3D Medicines Inc.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1244)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The Board hereby announces the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023.

In this announcement, "we", "us" and "our" refer to the Company or where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Changes
	2023	2022	%
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**352,553**	207,028	70.3
Cost of sales	**(27,301)**	(15,204)	79.6
Gross profit	**325,252**	191,824	69.6
Research and development expenses	**(151,606)**	(173,135)	(12.4)
Selling and marketing expenses	**(220,969)**	(135,751)	62.8
Total comprehensive loss for the period	**(190,204)**	(323,553)	(41.2)
Adjusted total comprehensive loss for the period (as illustrated under "**Non-IFRS Measures**")	**(81,454)**	(116,131)	(29.9)

	June 30, 2023	December 31, 2022	**Changes**
	RMB'000	*RMB'000*	%
	(Unaudited)	(Audited)	
Cash and bank balances, financial assets at fair value through profit and loss and financial assets measured at amortized costs	**864,236**	942,028	(8.3)

IFRS Measures:

1. Revenue

During the Reporting Period, all of our revenue was generated from the sales of commercialized 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) to distributors cooperating with us directly. For the six months ended June 30, 2023, our revenue increased by 70.3% to RMB352.6 million from RMB207.0 million for the same period in 2022. The increase was primarily attributable to the product sales of 恩維達® which was approved and commercialized in late November 2021. The revenue growth is a result of the differentiation advantages of the product itself, wider availability in pharmacies and hospitals, strong recognitions from doctors, and the convenience it offers to patients. Thus, our 恩維達® achieved strong sales growth in the market competition.

2. Cost of Sales

During the Reporting Period, the cost of sales represented our purchases from our contract manufacturer for production of 恩維達®. For the six months ended June 30, 2023, our cost increased by 79.6% to RMB27.3 million from RMB15.2 million for the same period in 2022, The increase in cost of sales was mainly attributable to the increase in the number of units sold for 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1).

3. Gross Profit and Gross Profit Margin

For the six months ended June 30, 2023, our gross profit increased by 69.6% to RMB325.3 million from RMB191.8 million for the same period in 2022. It was mainly attributable to the strong increase in product sales. Our gross profit margin reached 92.3% and 92.7% in the six months ended June 30, 2023 and 2022, respectively. The slight decrease in gross profit margin is mainly due to the increase in cost related taxes and related staff cost demonstrating the gradual maturity of our business model.

4. Research and Development Expenses

During the Reporting Period, our research and development expenses primarily consisted of (i) employee benefit expenses, including salaries, social insurance, pension, bonus and share-based expenses related to our research and development personnel; and (ii) third-party contracting expenses paid to service providers.

For the six months ended June 30, 2023, our research and development expenses decreased to RMB151.6 million from RMB173.1 million in the same period of 2022. The decrease was mainly due to (i) a decrease of RMB13.3 million in the upfront and milestone costs associated with the exclusive development rights of our in-licensed drug candidates in designated regions; and (ii) a decrease of RMB23.6 million in third-party contracting expenses paid to service providers. These decreases were partially offset by an increase of RMB11.4 million in employee benefit expenses related to our research and development personnel, including salaries, social insurance, pension, bonus and share-based expenses.

5. Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses mainly represented expenses for promoting 恩維達® in China in accordance with industry standards to boost sales. Our selling and marketing expenses increased by 62.8% from RMB135.8 million for the six months ended June 30, 2022 to RMB221.0 million for the six months ended June 30, 2023. The increase was primarily attributable to the sales growth of 恩維達®, with its sales growth rate for the first half of 2023 (i.e. 70.3%) exceeding the growth rate of selling and marketing expenses in the same period (i.e. 62.8%).

Non-IFRS Measures:

In order to supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS, we use adjusted loss and total comprehensive loss as an additional financial measure, which is not required by, or presented in accordance with IFRS. Our adjusted loss and total comprehensive loss represents our loss and total comprehensive loss for the period, adjusted to add back fair value losses on preferred shares and share-based payment expenses. We believe that such measure provides investors and other persons with useful information to understand and evaluate our consolidated results of operation in the same manner as it helps our management. However, adjusted net loss presented by us may not be comparable to the similar financial measure presented by other companies. There are limitations to the non-IFRS measure used as an analytical tool, and you should not consider it in isolation or regard it as a substitute for our results of operation or financial position analysis that is presented in accordance with IFRS.

The following table sets forth our loss and total comprehensive loss and adjusted loss and total comprehensive loss for the period, which is adjusted by adding back fair value losses on preferred shares and share-based payment expenses, for the periods indicated:

	Six months ended June 30,		
	2023	2022	**Changes**
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	*%*
Total comprehensive loss for the period	**(190,204)**	(323,553)	(41.2)
Add:			
Fair value losses on preferred shares	**–**	143,642	(100.0)
Share-based payment expenses	**108,750**	63,780	70.5
Adjusted total comprehensive loss for the period	**(81,454)**	(116,131)	(29.9)

BUSINESS HIGHLIGHTS

For the six months ended June 30, 2023, we have made significant progress in advancing our robust pipeline of investigational products, which consists of 12 drug candidates. Of these, 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) has been successfully commercialized, and seven others are in various stages of clinical development, including 3D189 undergoing a phase III MRCT. Our strong execution capabilities in implementing our growth strategy, managing business operations, commercializing products, and integrating resources have enabled us to achieve the following milestones and accomplishments:

- 恩維達®, as the only commercially available subcutaneous injection PDX, achieved remarkable sales revenue of RMB352.6 million in China for the six months ended June 30, 2023, representing a growth rate of 70.3% compared to the same period last year.

- 恩維達® witnessed significant progress in the international market, with the initiation of pivotal clinical trials. A phase II, multiregional, multicenter, single arm study to evaluate the efficacy and safety of envafolimab monotherapy in subjects with dMMR advanced solid tumors was approved by the FDA. We are actively preparing to enroll patients in the United States, Europe, Japan and Latin America.

- A multicenter, open-label, multi-cohort, phase II clinical study designed to evaluate the effectiveness and safety of Envafolimab monotherapy or the combination of Envafolimab and Lenvatinib in patients with advanced endometrial cancer who have failed or are intolerant to at least one platinum-based chemotherapy regimen and are non-microsatellite instability-high (non-MSI-H) and non-deficient mismatch repair (non-dMMR) has demonstrated promising results, and we are making efforts to expedite the commencement of pivotal clinical trials.

- The phase Ib/II trial for 恩維達® in combination with Lenvatinib for the treatment of advanced solid tumors has completed patient enrollment. The preliminary results have been accepted for poster presentation at the European Society for Medical Oncology (ESMO) Annual Meeting in October 2023.

