INNOCARE
诺诚健华

InnoCare Pharma Limited
諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9969)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of InnoCare Pharma Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2023 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2022.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amount and percentage figure included in this announcement have been subject to rounding adjustments or have been rounded to one or two decimal places, as appropriate. Any discrepancies in any table, chart or elsewhere totals and sums of amounts listed therein are due to rounding. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**377,549**	245,958
Other income and gains	**131,265**	99,292
Selling and distribution expenses	**(191,208)**	(186,054)
Research and development expenses	**(358,130)**	(273,519)
Administrative expenses	**(87,299)**	(78,519)
Other expenses	**(179,150)**	(160,544)
Loss for the period	**(429,184)**	(445,812)
Adjusted loss for the period (as illustrated under "**Non-HKFRSs Measures**")	**(206,261)**	(225,020)

NON-HKFRSs MEASURES

To supplement the Group's consolidated financial statements, which are presented in accordance with HKFRSs, we also use the adjusted loss for the period as an additional financial measure, which is not required by, or presented in accordance with HKFRSs. We believe that these adjusted measures will provide useful information to Shareholders and potential investors in understanding and evaluating our consolidated results of operations in a similar way as they help our management.

Adjusted loss for the period represents the loss for the period excluding the effect of certain non-cash items, namely the unrealized foreign exchange and share-based compensation expense. The term adjusted loss for the period is not defined under HKFRSs. The use of this non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitution to analysis of, our results of operations or financial condition as reported under HKFRSs. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-HKFRSs measure reflects our normal operating results by eliminating potential impacts of items that our management do not consider to be indicative of our normal operating performance, and thus, facilitate comparisons of normal operating performance from period to period and company to company to the extent applicable. The table below sets forth a reconciliation of total loss to adjusted total loss for the period indicated:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Loss for the period	**(429,184)**	(445,812)
Adjust:		
Unrealized foreign exchange loss	**178,005**	155,042
Share-based compensation expense	**44,918**	65,750
Adjusted loss for the period	**(206,261)**	(225,020)

Revenue

Our revenue increased by 53.5% to RMB377.5 million for the six months ended 30 June 2023, compared to RMB246.0 million for the six months ended 30 June 2022, which was primarily attributable to the continuous and rapid ramp-up of Orelabrutinib sales volume. Our sales of Orelabrutinib increased by 47.8% to RMB320.7 million for the six months ended 30 June 2023, compared to RMB217.0 million for the six months ended 30 June 2022.

Other Income and Gains

Our other income and gains increased to RMB131.3 million for the six months ended 30 June 2023 from RMB99.3 million for the six months ended 30 June 2022, which was primarily attributable to an RMB34.6 million increase in the bank interest income to RMB93.8 million for the six months ended 30 June 2023 from RMB59.2 million for the six months ended 30 June 2022.

Total Expenses

Our total expenses, including research and development expenses, selling and distribution expenses, administrative expenses and other expenses, increased to RMB815.8 million for the six months ended 30 June 2023 from RMB698.6 million for the six months ended 30 June 2022, primarily due to the expansion of our clinical trials, the increase in market research and market promotion expenses, the increase of personnel costs, as well as an unrealized foreign exchange loss. This change mainly resulted from (i) increased research and development ("**R&D**") expenses of RMB358.1 million from RMB273.5 million due to clinical trial expansion; (ii) the increase in the combined total of selling and distribution expenses, along with administrative expenses, of RMB278.5 million from RMB264.6 million; and (iii) an unrealized foreign exchange loss of RMB178.0 million from RMB155.0 million due to USD appreciation against RMB.

Loss for the Period

Based on the factors described above, our loss for the period decreased to RMB429.2 million for the six months ended 30 June 2023 from RMB445.8 million for the six months ended 30 June 2022. Aside of the impact of share-based compensation and unrealized foreign exchange loss, our loss for the period (as illustrated under "**Non-HKFRSs Measures**") decreased to RMB206.3 million for the six months ended 30 June 2023 from RMB225.0 million for the six months ended 30 June 2022.

Cash and Bank and Wealth Management Product Balances

Our cash and bank and wealth management product balances were RMB8,688.6 million as of 30 June 2023, as compared to RMB6,518.8 million as of 30 June 2022. Due to the successful STAR Board listing, our cash and bank and wealth management product balances were RMB9,011.2 million as of 31 December 2022.

