信達生物製藥

INNOVENT BIOLOGICS, INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1801)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of Innovent Biologics, Inc. (the "**Company**" or "**Innovent**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 (the "**Reporting Period**"). These interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and the Company's auditors, Messrs. Deloitte Touche Tohmatsu.

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

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 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)

IFRS Measure: (continued)

- **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.

- **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.

- **Research and development ("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.

- **Loss Before Interest, Taxes, Depreciation and Amortization ("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.

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-International Financial Reporting Standard ("**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 New Drug Application ("NDA") or supplemental NDA ("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 announcement:

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

- In June 2023, FUCASO® (Equecabtagene Autoleucel), the first fully-human B cell maturation antigen ("**BMCA**") directed chimeric antigen receptor ("**CAR**")-T cell therapy was approved by the China National Medical Products Administration ("**NMPA**") for adult patients with relapsed or refractory multiple myeloma ("**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-Proprotein convertase subtilisin/kexin type 9 ("**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 low-density lipoprotein cholesterol ("**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 ("**TC**") and apolipoprotein B ("**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 epidermal growth factor receptor ("**EGFR**")-mutated locally advanced or metastatic non-squamous non-small cell lung cancer ("**NSCLC**") who progressed after EGFR tyrosine kinase inhibitor ("**TKI**") therapy.

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 Center for Drug Evaluation ("**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 relapsed or refractory follicular lymphoma **("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 glucagon-like peptide-1 receptor ("**GLP-1R**") and glucagon receptor ("**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 type 2 diabetes ("**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 Kirsten rat sarcoma viral oncogene homolog G12C ("**$KRAS^{G12C}$**") 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 repressor of silencing 1 ("**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 antibody-drug conjugate ("**ADC**") targeting carcinoembryonic antigen-related cell adhesion molecule 5 ("**CEACAM5**"). The Phase 3 trial of IBI-126 in second-line ("**2L**") NSCLC was ongoing.

- IBI-112 (picankibart), a recombinant anti-interleukin-23p19 subunit ("**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-insulin-like growth factor-1 receptor ("**IGF-1R**") monoclonal antibody. We dosed the first patient in the Phase 3 trial (RESTORE) of IBI-311 in patients with thyroid eye disease ("**TED**") in May 2023 and currently have completed its patient enrollment.

- IBI-302, an anti-vascular endothelium growth factor ("**VEGF**")/complement bispecific fusion. We have initiated the Phase 3 clinical trial for the treatment of neovascular age-related macular degeneration ("**nAMD**") and plan to start patient enrollment in the second half of 2023.

During the Reporting Period, we continue to follow and update data for Proof of Concept ("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 best corrected visual acuity ("**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-lymphocyte-activation gene 3 ("**LAG3**") monoclonal antibody. The updated data of the Phase 1b clinical study of IBI-110 for the treatment of first-line ("**1L**") HER2-negative gastric cancer ("**GC**") and 1L hepatocellular carcinoma ("**HCC**") were released at the American Society of Clinical Oncology ("**ASCO**") 2023 Annual Meeting.

- IBI-939, a novel anti-T-cell immunoreceptor with Ig and ITIM domains ("**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 colorectal cancer ("**CRC**") were released at the American Association for Cancer Research ("**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 breakthrough therapy designations ("**BTD**") 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 phosphodi esterase type 4 ("**PDE4**") inhibitor. Our partner UNION Therapeutics A/S ("**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.

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 National Reimbursement Drug List ("**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 programmed cell death protein 1 ("**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 chronic myeloid leukemia ("**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 progression free survival ("**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, Darmstadt, Germany ("**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 Co., Ltd. (688331.SH/09995.HK) ("**RemeGen**") investigating combination therapies of TYVYT® (sintilimab injection) with RC88, a novel mesothelin ("**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.

- During the Reporting Period, we continued to strengthen compliance and governance, and fulfill our social responsibilities. In active support to the sustainable development goals (SDGs) 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 date of this announcement, 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, TC 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.

For details of any of the foregoing, please refer to the rest of this announcement and, where applicable, the Company's prior announcements published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Innovent Biologics, Inc. is a biopharmaceutical company committed to developing 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, chemistry, manufacturing and controls ("**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, 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 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 announcement, 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):

- 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 ("Q2") 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 esophageal squamous cell carcinoma ("**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, cardiovascular and metabolic ("**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, 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 (xanthine oxidase inhibitor ("**XOI**")) global Phase 3 multi-regional clinical study for the treatment of hyperuricemia in gout patients has been initiated by our partner LG Chem Life Sciences ("**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 investigational new drug ("**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.