- In 2023, 恩維達® was recommended for use in the Chinese Clinical Treatment Guidelines for previously treated advanced/recurrent gynecological tumors with MSI-H/dMMR (2B category).

- We are developing a new generation of tumor vaccines that will play a very important role in the treatment of various types of blood and solid tumors and prevention of their metastasis and/or recurrence. The global Phase III pivotal MRCT for AML hematologic tumors is currently ongoing. The domestic bridging study will be completed in the near future.

- A new dosage form of 3D185 has shown no significant side effects and good safety profile, and efforts are underway to continually conduct the higher dose escalation study.

- In January 2023, 3D185 was granted the orphan-drug designation by the FDA for the treatment of gastric cancer and gastro-esophageal junction cancer.

The Company has been selected and included as an eligible stock in the security list of Hong Kong Stock Connect, with effect from March 13, 2023. On February 23, 2023, the Company was also selected as a constituent stock of the Hang Seng Composite Index by the Hang Seng Indexes Company Limited, with effect from March 13, 2023.

In May 2023, the "B" marker was removed from the Company's stock name and stock short name following the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules, as the Company has satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules.

In July 2023, the Company raised approximately HK$226.8 million through the placing of new Shares to further strengthen our financial position and expedite the development of corporate operation and various clinical programs.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

3D Medicines Inc. is a biopharmaceutical company entering the commercialization phase, focusing on the field of oncology treatments as a chronic disease. With the vision of "helping people with cancer live longer and better", we are committed to discovering and developing innovative cancer drugs and vaccines which will cover the whole treatment period including metastasis and recurrence worldwidely.

Our product portfolio includes several globally leading or clinically valuable differentiated innovative drug candidates. With an international team consisting of experts in drug research, production, and commercialization, we have been conducting international clinical research since 2016 and successfully launched 恩維達® for commercialization in 2021. Two-thirds of our drug candidates have already advanced to the clinical development stage, establishing a robust pipeline with strong synergy between drugs. We also have four preclinical innovative candidates, including a bispecific CD3xPD-L1 antibody, the next-generation candidate for tumor vaccines, and two internally developed pipeline products. With a high level of maturity in our pipeline, we anticipate a continuous stream of product launches over the next three to five years.

恩維達® RECORDED 70% REVENUE INCREASE WITH CONSISTENT PROFIT MARGIN

With excellent safety and efficacy profile, the well-established commercialization platform and the great efforts by the highly productive commercial force, our revenue from the sales of 恩維達® reached RMB352.6 million for the six months ended June 30, 2023, reflecting an impressive 70% year-on-year revenue growth while maintaining a stable profit margin. The principal driver of the Group's revenue and gross profit for the six months ended June 30, 2023 is the substantial strong and significant sales and gross profit growth of 恩維達®.

恩維達® has been included in the list of high-priced self-financed drugs covered by "Huimin Insurance" ("惠民保") in 32 cities in China, with three cities (Shanghai, Baotou in Inner Mongolia, and Honghe Prefecture in Yunnan Province) in the premium payment period, and 29 cities in the policy term, eligible for claims.

The global market for innovative drugs grew slow down according to the latest IQVIA data. Post-launch monthly growth has declined by 19% since the COVID-19 pandemic. Against this backdrop, 恩維達®'s robust sales in the first half of 2023 stand as a testament to its vigorous growth trajectory. This success was attributed to the differentiated advantages of 恩維達® being widely recognized by doctors, good patient compliance, and prospective strategic cooperation. Strategically scaling while optimizing efficiency has been a key driver of 恩維達®'s sales success.

The following chart highlights the clinical development status of our pipeline candidates as of the date of this announcement:

Candidate	Target/ Mechanism	Indications/Study Population	Rights	Preclinical Discovery	IND	Phase I	Phase II	Phase III	NDA	Partner
Envafolimab	PD-L1	MSI-H/dMMR advanced cancer (mono, 2L+)	Worldwide	China					BLA approved	Alphamab Group, Simcere Group, (China,CSO) TRACON (Sarcoma, North America)
		Advanced BTC (combo with chemo vs. chemo, 1L)		China						
		NSCLC (vs standard treatment, 1L)		China						
		NSCLC (combo with chidamide, 2L+)		China						
		G/GEJ advanced cancer (combo with chemo, 1L)		China			COMPLETED			
		EC (mono and combo with lenvatinib, 2L+)		China						
		NSCLC, HCC, RCC (combo with lenvatinib)		China						
		HCC, CRC, NSCLC (combo with BD0801)		China						
		Microsatellite stable CRC (combo with cetuximab+/- Fruquintinib, standard treatment failure)		China						
		dMMR advanced solid tumors (mono, 2L+)		MRCT (US、EU、Japan, et.)						
3D189	WT1	Multiple indications	Greater China	China						SELLAS
		AML		China (Directly participated in the MRCT Phase III trial)						
3D229	GAS6/AXL	Healthy Volunteers	Greater China	China		COMPLETED				Aravive
		NSCLC / RCC / UC		China						
		PROC (2L)		China (Directly participated in the MRCT Phase III trial)						
3D1001	COX-2	Post-surgical dental pain/cancer pain	China	China		US				Haihe Biopharma Group
3D1002	EP-4	Cancer pain / osteoarthritis	China	China		US				
3D185	FGFR1/2/3	Locally advanced or metastatic solid tumors	Worldwide	China/US						Haihe & SIMM
3D011	TKI prodrug	Advanced malignant solid tumors	Worldwide	China						-
3D197	CD47	Multiple indications	Greater China	China						ImmuneOncia
3D057	CD3+PD-L1	Multiple indications	Greater China Worldwide Priority Transfer right	China						Y-Biologics
3D059	WT1	Multiple indications	Greater China	China						SELLAS
3D060	Sema4D	Multiple indications	Worldwide	China/US						-
3D062	KRAS	Multiple indications	Worldwide	China/US						-

Pivotal Trial

Key development of Selected Drug Candidates

- ***恩維達® (envafolimab, subcutaneously-injectable PD-L1)***

  1. *Achieving 70% Sales Growth with Stable Profit Margin*

     – 恩維達® achieved remarkable sales revenue of RMB352.6 million in China for the six months ended June 30, 2023, representing a growth rate of 70.3% compared to the same period last year, with relatively stable gross profit margin.

  2. *Advancing the FDA Pivotal Clinical Trial*

     – In December 2022, the FDA granted approval for the IND application for 恩維達® (Envafolimab Injection) to treat unresectable locally advanced or metastatic dMMR solid tumors.

     – We have commenced this pivotal trial in the United States in the first half of 2023, which is currently in the center screening phase. The study is set to be conducted across 69 centers in eight countries and four global regions, with a total enrollment of 200 patients. This multi-regional, multicenter, open-label, single-arm Phase II study aims to include adult patients with unresectable locally advanced or metastatic dMMR solid tumors. The first U.S. research site is scheduled to initiate in December 2023, with the first U.S. patient enrolled in January 2024, followed by additional enrollment of patients in Europe, Japan, and Latin America.