BUSINESS HIGHLIGHTS

During the first half of 2023, we continued advancing our robust pipeline which consists of 13 valuable assets, including 2 commercialized products, more than 30 ongoing global trials in various clinical stages, and business operations with consistent strong execution and a clear growth strategy in aspects of research and development ("**R&D**"), manufacturing, commercialization, and collaboration, including the following milestones and achievements:

BUILDING A LEADING FRANCHISE IN HEMATO-ONCOLOGY

With Orelabrutinib serving as our backbone therapy and a key component of our extensive pipeline in hemato-oncology – including Tafasitamab, ICP-248, ICP-B02, ICP-490, and potential future developments from internal and external sources – our goal is to become a leading player in hemato-oncology both in China and worldwide. We intend to address various segments, such as non-Hodgkin lymphoma ("**NHL**"), multiple myeloma ("**MM**"), and leukemia, utilizing both single and combination therapies. Particularly, we have designed a comprehensive combination therapy toolkit aimed at providing effective solutions for diffuse large B-cell lymphoma ("**DLBCL**").

Orelabrutinib

- Leveraging the strong sales momentum in the second year since being included in the National Reimbursement Drug List ("**NRDL**"), our core product 宜諾凱® (Orelabrutinib, Bruton Tyrosine Kinase ("**BTK**") inhibitor) generated a product revenue of RMB320.7 million for the six months ended 30 June 2023, an increase of 47.8% compared to RMB217.0 million in the same period of 2022. The stellar sales growth was mainly driven by the smooth implementation of the updated NRDL, expansion of new indications of our commercialized products, high maturity of dual-channel implementation, active and effective market penetration and hospital coverages carried out by our in-house commercialization team, and broad use recommendation by the Chinese Society of Clinical Oncology ("**CSCO**") Diagnosis and Treatment Guidelines for Malignant Lymphoma (the "**Guidelines**").

- The new drug application ("**NDA**") for relapsed and/or refractory marginal zone lymphoma ("**r/r MZL**") was approved by the National Medical Products Administration ("**NMPA**") in April 2023 as the first and only BTK inhibitor for r/r MZL in China. Overall response rate ("**ORR**") was 58.9% assessed by Independent Review Committee ("**IRC**"). The median duration of response ("**DOR**") was 34.3 months (95% CI). The estimated 12-month PFS and OS were 82.8% and 91%.

- We have successfully finished the patient enrollment of the Phase III registrational trial for first-line treatment of chronic lymphocytic leukemia/small lymphocytic lymphoma ("**CLL/SLL**") in the first half of 2023 and expect to submit the NDA in 2024.

- In the U.S., the patient enrollment of our Phase II registrational trial for relapsed and refractory mantle cell lymphoma ("**r/r MCL**") was completed in the first half of 2023 and we expect to submit the NDA to the U.S. Food and Drug Administration ("**U.S. FDA or FDA**") in the middle of 2024.

- We are in the process of conducting a Phase III registrational trial in China for the first-line ("**1L**") treatment of MCD subtype DLBCL comparing Orelabrutinib in combination with rituximab, cyclophosphamide, doxorubicin, vincristine, and prednisone ("**R-CHOP**") verses R-CHOP. This global leading registrational trial in treatment-naïve patients with MCD subtype DLBCL is currently recruiting in 45 sites in China.

ICP-B04 (Tafasitamab ("CD19") (Minjuvi®))

- The registrational trial for relapsed or refractory diffuse large B-cell lymphoma ("**r/r DLBCL**") in China is ongoing to support approval in mainland China. This is a multi-center Phase II bridging study for a total number of 52 patients. Currently, we have completed patient enrollment and aim to submit the NDA to Center for Drug Evaluation ("**CDE**") in the second quarter of 2024, with NDA approval anticipated in the first half of 2025. Under the early access program in Boao Lecheng International Medical Tourism Pilot Zone, prescriptions of Tafasitamab in combination with lenalidomide were filled in China at the Ruijin Hainan Hospital for eligible DLBCL patients. At the end of 2022, Biologics License Application ("**BLA**") of Tafasitamab and Lenalidomide combination therapy was approved by the Department of Health of the Hong Kong Special Administrative Region for adult patients with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). Furthermore, this will not only provide access to eligible DLBCL patients in the region, but will also extend to patients in the Greater Bay Area.

- Tafasitamab, in combination with Lenalidomide, was the first approved second-line treatment for DLBCL in the U.S. and has obtained approval in Europe for the treatment of adults with r/r DLBCL who are not eligible for autologous stem cell transplantation ("**ASCT**"). In China, Tafasitamab in combination with Lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT in the CSCO Guidelines.

ICP-248

- ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. Currently, we are conducting a Phase I dose escalation trial, with a primary focus on patients with CLL/SLL, Mantle cell lymphoma ("**MCL**"), and other NHL. Patient enrollment is currently ongoing. The preliminary results demonstrated a good safety profile and achieved favorable pharmacokinetics ("**PK**") which is differentiated from other BCL-2 inhibitors. So far, four patients were dosed and among 3 evaluated patients, two achieved complete responses ("**CR**") with undetectable minimal residual disease ("**uMRD**"). These study results could potentially support combination therapy with Orelabrutinib in 1L CLL/SLL treatment, which could become an important asset for our Company's globalization. We plan to submit the US IND before the end of this year.