- **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. 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 of the Company (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, bispecific antibodies, fusion proteins, ADCs, CAR-T and small molecules), span multiple major therapeutic areas including oncology, metabolic, cardiovascular, immunology and ophthalmology diseases, and promise tremendous clinical and commercial potential as monotherapies or combination therapies to address unmet medical needs.

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

Products	Target (s)	Modality	Therapeutic Area	Rights	Status
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	Immuno cytokine	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

Status: Pre-clinical | IND | Phase 1 | Phase 1b/2 | Pivotal Phase 2 / Phase 3 | NDA | Launched

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
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 (high concentration)
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

Status: Pre-clinical | IND | Phase 1 | Phase 1b/2 | Pivotal Phase 2 / Phase 3 | NDA | Launched

AS: ankylosing spondylitis; RA: rheumatoid arthritis; PsA: psoriatic arthritis; PsO: psoriasis; CD: Crohn's disease; PJIA: 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

BUSINESS REVIEW

Commercial Stage Products

During the Reporting Period and up to the date of the announcement, 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 Eli Lilly and Company ("**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, metastatic CRC, adult recurrent glioblastoma, advanced or unresectable HCC, epithelial ovarian, fallopian tube, or primary peritoneal cancer ("**OC**")*, cervical cancer* ("**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).

- 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 fibroblast growth factor receptor ("**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 cholangiocarcinoma ("**CCA**") with a FGFR2 fusion or rearrangement.*

- In April 2023, the overall survival ("**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 accelerated-phase CML ("**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.

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. Food and Drug Administration (the "**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 Chinese Society of Clinical Oncology ("**CSCO**") Guidelines for GC 2023 version.

Retsevmo® (selpercatinib): *a highly selective and potent rearranged during transaction ("**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 medullary thyroid cancer ("**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 thyroid cancer ("**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.

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

- 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 hemoglobin ("**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 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-23 (p19 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.

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-LAG-3 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.

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 Rules Governing the Listing of Securities on the Stock Exchange (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.

- 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.

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)

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.

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.

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)

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)

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	2022
	RMB'000	*RMB'000*
	(unaudited)	(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

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.

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 a Pre-IPO Share Incentive Plan (the "**Pre-IPO Plan**"), a post-IPO share option scheme (the "**Post-IPO ESOP**"), the Innovent Biologics, Inc. 2018 Restricted Share Plan (the "**2018 RS Plan**") and the Innovent Biologics, Inc. 2020 Restricted Share Plan (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.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 28 April 2011 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 31 October 2018.

1. Compliance with the Code on 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 Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules 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.

2. Compliance with the Model Code for Securities Transactions by Directors

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

3. 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 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.

4. Other Board Committees

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

5. 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.

6. 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.

7. Use of 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.

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.

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**").

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.

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	2022
		RMB'000	*RMB'000*
		(unaudited)	(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		**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	*5*	**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 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	*6*		
– 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		**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		**171,657**	202,570
Prepayments for acquisition of long-term assets		**263,188**	234,573
Prepayments and other receivables		**234,316**	193,058
Other financial assets		**464,989**	427,627
		6,511,729	6,082,137
Current assets			
Inventories		**1,300,027**	1,428,882
Trade receivables	*7*	**1,015,502**	575,269
Prepayments and other receivables		**543,284**	336,521
Other financial assets		**870,837**	3,213
Bank balances and cash		**7,655,657**	9,162,823
		11,385,307	11,506,708
Current liabilities			
Trade and bills payables	*8*	**216,413**	325,622
Other payables and accrued expenses		**1,833,436**	1,820,977
Contract liabilities		**345,498**	434,911
Borrowings		**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

	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		**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		**106**	105
Reserves		**10,783,111**	10,729,844
Total equity		**10,783,217**	10,729,949

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.

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.

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.

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.

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

5. 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.

6. 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 vested but unissued restricted shares of the Company.

(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 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.

7. TRADE RECEIVABLES

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

8. TRADE AND BILLS PAYABLES

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

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.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.innoventbio.com. The interim report of the Group for the six months ended 30 June 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

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

Hong Kong, China, 23 August, 2023

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