3. *Promising Efficacy and Manageable Safety of Envafolimab and Lenvatinib Combination Therapy in Endometrial Cancer, and preparing for Regulatory Communication*

- Preliminary trial data from a potential pivotal Phase II study on the combination of Envafolimab injection and Lenvatinib capsules for the treatment of advanced, previously treated endometrial cancer patients have shown robust efficacy and manageable safety profile. This is a multicenter, open-label, multi-cohort, Phase II clinical study designed to evaluate the effectiveness and safety of Envafolimab monotherapy or the combination of Envafolimab and Lenvatinib in patients with advanced endometrial cancer who have failed or are intolerant to at least one platinum-based chemotherapy regimen and are non-microsatellite instability-high (non-MSI-H) and non-deficient mismatch repair (non-dMMR). In terms of safety, the combination therapy showed good tolerability and manageable safety without any new safety signals.

- We plan to apply for regulatory communication with the CDE by the end of August 2023 to further clarify the subsequent development plans.

4. *KN035-CN-010 Abstract Accepted for ESMO Poster Presentation*

- The open-label, multicenter Phase Ib/II trial of envafolimab in combination with lenvatinib for the treatment of advanced solid tumors has completed enrollment in the fourth quarter of 2022 with positive results. The trial enrolled PD-(L)1 inhibitors therapy resistant advanced NSCLC and RCC and previously untreated advanced RCC. As of March 31, 2023, a total of 24 patients were enrolled in Phase Ib (n=6) and Phase II extension (n=18). The RP2D was envafolimab (400 mg every 4 weeks, subcutaneously) plus lenvatinib (20 mg/d, orally) every 4 weeks. Envafolimab in combination with lenvatinib demonstrated a robust preliminary ORR and mPFS in PD-(L)1 resistant NSCLC patients with manageable safety profile. Consistent with the results from other intravenous anti-PD-1 antibody plus lenvatinib in RCC patients, subcutaneous injection of envafolimab with lenvatinib provided a more convenient dose regimen in this population. Further evaluation of this combination therapy is underway in both populations.

- Detailed information on the clinical results has been accepted for poster presentation at the European Society of Medical Oncology Annual Meeting (ESMO) and will be presented in mid-October 2023.

5. *Advancements in Lung Cancer Neoadjuvant Therapy*

- On June 12, 2023, we submitted an IND application for a randomized, placebo-controlled, double-blind, multicenter Phase III clinical study of 恩維達® plus platinum-based doublet chemotherapy compared with placebo plus platinum-based doublet chemotherapy for neoadjuvant/adjuvant treatment of resectable stage III NSCLC patients (trial number: KN035-CN-017). This study aims to compare the efficacy and safety of neoadjuvant therapy with envafolimab plus platinum-based doublet chemotherapy versus placebo plus platinum-based doublet chemotherapy, followed by postoperative adjuvant monotherapy (envafolimab or placebo) for surgically resectable stage IIIA and IIIB(N2) NSCLC subjects. It is a registration-enabling Phase III clinical trial.

The study plans to enroll approximately 388 subjects who will be randomly assigned in a 1:1 ratio to receive neoadjuvant therapy with either envafolimab plus platinum-based doublet chemotherapy (experimental group) or placebo plus platinum-based doublet chemotherapy (control group). The neoadjuvant therapy will consist of a total of 3-4 cycles, as determined by the investigator. After the completion of neoadjuvant therapy and a 4-6 week interval, the subjects will undergo surgical assessment and receive surgery performed by the investigator. Subsequently, they will receive adjuvant envafolimab monotherapy (experimental group) or placebo (control group).

– On July 18, 2023, the product holder (MAH) of 恩維達® successfully passed a routine quality supervision inspection conducted by the Sichuan Provincial Drug Administration, achieving a flawless result with zero defects. This inspection marked the first quality supervision assessment by the Sichuan Provincial Drug Administration since obtaining the drug production license (B certificate).

– We will continue to strictly comply with the "Good Manufacturing Practice for Drugs" and SOP regulations, improve enterprise management level, improve quality management, strictly control risks, and ensure the quality of our products.

6. *Inclusion of 恩維達® in Chinese Clinical Treatment Guidelines*

– In 2023, 恩維達® was recommended for use in the Chinese Clinical Treatment Guidelines for previously treated advanced/recurrent gynecological tumors with MSI-H/dMMR (2B category). 恩維達® has provided a solution for intravenous intolerant cancer patients, offering more patients the opportunity to enhance their quality of life during long-term medication.

7. *Progress in Pivotal Clinical Study in the United States*

– In June 2023, the ENVASARC study, a pivotal soft tissue sarcoma study conducted in the United States and the United Kingdom, announced positive results following an independent data monitoring committee review. The study's findings were presented as a poster and abstract at the 2023 American Society of Clinical Oncology (ASCO) Annual Meeting. The study is a multicenter, open-label, randomized, non-controlled, parallel-arm Phase II pivotal study with the primary endpoint being objective response rate (ORR), and the key secondary endpoint being duration of response (DoR). The ongoing study is currently enrolling patients for the 600mg every three weeks monotherapy with Envolimab, with plans for an interim analysis in the third quarter of 2023.

8. *Progress in Multicenter Phase II Clinical Trials of Envafolimab Combined with SOX First-line Treatment for Advanced Gastric Cancer*

– First-line envafolimab plus SOX chemotherapy for PD-L1 positive metastatic or recurrent gastric adenocarcinoma: A multi-centre, single-arm phase II clinical trial.

9. *The Key Clinical Study of ENVASARC in the Treatment of Advanced Soft-tissue Sarcoma with Envafolimab*

– A pivotal trial of envafolimab and envafolimab in combination with ipilimumab in patients with advanced or metastatic undifferentiated pleomorphic sarcoma or myxofibrosarcoma who have progressed on prior chemotherapy is in progress.

- ***3D229***

  Progress of 3D229 Clinical Trial in China and Expected Biologics License Application Approval through Bridging Study

  – The Company awaits from our partner the interpretation of the final results of the Phase III randomized, double-blind, controlled trial of 3D229 in combination with paclitaxel (PAC) versus placebo with paclitaxel for platinum-resistant recurrent ovarian cancer. This trial is being conducted in the United States, Europe, and China. The primary objective is to evaluate the progression-free survival (PFS), based on Response Evaluation Criteria in Solid Tumors version 1.1 (RECIST v1.1), of 3D229 in combination with paclitaxel (3D229+PAC) compared to placebo with paclitaxel (placebo+PAC) in patients with platinum-resistant recurrent ovarian cancer. The secondary objective is to assess the overall survival (OS) of 3D229+PAC versus placebo+PAC. The bridge study in China is pending, and the RCC and pancreatic cancer phase II exploration study are ongoing.