ICP-B02 (CM355)

- ICP-B02 is a CD20xCD3 bi-specific antibody. We are conducting a Phase I/II clinical trial in China to assess the safety, tolerability, PK, and the preliminary anti-tumor activity of ICP-B02 in r/r NHL. We have finished the intravenous infusion formulation ("**IV**") dose escalation and the subcutaneous formulation ("SC") is being evaluated in dose escalation so that we can offer diverse administration options that cater to patient preferences and convenience. Encouragingly, our preliminary data of both IV and SC formulations have shown good efficacy of ICP-B02 in patients with follicular lymphoma ("**FL**") and DLBCL. Further registration strategy is being developed.

ICP-490

- ICP-490 is a proprietary, orally available small molecule that modulates the immune system and other biological targets through multiple mechanisms of action. We are conducting a Phase I dose escalation study in China with multiple myeloma ("**MM**") patients. The 1st dose cohort was completed with no DLTs observed and we have progressed to the 2nd dose cohort. Pharmacodynamic ("**PD**") biomarkers Aiolos (IKZF3) and Ikaro (IKZF1) degradation were observed in peripheral CD3+ T cells and B cells at the 1st cohort and subsequently recovered to baseline during the dosing rest period. The preliminary results demonstrated immune modulation activity through the shift of peripheral T-cell subsets activation. ICP-490 shows strong potential to revolutionize MM treatment and further promise in hema-oncology therapeutics as a mono therapy or in combination with others.

ICP-B05 (CM369)

- ICP-B05 is an anti-CC chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug co-developed by InnoCare and KeyMed Biosciences Inc. (2162.HK) as a monotherapy or in combination with other therapies for the treatment of various cancers. We are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of ICP-B05 in subjects with advanced solid tumors. For solid tumors, the first patient was enrolled in the first quarter of 2023, and so far, two cohorts in subjects with solid tumors have been completed with no DLTs observed. The preliminary results demonstrated a favorable PK profile with sufficient exposure for target coverage, and PD biomarker regulatory T-cell depletion was observed. Regarding liquid tumors, the IND for the treatment of NHL was approved in March 2023.

DEVELOPING B-CELL AND T-CELL PATHWAYS IN AUTOIMMUNE DISEASES

We have fortified our powerful discovery engine in the global frontier targets for the development of autoimmune therapeutics through B-cell and T-cell pathways for the purpose of providing the first-in-class and/or best-in-class treatments to the massive unmet clinical needs with a promising market potential in global and/or regional markets.

Orelabrutinib

- We have achieved proof of concept ("**PoC**") of Orelabrutinib for the treatment of primary immune thrombocytopenia purpura ("**ITP**") earlier this year and the registrational trial is ongoing in China. On 12 June 2023, the PoC of ITP Phase II result was orally presented at the European Hematology Association ("**EHA**") 2023 Hybrid Congress. Generally, 40% of patients taking Orelabrutinib 50mg QD met the primary endpoint with better efficacy for patients who had previously responded to glucocorticoids ("**GC**")/intravenous immunoglobulin ("**IVIG**") therapies. By leveraging BTK inhibitor's advantage in ITP, such as decreased macrophage-mediate platelet destruction and reduced production of pathogenic autoantibodies, we positioned Orelabrutinib as a frontline BTK inhibitor for acquired immunodeficiency disease ("**AID**").

- The Phase IIa trial for systemic lupus erythematosus ("**SLE**") demonstrated positive results, with remarkable SLE Responder Index ("**SRI**")-4 response rates observed in a dose dependent manner, along with trends indicating a reduction in proteinuria levels. A Phase IIb trial has been initiated to encompass a larger population in mainland China, and patient enrollment is ongoing. We expect to complete the patient enrollment in the first half of 2024 and finish the interim analysis by the end of 2024.

- The 24-week data from the multiple sclerosis ("**MS**") global Phase II trial is consistent with the previously reported 12-week data in terms of both efficacy and safety. The primary endpoint was achieved dose-dependently (C_{max} driven) in all three active Orelabrutinib treatment groups. Notably, a 92.3% relative reduction was achieved in cumulative number of new Gd + T1 lesions at week 24 at 80mg QD compared to placebo arm (switched to Orelabrutinib 50mg QD after Week 12). This reduction stands out as a leading efficacy indicator of efficacy when compared to other MS therapies that are approved or in developmental stages. All Orelabrutinib groups achieved T1 new lesion control after 4 weeks of treatment and the effect is sustained up to 24 weeks. The 80 mg QD cohort showed the highest reduction rate of cumulative number of new lesions Gd+T1 lesions and the best for lesion control throughout 24 weeks with lowest incidence of liver-related TEAEs, indicating its potential as a leading MS treatment therapy.

