level 3 measurements of financial assets at FVTPL during the period.

	RMB'000
At 1 January 2023 (audited)	216,238
Fair value loss recognized in profit or loss	(3,213)
At 30 June 2023 (unaudited)	213,025

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as disclosed elsewhere of the condensed consolidated financial statements, no important events affecting the Company occurred since the end of the reporting period and up to the date of this interim report.

Definitions

"1L"	first-line
"2L"	second-line
"2018 RS Plan"	the Innovent Biologics, Inc. 2018 Restricted Share Plan adopted by the Company on 15 October 2018
"2020 RS Plan"	the Innovent Biologics, Inc. 2020 Restricted Share Plan adopted by the Company on 12 June 2020
"AACR"	American Association for Cancer Research
"ADC(s)"	antibody-drug conjugate(s)
"ApoB"	apolipoprotein B
"ASCO"	American Society of Clinical Oncology
"Audit Committee"	the audit committee of the Company
"BCMA"	B cell maturation antigen
"BCVA"	best corrected visual acuity
"Board" or "Board of Directors"	the board of directors of our Company
"BTDs"	breakthrough therapy designations
"CAR"	chimeric antigen receptor
"CC"	cervical cancer
"CCA"	cholangiocarcinoma
"CD47"	cluster differentiation 47
"CDE"	Centre for Drug Evaluation of the NMPA
"CEACAM5"	carcinoembryonic antigen-related cell adhesion molecule 5
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules, as amended from time to time
"China" or the "PRC"	the People's Republic of China
"CMC"	chemistry, manufacturing and controls

Definitions

"CML"	chronic myeloid leukaemia
"CML-AP"	accelerated-phase CML
"CML-CP"	chronic-phase CML
"Company", "our Company" or "the Company"	Innovent Biologics, Inc. 信達生物製藥, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 28 April 2011
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"CRC"	colorectal cancer
"CSCO"	Chinese Society of Clinical Oncology
"CVM"	cardiovascular and metabolism
"Director(s)"	the director(s) of our Company
"Dr. Yu"	Dr. De-Chao Michael Yu, our chief executive officer, Chairman and executive Director
"EGFR"	epidermal growth factor receptor
"Eli Lilly" or "Lilly"	Eli Lilly and Company, a U.S. company, organised and existing under the laws of the State of Indiana on 17 January 1901, having a place of business at Lilly Corporate Center, Indianapolis, Indiana 46285
"Employee Participants"	has the meaning ascribed to it in the Listing Rules
"ESCC"	esophageal squamous cell carcinoma
"FDA" or "U.S. FDA"	U.S. Food Drug Administration
"FGFR"	fibroblast growth factor receptor
"FVTOCI"	fair value through other comprehensive income
"FVTPL"	fair value through profit or loss
"GC"	gastric cancer
"GCGR"	glucagon receptor
"GLP-1R"	glucagon-like peptide-1 receptor

Definitions

"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HbA1c"	hemoglobin A1c
"HCC"	hepatocellular carcinomas
"HeFH"	heterozygous familial hypercholesterolemia
"HER2"	human epidermal growth factor receptor 2
"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
"IASO Bio"	IASO Biotherapeutics
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IGF-1R"	insulin-like growth factor-1 receptor
"IL23p19"	interleukin 23 p19 subunit
"Incyte"	Incyte Biosciences International Sàrl, a subsidiary of Incyte Corporation (the shares of which are listed on the Nasdaq Global Select Market (Ticker Symbol: INCY))
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Innovent Suzhou"	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a company established under the laws of the PRC on 24 August 2011 and one of the Company's principal subsidiaries
"IO"	immune-oncology
"IPO"	initial public offering
"KRAS^{G12C}"	Kirsten rat sarcoma viral oncogene homolog G12C
"LAG3"	lymphocyte-activation gene 3

Definitions

"Latest Practicable Date"	20 September 2023, being the latest practicable date to ascertain certain information set out in this interim report prior to its bulk printing
"LDL-C"	low-density lipoprotein cholesterol
"LG Chem"	LG Chem Life Sciences
"LBITDA"	Loss Before Interest, Taxes, Depreciation and Amortization
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"mCRC"	metastatic colorectal cancer
"MDS"	myelodysplastic syndrome
"Merck KGaA"	Merck KGaA, Darmstadt, Germany
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MSLN"	mesothelin
"MTC"	medullary thyroid cancer
"nAMD"	neovascular age-related macular degeneration
"NDA"	new drug application
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"non-FH"	non-familial hypercholesterolemia
"NRDL"	the National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer

Definitions

"OC"	epithelial ovarian, fallopian tube, and primary peritoneal cancer
"OS"	overall survival
"PCSK9"	proprotein convertase subtilisin/kexin type 9 enzyme
"PD-1"	programmed cell death protein 1
"PD-L1"	PD-Lgand 1
"PDE4"	phosphodi esterase type 4
"PFS"	progression-free survival
"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"	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 Shares"	68,000,000 new Shares to be issued by the Company and to be placed pursuant to the Placing Agreement
"PoC"	Proof-of-Concept
"Post-IPO ESOP"	the post-IPO share option scheme adopted by the Company on 12 June 2018
"Pre-IPO Share Incentive Plan"	the pre-IPO share incentive plan adopted by the Company on 10 May 2012 as amended from time to time
"Prospectus"	the prospectus of the Company dated 18 October 2018
"R&D"	research and development
"RemeGen"	RemeGen Co., Ltd., a company listed on the Shanghai stock exchange (688331.SH) and the Stock Exchange (stock code: 09995)
"RET"	rearranged drug transfection

Definitions

"Restricted Shares"	restricted share(s), being a contingent right to receive Share(s) awarded under the RS Plan
"Reporting Period"	the six months ended 30 June 2023
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"r/r FL"	recurrent or refractory follicular lymphoma
"RRMM"	relapsed refractory multiple myelonia
"Service Providers"	has the meaning ascribed to it in the Listing Rules
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGLT2"	sodium-glucose contransporter 2
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"sNDA"	supplemental NDA
"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
"T2DM"	type 2 diabetes
"TAO"	thyroid associated ophthalmopathy
"TC"	thyroid cancer
"TED"	tyroid eye disease
"TIGIT"	T-cell immunoreceptor with Ig and ITIM domain
"TKI"	tyrosine kinase inhibitor
"TPS"	Tumor Proportion Score

Definitions

"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
"UNION"	UNION Therapeutics A/S
"VEGF"	vascular endothelium growth factor
"XOI"	xanthine oxidase inhibitor
"%"	per cent

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