- ***3D189***

  1. Smooth Progress in Phase I Trial of 3D189

  – The Company's Phase I clinical trial to evaluate the safety and immunogenicity of 3D189 in Chinese patients with hematological malignancies makes satisfactory progress. This multicenter, open-label, single-arm Phase I trial is designed to assess the safety and immunogenicity of 3D189 WT1 peptide vaccine in patients with acute leukemia (AL) who are WT1-positive and in complete remission after at least first-line standard of care therapy, as well as patients with multiple myeloma (MM), non-Hodgkin's lymphoma (NHL), or higher-risk myelodysplastic syndrome (MDS) who achieve complete remission or partial remission. The clinical trial is nearing completion of patient recruitment, and as of the date of this announcement, no new safety signals for 3D189 have been observed in Chinese patients.

  2. Expected to Join the MRCT by the End of 2023

  – A global Phase III trial is underway to evaluate the efficacy and safety of 3D189 monotherapy for maintenance treatment compared to investigator's choice of best available therapy (BAT) in patients with AML who have achieved complete remission or complete remission with incomplete platelet recovery (CR2 or CRp2) after second-line salvage therapy. The primary objective is to compare 3D189 with BAT in terms of overall survival (OS) in CR2/CRp2 AML patients. The trial is recruiting patients at approximately 105 centers globally.

  – In March 2023, we received approval from the CDE for the IND application. We plan to conduct this Phase III clinical trial and FPI in China by the end of 2023.

- ***3D185***

  1. *Smooth Progress in Phase I Trial of 3D185*

     – 3D185-CN-001 is an open-label, MRCT, dose-escalation Phase I clinical trial designed to assess the safety, tolerability, preliminary pharmacokinetic profile, and preliminary clinical efficacy of 3D185 capsule as a monotherapy in patients with advanced solid tumors. The study started with a 50 mg starting dose and has six escalating dose cohorts of 50 mg, 100 mg, 150 mg, 200 mg, 250 mg, and 300 mg, using the i3+3 design for dose escalation. Both the 50 mg and 100 mg cohorts completed the observation of dose-limiting toxicity (DLT) and showed no DLT, indicating good patient tolerance and safety profile. The 100 mg cohort demonstrated a significant increase in pharmacokinetic (PK) exposure compared to the 50 mg cohort. Based on approval from the Safety Monitoring Committee (SMC), we are proceeding to higher dose levels, and efforts are underway to escalate to higher dosages for 3D185.

  2. *Granted Orphan-Drug Designation by the FDA for Treatment of Gastric Cancer and Gastro-esophageal Junction Cancer*

     – On January 13, 2023, 3D185 was granted the orphan-drug designation by the FDA for the treatment of gastric cancer and gastro-esophageal junction cancer. This is the second orphan-drug designation granted to 3D185; in October 2022, 3D185 also received an orphan-drug designation for the treatment of biliary tract cancer.

Our Selected IND-enabling Drug Candidates

In addition to our clinical-stage drug candidates, we are also developing four drug candidates in IND-enabling stage:

Assets	Target(s)	Indications	Rights	Partner
3D057	CD3+PD-L1	Multiple indications	Greater China; Worldwide Priority Transfer right	Y-Biologics
3D059	WT1	Multiple indications	Greater China	SELLAS
3D060	Sema4D	Multiple indications	Worldwide	–
3D062	KRAS	Multiple indications	Worldwide	–

3D062 is our internally developed KRAS mutation inhibitor. Based on the latest research results, we applied for PCT on January 17, 2023 and March 8, 2023, respectively.

Warning under Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange: There is no assurance that the Company will continuously succeed in the commercialization of 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1). There is no assurance that Batiraxcept (3D229), Galinpepimut-S (3D189), 3D1001, 3D1002, 3D185, 3D011, 3D197, 3D057, 3D059, 3D060, and 3D062 will ultimately be successfully developed and/or marketed by the Company. As of the date of this announcement, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Other Business Development

Building upon complementary strengths, the Company and Innolake Biopharm (Hangzhou) Co. Ltd. (英諾湖醫藥(杭州)有限公司) are further enhancing their strategic partnership in the ILB-2109 project, with a particular focus on clinical development, medical strategy, and translational medicine. The Company has been granted the relevant rights for mainland China and third-party negotiations concerning the ILB-2109 project.

In May 2023, the "B" marker was removed from the Company's stock name and stock short name following the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules, as the Company has satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules.

To reward employees and directors of the Group, and recognise the efforts of business partners of the Group who play a vital part to enhancing the competitiveness of the Group, the Company adopted the Share Option Scheme on June 26, 2023, the principal terms of which are disclosed in the circular of the Company dated June 2, 2023.

Research and Development

Our management team has extensive industry experience for new drug development including working experience in the FDA and global pharmaceutical companies, which has led us to build a proven track record capability from discovery to commercialization.

Our R&D platform has strong molecule screening and design capabilities that increase the possibility of success in moving molecules from pre-clinical studies to market, enable innovative therapeutic approaches and support pipeline assets built around key pathways and targets.

Our R&D centers in Shanghai and Beijing include large and small molecule platforms, cell line screening platforms, and compound screening platforms. We believe that R&D is key to maintaining competitiveness in our industry. We have built a platform to enable our R&D in the area of chronic cancer treatment. Leveraging our proprietary R&D platform, we are able to conduct pre-clinical R&D activities including drug activity screening, studies of cellular functions of drugs, drug biochemical studies and biomolecule detection.

We employ a clinical-demand-oriented and market-driven approach to our clinical R&D efforts. Our clinical development team is composed of scientists and physicians with years of experience in drug development. Our clinical development team carefully customizes clinical development plan for each of our candidate drugs by taking into consideration scientific rationale, probability of technical and regulatory success, competition, commercial assessment, expert feedback, timeline and cost.

Manufacture

We have been building our in-house production facilities in Xuzhou, Jiangsu province, with current GMP-compliant manufacturing system and facilities throughout the drug development process, including chemical drugs and biologics, to meet stringent global standards. Our GMP-compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations, to support the entire drug development process, from drug discovery to process development, GMP-compliant pilots and commercial manufacturing. In anticipation of the large needs of our drugs upon commercialization, we purchased the use right of land in Xuzhou with an aggregate area of 65,637.97 square meters. We have obtained the construction permit and started construction of new manufacturing facilities in Xuzhou.

We work with qualified CMOs to manufacture and test drug candidates for pre-clinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our product and drug candidates, including commercial-scale manufacturing of our approved drugs, to qualified CMOs/CDMOs.