ICP-332

- ICP-332 is a novel tyrosine kinase 2 ("**TYK2**") inhibitor that is being developed for the treatment of various T cell related autoimmune disorders. Phase I data demonstrated a dose proportional and favorable PK profile, no observation of significant food effects, well tolerated and good safety profile with no significant decrease of platelet and hemoglobin (JAK-2 related AE). A Phase II study has been initiated in China at 80 mg and 120 mg QD for atopic dermatitis ("**AD**"). We will finish patient enrollment in September 2023 and expect to receive the Phase II data readout by the end of 2023.

ICP-488

- ICP-488 is a potent and selective TYK2 allosteric inhibitor that binds to the pseudo kinase JH2 domain of TYK2 and blocks IL-23, IL12, type 1 IFN, and other cytokine receptors. We plan to develop ICP-488 for the treatments of various autoimmune diseases. As of the date of this announcement, the single ascending doses ("**SAD**") phase, multiple ascending doses ("**MAD**") and food effects phase have been completed for the Phase I healthy subject study. To assess early proof of concept ("**PoC**"), we have incorporated 2 cohorts with psoriasis patients treated at selected doses in the Phase I study. The Phase II study for psoriasis is currently in preparation, and we anticipate obtaining preliminary PoC during the last quarter of 2023.

BUILDING A COMPETITIVE DRUG PORTFOLIO FOR SOLID TUMOR TREATMENT

We strive to expand the breadth of our pipeline, covering solid tumor diseases areas, through a combination of targeted therapy and with immune-oncology approaches. We believe the potential best-in-class molecules, ICP-192 and ICP-723, will enable us to establish a solid footprint in the field of solid tumor treatment. To benefit a broader range of patients, our rapidly maturing early-stage pipeline, including the cornerstone therapy ICP-189 and ICP-B05, and ICP-033 immune-oncology treatment, should enable us to provide competitive treatment solutions for a large array of solid tumors for both China and global patients.

ICP-723 (Zurletrectinib)

- We are continuing with the Phase I/II dose escalation/expansion clinical trial in China to assess the safety, tolerability, PK, and preliminary anti-tumor activity of ICP-723 in adult and adolescent patients with advanced solid tumor harboring NTRK gene fusion with or without prior treatment of TRKi. A Phase II registrational trial has been initiated in mainland China for ICP-723 in adult and adolescent patients (12+ years of age) with advanced solid tumors harboring NTRK gene fusion. We expect patient enrollment to be completed within the next few months following the date of this announcement and thus far, we have observed an efficacy of over 80%-90% ORR. Zurletrectinib was shown to overcome acquired resistance to 1st generation TRK inhibitors, bringing hope to patients who failed prior TRKi therapy. Furthermore, the IND for additional pediatric population (2 years old ≤ age < 12 years old) was approved by the CDE in July 2023.

ICP-192 (Gunagratinib)

- Gunagratinib is a potent and highly selective pan-fibroblast growth factor receptors ("**pan-FGFR**") inhibitor that we are developing for the treatment of various types of solid tumors. We have completed Phase I study, which showed good safety and tolerability, and are currently conducting Phase II registrational trial in cholangiocarcinoma ("**CCA**") in China. In January 2023, we presented the ICP-192 data from an ongoing Phase IIa dose expansion study of Gunagratinib in patients with cholangiocarcinoma at ASCO-GI 2023. Additionally, we are conducting a basket trial, which includes gastric, head and neck, and breast cancer, in China, Australia, and the U.S., respectively.

ICP-189

- ICP-189 is a potent oral allosteric inhibitor of SHP2 with potential synergistic combinations with a range of targeted therapies or immunotherapies. We are conducting a Phase Ia dose escalation study to evaluate the safety, tolerability, pharmacokinetics and preliminary anti-tumor activity of ICP-189 in patients with advanced solid tumors in China. As of the date of this announcement, the dosage has been escalated up to 120 mg QD cohort with no DLT observed and has demonstrated favorable PK profile and long half-life. Preliminary efficacy was observed in ICP-189 monotherapy, 1 patient with cervical cancer in 20 mg dose cohort achieved PR. Additionally, we have submitted an IND to combine ICP-189 with ArriVent's furmonertinib, an EGFR inhibitor, for the treatment of nonsmall cell lung cancer, please see below for details.