As disclosed in the Company's announcement dated July 14, 2023, around 40% of the net proceeds from the 2023 Placing (as defined below) shall be allocated to expediting the building construction and the procurement of new equipment for our manufacturing facilities in Xuzhou, China. We have a steady capacity expansion plan to meet our future clinical development and commercialization needs.

Sales and Marketing

We are devoted to accelerating the commercialization progress of 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) with combining efforts through the marketing strategy targeted at the needs of patients, academic oriented marketing activities were held to highlight the characteristics of product differentiation and improve the quality of life for cancer patients. We have been recommended by some professional clinical guidelines to actively provide necessary assistance to cancer patients and win the recognition of third-party payers to reduce the cost of patients using our products.

We have been establishing our sales and marketing department dedicated to the commercialization of our pipeline products. We have been building our qualified sales and marketing department in place with rich experience in the commercialization of oncology treatment, mainly responsible for product positioning, market strategy, promotional activity planning and patient assistance.

As we already received NDA approval for the treatment of previously treated MSI-H/dMMR advanced solid tumors on November 24, 2021, we sell 恩維達® (i) to pharmacy operating companies and (ii) to distributors cooperating with us directly (for hospital channel). We hire professional employees to negotiate the contracts, manage the distributors and supply chain, provide sufficient products for patients.

In the first half of 2023, 恩維達® sales have covered more than 1,150 hospitals and more than 1,150 pharmacies in 30 provinces and over 200 cities. 恩維達® has been included in the list of high-priced self-financed drugs covered by "Huimin Insurance" in 32 cities in China.

For products that are close to commercialization, pre-market preparations are also gradually being carried out.

Intellectual Property Rights

We have an extensive portfolio of patents to protect our product, drug candidates and technologies. As of the date of this announcement, we owned (including co-owned) (i) 13 granted patents in China, (ii) 17 granted patents in other jurisdictions, and (iii) 20 pending patent applications, including 5 Chinese patent applications, 1 U.S. patent application and 14 patent applications in other jurisdictions, relating to certain of our product, drug candidates and technologies.

Financial Review

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**352,553**	207,028
Cost of sales	**(27,301)**	(15,204)
Gross profit	**325,252**	191,824
Other income and gains	**23,605**	25,739
Research and development expenses	**(151,606)**	(173,135)
Administrative expenses	**(78,367)**	(50,467)
Selling and marketing expenses	**(220,969)**	(135,751)
Royalty expenses	**(35,100)**	(22,854)
Other expenses	**(48,699)**	(14,224)
Finance costs	**(4,043)**	(942)
Fair value losses on preferred shares	**–**	(143,642)
Impairment losses on financial assets, net	**(277)**	(101)
LOSS BEFORE TAX	**(190,204)**	(323,553)
Income tax expense	**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(190,204)**	(323,553)
Attributable to:		
Owners of the parent	**(178,485)**	(308,454)
Non-controlling interests	**(11,719)**	(15,099)
	(190,204)	(323,553)

Overview

The following discussion is based on, and in conjunction with, the financial information and the notes included elsewhere in this announcement.

Revenue

For the six months ended June 30, 2023, our revenue increased to RMB352.6 million from RMB207.0 million for the same period in 2022, representing an increase of 70.3%. The increase was primarily attributable to product sales from 恩維達® which was approved and commercialized in late November 2021. The revenue growth is benefited from differentiation advantages of the product itself, broader coverage of pharmacies and hospitals, strong recognitions of doctors and patients. Thus, our 恩維達® achieved strong sales results in the fierce market competition.

Cost of Sales

During the Reporting Period, the cost of sales represented our purchases from our contract manufacturer for production of 恩維達®. For the six months ended June 30, 2023, our cost increased by 79.6% to RMB27.3 million from RMB15.2 million for the same period in 2022, The increase in cost of sales was mainly attributable to the increase in the number of units sold for 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1).

Gross Profit and Gross Profit Margin

For the six months ended June 30, 2023, our gross profit increased by 69.6% to RMB325.3 million from RMB191.8 million for the same period in 2022. It was mainly attributable to the strong increase in product sales. Our gross profit margin reached 92.3% and 92.7% in the six months ended June 30, 2023 and 2022, respectively, which remained relatively stable, demonstrating the generally mature of our business model.

Other Income and Gains

During the Reporting Period, our other income and gains primarily consisted of (i) foreign exchange gains; (ii) government grants income; and (iii) interest income. For the six months ended June 30, 2023 and 2022, we recorded other income and gains of RMB23.6 million and RMB25.7 million, respectively. The slight decrease was mainly due to a decrease in the foreign exchange gains of RMB13.5 million resulting from the decrease in the amount of U.S. dollar held by the Group.

Research and Development Expenses

During the Reporting Period, our research and development expenses primarily consisted of (i) employee benefit expenses, including salaries, social insurance, pension, bonus and share-based expenses related to our research and development personnel; and (ii) third-party contracting expenses paid to service providers.

For the six months ended June 30, 2023, our research and development expenses decreased by 12.4% to RMB151.6 million from RMB173.1 million for the same period in 2022. The decrease was mainly due to (i) a decrease of RMB13.3 million in the upfront and milestone costs associated with the exclusive development rights of our in-licensed drug candidates in designated regions; and (ii) a decrease of RMB23.6 million in third-party contracting expenses paid to service providers. These decreases were partially offset by an increase of RMB11.4 million in employee benefit expenses related to our research and development personnel, including salaries, social insurance, pension, bonus and share-based expenses.

Administrative Expenses

During the Reporting Period, our administrative expenses primarily consisted of (i) employee benefit expenses, including salaries, social insurance, pension, bonus and share based expenses related to our administrative personnel; and (ii) professional service expenses paid to third parties primarily in connection with operating activities. For the six months ended June 30, 2023, our administrative expenses increased by RMB27.9 million to RMB78.4 million from RMB50.5 million for the same period in 2022, which was primarily attributable to an increase of share-based payment expenses of RMB27.8 million.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses mainly represented expenses incurred for promoting 恩維達® in China in accordance with industry standards to boost sales. Our selling and marketing expenses increased by 62.8% from RMB135.8 million for the six months ended June 30, 2022 to RMB221.0 million for the six months ended June 30, 2023. The increase was primarily attributable to the sales growth of 恩維達® since December 2021, with its sales growth rate for the first half of 2023 (i.e. 70.3%) exceeding the growth rate of selling and marketing expenses in same period (i.e. 62.8%).

Royalty Expenses

As agreed under the Co-Development Agreements, upon the approval and commercialization of 恩維達®, we are entitled to 51% while Alphamab Group is entitled to 49% of the profit before tax generated from the sales of 恩維達® globally in the field of oncology therapy.

For the six months ended June 30, 2023, our royalty expenses increased by RMB12.2 million to RMB35.1 million from RMB22.9 million for the same period in 2022, which was primarily attributable to the increase in sales of 恩維達®.

Total Comprehensive Loss for the Period

For the reasons discussed above, total comprehensive loss for the period decreased by RMB133.4 million from RMB323.6 million for the six months ended June 30, 2022 to RMB190.2 million for the six months ended June 30, 2023.

Non-IFRS Measures

In order to supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS, we use adjusted loss and total comprehensive loss as an additional financial measure, which is not required by, or presented in accordance with IFRS. Our adjusted loss and total comprehensive loss represents our loss and total comprehensive loss for the period, adjusted to add back fair value losses on preferred shares and share-based payment expenses. We believe that such measure provides investors and other persons with useful information to understand and evaluate our consolidated results of operation in the same manner as it helps our management. However, adjusted net loss presented by us may not be comparable to the similar financial measure presented by other companies. There are limitations to the non-IFRS measure used as an analytical tool, and you should not consider it in isolation or regard it as a substitute for our results of operation or financial position analysis that is presented in accordance with IFRS.

The following table sets forth our loss and total comprehensive loss and adjusted loss and total comprehensive loss for the period, which is adjusted by adding back fair value losses on preferred shares and share-based payment expenses, for the periods indicated:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total comprehensive loss for the period	**(190,204)**	(323,553)
Add:		
Fair value losses on preferred shares	**-**	143,642
Share-based payment expenses	**108,750**	63,780
Adjusted total comprehensive loss for the period	**(81,454)**	(116,131)

Selected Data from Interim Condensed Consolidated Statement of Financial Position

	As at	As at
	June 30,	December 31,
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total non-current assets	**215,164**	189,005
Total current assets	**1,131,097**	1,143,058
Total assets	**1,346,261**	1,332,063
Total non-current liabilities	**99,611**	60,400
Total current liabilities	**424,050**	376,249
Total liabilities	**523,661**	436,649

Liquidity and Capital Resources

Since our inception, we have incurred net losses and negative cash flows from our operations. Our primary uses of cash are to fund the research and development of our drug pipeline, our clinical trials, administrative expenses and other recurring expenses.

As of June 30, 2023, the current assets of the Group were RMB1,131.1 million, including cash and cash balances of RMB583.8 million. The Group's cash and cash balances decreased by RMB112.9 million to RMB583.8 million as of June 30, 2023 from RMB696.7 million as of December 31, 2022. The decrease is primarily attributable to foreign exchange interest rate fluctuation and cash used in our operating activities. As of June 30, 2023, the current liabilities of the Group were RMB424.1 million, including trade payables of RMB43.2 million, other payables and accruals of RMB207.0 million, interest-bearing bank borrowings of RMB151.6 million, and lease liabilities of RMB22.3 million.

Our net cash used in operating activities amounted to RMB168.1 million and RMB85.6 million for the six months ended June 30, 2023 and 2022, respectively. As our business develops and expands, we expect to generate more cash from our operating activities mainly through sales of our products. We shall continue to advance our late stage clinical assets into NDA stage and commercialization which will bring incremental cash flow to fund our operations in the foreseeable future.

For the six months ended June 30, 2023, our net cash flows used in investing activities was RMB24.7 million, primarily as a result of (i) purchase of items of property, plant and equipment of RMB5.6 million; (ii) proceeds from disposal of financial assets at FVTPL of RMB20.0 million; and (iii) purchase of financial assets measured at amortised cost of RMB176.1 million, partially offset by proceeds from disposal of financial assets at amortised cost of RMB131.5 million.

For the six months ended June 30, 2023, our net cash flows from financing activities was RMB76.3 million, primarily as a result of (i) proceeds from exercise of over-allotment option of RMB9.0 million; and (ii) new interest-bearing bank borrowings of RMB127.6 million and partially offset by repayment of interest-bearing bank borrowings of RMB52.5 million.

Contingent Liabilities

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

Foreign Exchange Exposure

For the six months ended June 30, 2023, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group is exposed to foreign currency risk as a result of certain cash and bank balances and financial assets at fair value through profit and loss. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Future Investment Plans and Expected Funding

The Group had no material capital expenditure plan as of the date of this announcement.

Employees and Remuneration

As of June 30, 2023, the Group had 215 full-time employees, who were based in Shanghai, Beijing, and other cities of China and U.S. The total employee benefits expenses of our Group, which consisted of (i) wages, salaries and bonuses, (ii) social security costs, (iii) employee welfare and (iv) equity-settled share awards, for the six months ended June 30, 2023, were approximately RMB163.6 million.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy etc.. We invest in continuing education and training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In addition, we are required under PRC laws to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, up to a maximum amount specified by local governments.

FUTURE DEVELOPMENT

Following years of cultivation in the oncology field, our Company has been establishing a drug pipeline from the different stages of R&D to the commercialization for the treatment of various types of cancers as a chronic disease. Regardless the overall changes of the drug development environment in China, we will continually focus on the oncology immunotherapy in the next 3-5 years to fit the unmet medical need and to treat the cancer as a chronic disease. Especially, we are going to continue to expand the indications of our commercialized product – 恩維達® globally and develop a new generation of cancer vaccine for further treatment and prevention of cancer metastasis and recurrence.

In 2023, we plan to submit 2 pivotal INDs to the FDA to conduct MRCTs, and aim to launch innovative drug products within the next 3-5 years. We currently have one commercialized product in China and plan to commercialize it globally once the MRCT is completed and the product is approved by FDA and other major international regulatory agencies. We feel confident and are optimistic about our company's business both in R&D and the commercialization. Although the PDX products face fierce competition in China, 恩維達® should and will continue to take over the China drug market with the expanding indications and its advantage of the unique subcutaneous injection, and to help more cancer patients to reduce treatment burdens and improve their quality of life. As more and more patients and doctors in second- and third-tier cities understand 恩維達®, the simplified treatment using Subcutaneous instead IV injection will significantly reduce their treatment costs and provided much more convenience.

In addition to the approval in China, 恩維達® has been studied in pivotal/registration MRCTs for multiple tumor indications in China, the United States, and Japan. Envafolimab was granted orphan drug designation by the FDA for advanced cholangiocarcinoma and soft tissue sarcoma. We believe that 恩維達®'s sales will be sustained in growth in the next 5 years. We look forward to that the academic community and physicians worldwide will be gradually recognizing the world's first subcutaneous injection PDX. The global commercialization of 恩維達® is a key project that the Company has been currently pursuing.