Clinical Development Collaboration with ArriVent

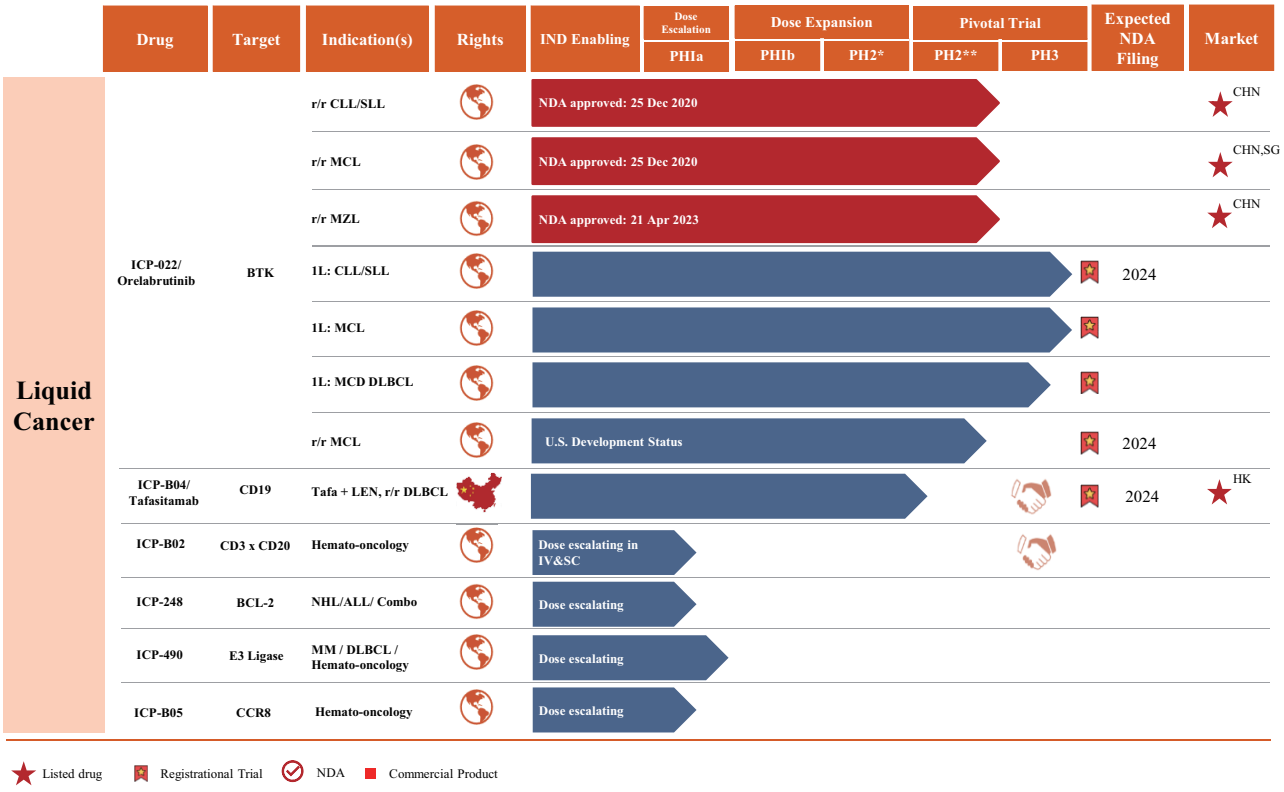
In July 2023, InnoCare entered into a clinical development collaboration agreement with ArriVent Biopharma ("**ArriVent**") to evaluate the combination of InnoCare's novel SHP2 allosteric inhibitor, ICP-189, with ArriVent's furmonertinib, a highly brain-penetrant, broadly active mutation-selective EGFR inhibitor. Under the agreement, InnoCare and ArriVent will jointly conduct a clinical study to evaluate the anti-tumor activity and safety of ICP-189 combined with furmonertinib in patients with advanced non-small cell lung cancer ("**NSCLC**"). On 3 July 2023, the IND for the combination therapy with ICP-189 and furmonertinib was accepted by the CDE.