At the same time, the Company is also strengthening international drug development in our product pipelines. For example, our investigational drug 3D185 was granted two orphan drug designations by the U.S. FDA for the treatment of gastroesophageal junction cancer, and cholangiocarcinoma. Our 3D189 will be studied in the MRCT Phase III clinical trial and has been granted fast track designation and orphan drug designations by FDA for the treatment of AML, MPM, and MM. The EMA also grant the 3D189 for orphan drug designations for AML, MPM, and MM.

Cancer vaccine is another important focus for the Company. Currently, we are working on a peptide cancer vaccine targeting the WT1 antigen, which could potentially provide the benefits to more than 20 types of cancers including both blood and solid tumors. So far Innovative oncology drugs are still remained as the growth driver for global innovative medicines. With years of application of tumor immunotherapy, mortality has been significantly decreased for many types of cancers, which greatly encourages cancer patients and innovators. However, metastasis and recurrence are still the major obstacles for cancer as the chronic disease. We expect that our clinical development of tumor vaccine would help to reduce the incidence rates of metastasis and recurrence of various types of cancers.

Overall, with the continuous expansion of indications and steady sales growth from 恩維達®, and the quickly and effectively clinical development of our other drug products discussed above in our pipeline, the Company is poised to deliver clinical value to more patients and become a fast growth channel for the Company's performance.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On July 21, 2023, an aggregate of 2,150,000 new shares were issued at a price of HK$108.00 per share to not less than six professional, institutional or other investors that are Independent Third Parties (the "**2023 Placing**") pursuant to the placing agreement (the "**2023 Placing Agreement**") dated July 14, 2023, representing approximately 0.83% of the enlarged issued share capital of the Company immediately following the 2023 Placing. The placing price per share was HK$108.00, and the net price per share for the subscription after deducting related costs and expenses was approximately HK$105.2 per share. The net proceeds raised from the 2023 Placing were approximately HK$226.8 million. Further details of the 2023 Placing were set out in the announcements of the Company dated July 14 and July 21, 2023, respectively.

Save as disclosed above, as of the date of this announcement, the Group had no significant events after the Reporting Period.

USE OF NET PROCEEDS FROM LISTING

The 255,642,000 Shares were listed on the Main Board of the Stock Exchange by way of Global Offering on December 15, 2022, and the total net proceeds received by the Company from the Global Offering (excluding the proceeds from the partial exercise of the Over-allotment Option) amounted to approximately HK$251.1 million after deducting professional fees, underwriting commissions and other related listing expenses.

The 415,000 Shares in connection with the partial exercise of the Over-allotment Option were listed on the Main Board of the Stock Exchange on January 11, 2023, and the additional net proceeds (together with the total net proceeds from the Global Offering, the "**Net Proceeds**") received by the Company amounted to approximately HK$10.4 million after deducting professional fees, underwriting commissions and other related listing expenses.

The intended uses and the balance of the total net proceeds from the Global Offering (including the proceeds from the partial exercise of the Over-allotment Option) as at June 30, 2023 are set out below:

Intended use of proceeds as stated in the Prospectus			**Percentage to total amount**	**Total net proceeds from the Global Offering (including the proceeds from the partial exercise of the Over-allotment Option)**	**Unutilized amount as at June 30, 2023**	**Expected time frame for unutilized amounts**
			%	*(RMB'000)*	*(RMB'000)*	
(a)	Research and development, regulatory filings and commercialization of our product and drug candidates:		90	201,523.4	71,196.5	Dec 2024
	(i)	恩維達® envafolimab	55	123,153.2	47,125.6	Dec 2023
	(ii)	other drug candidates	25	55,978.7	20,824.7	Dec 2024
	(iii)	the construction of our in-house production facilities in Xuzhou, Jiangsu province and procurement of new machineries, instruments and equipment	10	22,391.5	3,246.2	Dec 2023
(b)	General corporate and working capital purposes		10	22,391.5	22,391.5	Dec 2023
Total			100	223,914.9	93,588.0	

The Group will utilize the Net Proceeds in accordance with the intended purposes as set out in the Prospectus. The Board is not aware of any material change to the planned use of the Net Proceeds as at the date of this interim results announcement.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the following deviations from the code provisions C.2.1 and F.1.1 as explained below. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairman and Chief Executive Officer of the Company are held by Dr. Gong Zhaolong.

The Board believes that this structure does not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board, (ii) Dr. Gong Zhaolong and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly, and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Dr. Gong Zhaolong is our principal founder, the Board believes that vesting the roles of both chairman 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 will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended June 30, 2023.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed interim financial information of the Group for the six months ended June 30, 2023 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

In addition, the Company's external auditor, Ernst & Young, has performed an independent review of the Group's interim condensed consolidated financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, Ernst & Young confirmed that nothing has come to their attention that causes them to believe that the interim condensed consolidated financial information for the Reporting Period is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PUBLICATION OF THE INTERIM RESULTS AND 2023 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.3d-medicines.com), and the 2023 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	Notes	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
REVENUE	4	**352,553**	207,028
Cost of sales		**(27,301)**	(15,204)
Gross profit		**325,252**	191,824
Other income and gains	4	**23,605**	25,739
Research and development expenses		**(151,606)**	(173,135)
Administrative expenses		**(78,367)**	(50,467)
Selling and marketing expenses		**(220,969)**	(135,751)
Royalty expenses	6	**(35,100)**	(22,854)
Other expenses	5	**(48,699)**	(14,224)
Finance costs		**(4,043)**	(942)
Fair value losses on preferred shares	6	**–**	(143,642)
Impairment losses on financial assets, net	6	**(277)**	(101)
LOSS BEFORE TAX	6	**(190,204)**	(323,553)
Income tax expense	7	**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(190,204)**	(323,553)
Attributable to:			
Owners of the parent		**(178,485)**	(308,454)
Non-controlling interests		**(11,719)**	(15,099)
		(190,204)	(323,553)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	**(0.79)**	(8.41)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At June 30, 2023

	Notes	**As at June 30, 2023** ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**134,291**	126,822
Intangible assets		**777**	828
Right-of-use assets		**67,150**	51,021
Other non-current assets		**9,587**	8,263
Amounts due from related parties		**3,359**	2,071
Total non-current assets		**215,164**	189,005
CURRENT ASSETS			
Inventories		**7,848**	1,196
Trade receivables	*10*	**132,306**	78,041
Prepayments, other receivables and other assets		**126,707**	120,552
Amounts due from related parties		**–**	1,241
Financial assets at fair value through profit or loss ("**FVTPL**")		**93,647**	108,604
Financial assets measured at amortised cost		**186,797**	136,684
Cash and bank balances		**583,792**	696,740
Total current assets		**1,131,097**	1,143,058
CURRENT LIABILITIES			
Trade payables	*11*	**43,172**	15,880
Other payables and accruals		**206,952**	245,068
Interest-bearing bank borrowings		**151,604**	103,993
Lease liabilities		**22,322**	11,308
Total current liabilities		**424,050**	376,249
NET CURRENT ASSETS		**707,047**	766,809
TOTAL ASSETS LESS CURRENT LIABILITIES		**922,211**	955,814