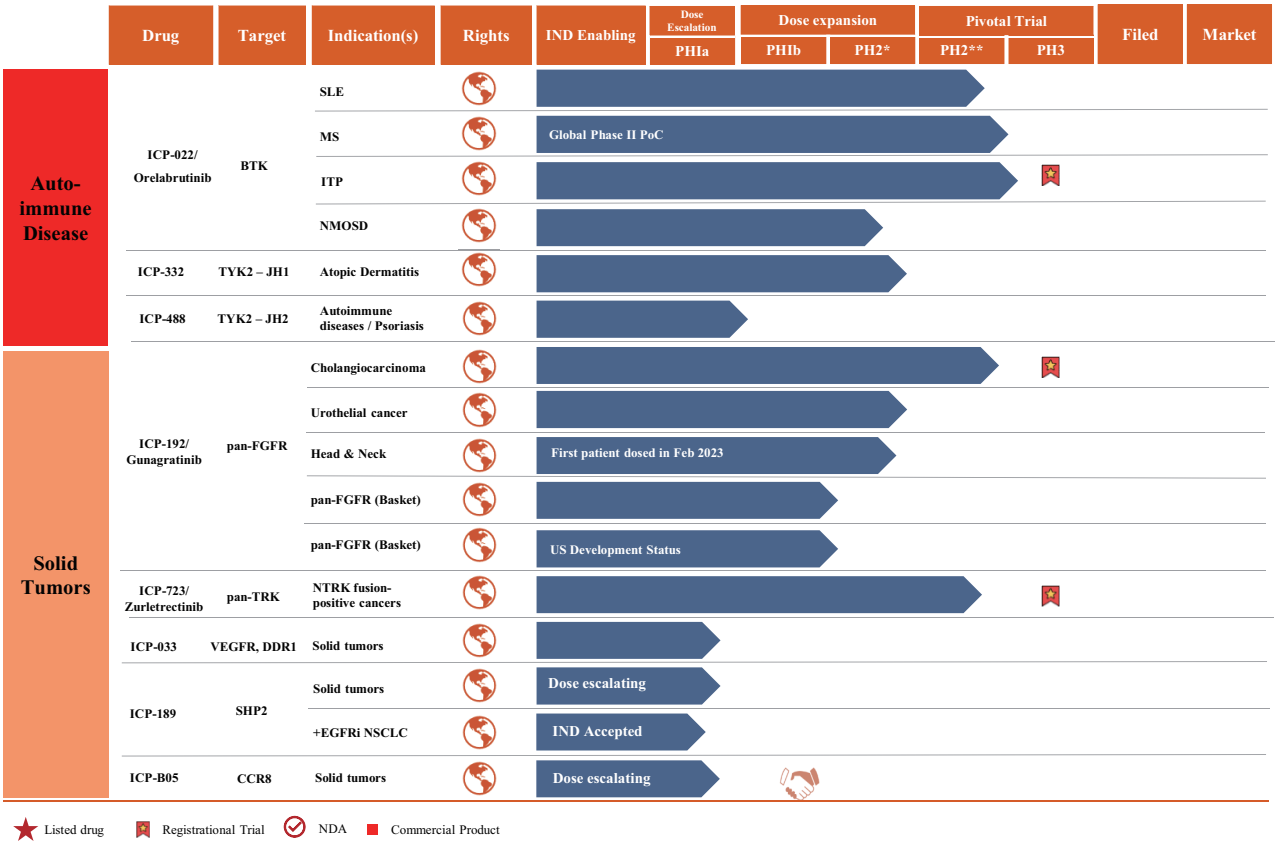
InnoCare is a commercial stage biopharmaceutical company committed to discovering, developing and commercializing potential best-in-class and/or first-in-class drugs for the treatment of cancers and autoimmune diseases, being two major therapeutic areas with significant market opportunities and synergies. Led by a well-known management team of seasoned industry executives, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing, and commercialization capabilities. Our vision is to become a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide.

Leveraging our management team's global vision and local expertise, we have built a differentiated and balanced drug portfolio and have launched our first product Orelabrutinib in China. In addition, we have launched the second commercialized product Tafasitamab in a designated province in China for prior clinical use. Our drug candidates target both novel and evidence-based biological pathways. Our discovery and development efforts are focused on drug candidates with evidence-based targets that have the potential to be best-in-class from a safety and efficacy perspective. We also devote significant efforts in identifying novel targets and developing therapies with global breakthrough potential.

PRODUCT PIPELINE

Our current pipeline drugs cover a variety of novel and validated therapeutic targets and drug modalities including monoclonal antibodies, bispecific antibodies, and small molecules for the treatment of various autoimmune diseases, hemato-oncology and solid tumors.





BUSINESS OVERVIEW

ORELABRUTINIB COMMERCIALIZATION ACHIEVEMENTS AND MILESTONES

(宜諾凱®, Orelabrutinib, BTK inhibitor)

Orelabrutinib (宜諾凱®), our first and core commercialized product, a highly selective, irreversible BTK inhibitor was successfully included in China's NRDL in 2022 for the treatment of patients with r/r CLL/SLL and r/r MCL. Since the first launch day in mainland China, Orelabrutinib (宜諾凱®) was included in the CSCO Guidelines and has been recommended as a Class I treatment for r/r CLL/SLL and r/r MCL, and as one of the recommended BTK inhibitor to combine with chemotherapy for the treatment of r/r DLBCL and pCNSL.