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)
At June 30, 2023

	Notes	**As at June 30, 2023** ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		**44,825**	33,400
Interest-bearing bank borrowings		**54,786**	27,000
Total non-current liabilities		**99,611**	60,400
NET ASSETS		**822,600**	895,414
EQUITY			
Equity attributable to owners of the parent			
Share capital		**224**	223
Treasury shares		**(26)**	(26)
Reserves		**875,597**	942,804
		875,795	943,001
Non-controlling interests		**(53,195)**	(47,587)
TOTAL EQUITY		**822,600**	895,414

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

1.1 CORPORATE INFORMATION

3D Medicines Inc. (the "**Company**") was incorporated in the Cayman Islands ("**Cayman**") on January 30, 2018 as a limited liability company. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investing holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the research, development and commercialisation of pharmaceutical products.

1.2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2023 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The application of the new and 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 years.

3. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

During the reporting period, all of the Group's revenues were derived from customers located in Mainland China and almost all of the Group's non-current assets were located in Mainland China, and therefore no geographical information is presented in accordance with IFRS 8 Operating Segments.

Information about major customers

Revenue from each major customer (including sales to a group of entities which are known to be under common control with that customer) which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**147,848**	87,816
Customer B	**39,065**	28,245

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of products	**352,553**	207,028

Revenue from contracts with customers

Disaggregated revenue information for revenue from contracts with customers

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Geographical market		
Mainland China	**352,553**	207,028
Timing of revenue recognition		
Goods transferred at a point in time	**352,553**	207,028

An analysis of other income and gains is as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants income	**4,724**	817
Interest income	**2,822**	2,556
Investment income on other investments classified as financial assets at FVTPL	**44**	573
Investment income on other investments classified as financial assets at amortised cost	**6,013**	–
	13,603	3,946
Other Gains		
Foreign exchange gains, net	**8,177**	21,649
Fair value gains on other investments classified as financial assets at FVTPL	**1,825**	144
	10,002	21,793
	23,605	25,739

5. OTHER EXPENSES

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Donations	**48,293**	14,224
Compensation	**406**	–
	48,699	14,224

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fair value losses on preferred shares	**–**	143,642
Marketing service fees	**192,294**	123,548
Royalty expenses	**35,100**	22,854
Cost of inventories sold	**27,301**	15,204
Impairment of financial assets, net	**277**	101
Fair value gains on other investments classified as financial assets at FVTPL	**(1,825)**	(144)

7. INCOME TAX

The Group had no income tax expense during the reporting period.

8. DIVIDENDS

No dividends have been declared and paid by the Company during six months ended June 30, 2023.

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

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue (excluding shares reserved for share incentive scheme) during the reporting period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended June 30, 2023 in respect of a dilution as the impact of the preferred shares and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted loss are based on:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	**(178,485)**	(308,454)
Number of shares		
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation ('000)	**224,586**	36,695
Loss per share (basic and diluted)		
RMB per share	**(0.79)**	(8.41)

10. TRADE RECEIVABLES

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

	June 30, 2023 ***RMB'000*** **(Unaudited)**	December 31, 2022 *RMB'000* (Audited)
Within 3 months	**132,306**	78,041

11. TRADE PAYABLES

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

	June 30, 2023 ***RMB'000*** **(Unaudited)**	December 31, 2022 *RMB'000* (Audited)
Within 3 months	**39,771**	11,346
3 to 6 months	**1,377**	255
6 months to 1 year	**2,024**	4,279
	43,172	15,880

12. KEY FINANCIAL RATIOS

The key financial ratios for the period are as follows:

	June 30, 2023	December 31, 2022
Current ratio*	**2.7**	3.0
Quick ratio**	**2.5**	2.9
Asset-liability ratio***	**39%**	33%

* Current ratio is calculated using current assets divided by current liabilities.

** Quick ratio is calculated using current assets less inventories/prepayments/value-added tax recoverable and divided by current liabilities.

*** Asset-liability ratio is calculated using total liabilities divided by total assets and multiplying the product by 100%.

DEFINITIONS AND GLOSSARY

In this interim results announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"恩維達®"	envafolimab (brand name: ENWEIDA, 恩維達®), a subcutaneously-injectable PD-L1 inhibitor for the treatment of tumor-agnostic indications
"AML"	acute myeloid leukemia, a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood
"Audit Committee"	the audit committee of the Board
"BLA"	biologic license application
"Board of Directors" or "Board"	the board of Directors
"CD3"	cluster of differentiation 3, a protein complex (enzyme) and T-cell co-receptor that is involved in activating both the cytotoxic T-cell and T helper cells
"CDE"	Center for Drug Evaluation of the NMPA
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"CMO(s)"	a contract manufacturing organization, which provides support to the pharmaceutical industry in the form of manufacturing services outsourced on a contract basis

"Company" or "our Company"	3D Medicines Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2018
"Director(s)"	the director(s) of the Company or any one of them
"EMA"	European Medicines Agency
"FDA"	the United States Food and Drug Administration
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GMP"	good manufacturing practice, guidelines and regulations issued from time to time pursuant to the PRC Law on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) as part of quality assurance which ensures that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to the quality and standards appropriate for their intended use
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"MRCT"	multi-regional clinical trial

"NDA"	new drug application
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NSCLC"	non-small cell lung cancer
"Over-allotment Option"	the option exercised by the Joint Representatives on behalf of the International Underwriters under the International Underwriting Agreement in respect of an aggregate of 415,000 Shares on January 6, 2023
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"Prospectus"	the prospectus of the Company dated November 29, 2022
"R&D"	research and development
"RCC"	renal cell carcinoma
"Reporting Period"	for the six months ended June 30, 2023

"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) with nominal value of HK$0.001 each in the share capital of the Company
"Share Option Scheme"	the share option scheme approved and adopted by our Company on June 28, 2022, as amended from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"WT1"	Wilms Tumor 1, a protein that in humans is encoded by the WT1 gene on chromosome 11p
"%"	per cent

By order of the Board
3D Medicines Inc.
Dr. Gong Zhaolong
Chairman of the Board and Executive Director

Hong Kong, August 25, 2023

As at the date of this announcement, the Board of Directors of the Company comprises Dr. GONG Zhaolong as executive Director, Mr. ZHU Pai, Mr. ZHOU Feng and Ms. CHEN Yawen as non-executive Directors, and Dr. LI Jin, Dr. LIN Tat Pang and Mr. LIU Xinguang as independent non-executive Directors.