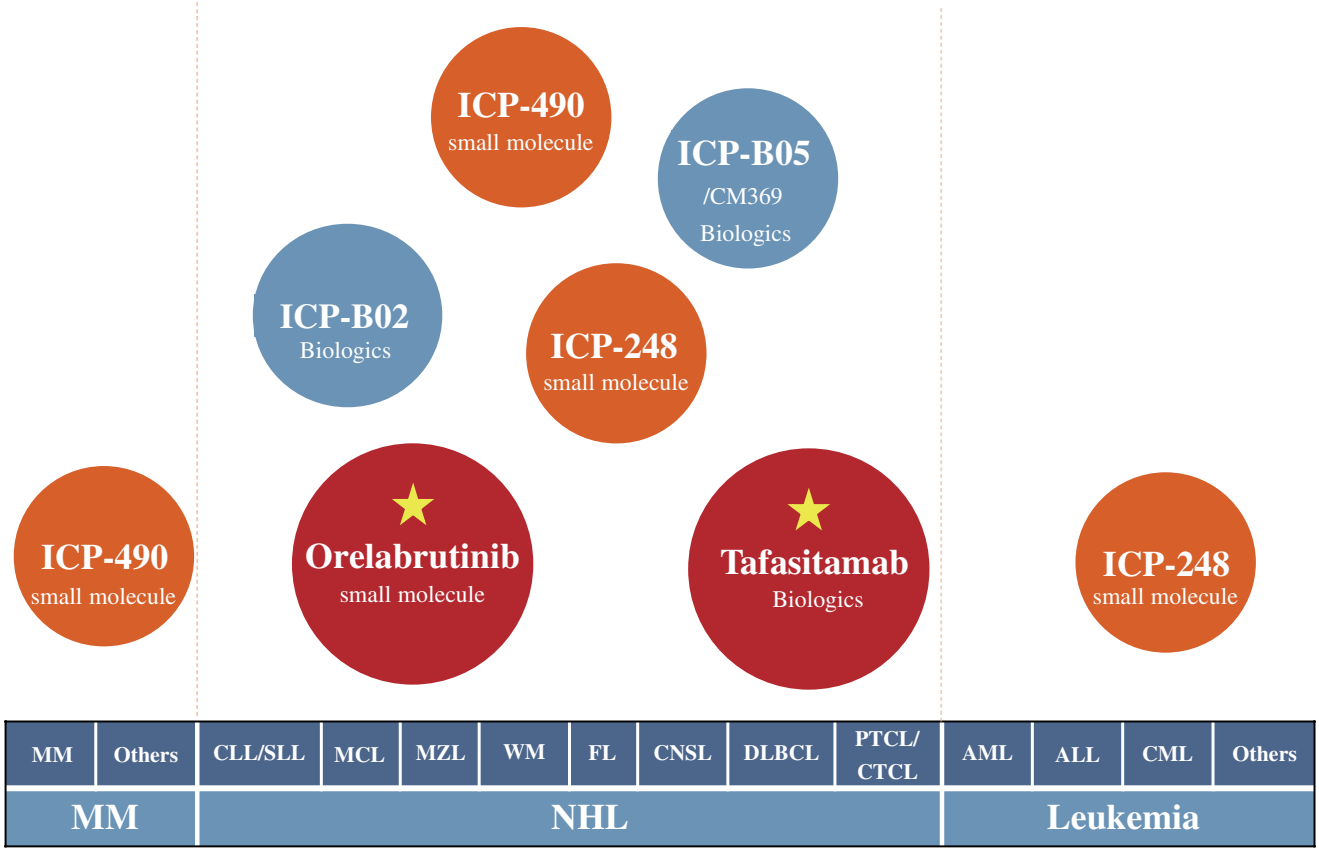
Total revenue of the Group was RMB377.5 million for the six months ended 30 June 2023, of which Orelabrutinib generated sales of RMB320.7 million for the six months ended 30 June 2023, representing a 47.8% growth comparing to the same period of 2022. With an in-house team of approximately 330 experienced sales and marketing members, Orelabrutinib's promotion coverage has rapidly penetrated core cities and nationally leading hospitals. We expect that the NRDL inclusion, expansion of new indications, maturity of dual-channel implementation, and our strengthened commercialization capabilities will facilitate robust sales growth of Orelabrutinib in 2023 and beyond. through broadened patient access, accelerated market penetration, and enhanced duration of treatment ("**DOT**"), ultimately allowing us to gain a considerable market share across all channels.

BUILDING A LEADING FRANCHISE IN HEMATO-ONCOLOGY

With Orelabrutinib serving as our backbone therapy and a key component of our extensive pipeline in hemato-oncology – including Tafasitamab, ICP-248, ICP-B02, ICP-490, and potential future developments from internal and external sources – our goal is to become a leading player in hemato-oncology both in China and worldwide. We intend to address various segments, such as non-Hodgkin lymphoma ("**NHL**"), multiple myeloma ("**MM**"), and leukemia, utilizing both single and combination therapies. Particularly, we have designed a comprehensive combination therapy toolkit aimed at providing effective solutions for diffuse large B-cell lymphoma ("**DLBCL**").

We are well underway towards building a leading hemato-oncology franchise to cover NHL and MM segments with (i) our internally developed core therapy Orelabrutinib, (ii) the U.S. FDA and European Medicines Agency ("**EMA**") approved anti-CD19 antibody Tafasitamab for r/r DLBCL, (iii) multiple pipeline drugs that cover almost all important hemato-oncology targets such as BCL-2, CD20xCD3, E3 ligase and CCR8, and (iv) a well-established and focused commercialization platform in China. Within our hemato-oncology franchise, we have devised a distinctive strategy for DLBCL, consisting of a comprehensive toolkit that includes: Orelabrutinib, Tafasitamab, BCL-2, and E3 Ligase. This offers us an unique position to address all stages of DLBCL patients with combination therapies. Specifically, we plan to leverage Orelabrutinib as the initial step for tackling the challenging 1L DLBCL subtype MCD, and then utilize Tafasitamab plus lenalidomide, or additional combination therapy with Orelabrutinib, for r/r DLBCL.

Comprehensive Coverage for Hemato-oncology



Orelabrutinib for Hemato-Oncology Diseases

As of at the date of this announcement, we have dosed over 850 patients across all of our clinical trials of oncology and autoimmune diseases for Orelabrutinib. Besides r/r CLL/SLL and r/r MCL, we obtained one more indication of r/r MZL as the first and only approved BTK inhibitor in mainland China. In addition, multiple registrational trials are ongoing in China and U.S including the first line and second line treatments. The clinical data indicate that Orelabrutinib's high target selectivity and exceptional target occupancy rate have resulted in favorable safety and efficacy profiles, especially that no severe adverse events ("**AEs**") (Grade ≥ 3) of atrial fibrillation cases have been reported to date.

Orelabrutinib for r/r MZL

MZL is an indolent B-cell non-Hodgkin's lymphoma ("**NHL**"). It is the second most prevalent lymphoma in China, accounting for 8.3% of all lymphomas. It mainly affects the middle-aged and elderly people. The annual incidence of MZL has increased globally. After first-line treatment, the r/r MZL patients lack effective treatment options.

In April 2023, Orelabrutinib received approval from the Chinese NMPA for the treatment of patients with r/r MZL. Orelabrutinib is currently the first, and only, BTK inhibitor approved for the treatment of r/r MZL in China.

On 16 June 2023, we announced the latest clinical data of Bruton Tyrosine Kinase inhibitor Orelabrutinib at the 17th International Conference on Malignant Lymphoma ("**ICML**") during the oral presentation section. Orelabrutinib demonstrated high response rates with durable disease remission and was well tolerated in Chinese patients with r/r MZL. The primary endpoint was overall response rate ("**ORR**") assessed by Independent Review Committee ("**IRC**") based on the Lugano 2014 classification.

Among the enrolled Chinese patients, the majority had late-stage diseases, with the stage IV accounting for 75.9%. After a median follow-up of 24.3 months, the IRC-assessed ORR was 58.9%, and median duration of response ("**DoR**") and median progression-free survival ("**PFS**") was 34.3 months and not reached, respectively. The 12-month PFS rate was 82.8% and the rate of overall survival ("**OS**") was 91% at 12 months. Treatment was well tolerated with most treatment-related adverse events ("**TRAE**") being grade 1 or 2.

Orelabrutinib for r/r MCL

MCL is a subtype of B-cell non-Hodgkin lymphoma that results from malignant transformation of B-lymphocytes in the mantle zone of lymph node follicles. MCL occurs most frequently in men at a median age of 60 years, and the majority of patients are in an advanced stage of disease when diagnosed. Despite high response rates after first-line hemoimmunotherapy, the majority of patients relapse and require subsequent treatment. There is no standard therapy for relapsed/refractory MCL, and the therapies approved by the Food and Drug Administration for this patient population are still limited, with low rates of CR, short durations of remission, and unfavorable safety and tolerability for older patients.

On 2 May 2023, Blood Advances, part of leading hematology journal Blood, also the Journal of the American Society of Hematology, published the clinical study result of BTK inhibitor Orelabrutinib in Relapsed or Refractory Mantle Cell Lymphoma ("**r/r MCL**") patients. The journal concluded that Orelabrutinib showed substantial efficacy and was well tolerated in patients with r/r MCL after long-term follow-up.

A total of 106 patients were enrolled in the study. As of June 9, 2023, after a median follow-up of 46.98 months, based on conventional computerized tomography ("**CT**") assessment, the overall response rate ("**ORR**") was 83%, with 35.8% achieving complete response ("**CR**"), 3.8% achieving complete response ("**CRu**") and 43.4% of partial response ("**PR**"), as assessed by the Investigator. Patients achieved a rapid response. The median duration of response and progression-free survival were 25.79 and 24.94 months, respectively. The median OS was 56.21 months. Orelabrutinib demonstrated a well-tolerated safety profile.

In the U.S., enrollment for global Phase II registrational trial for r/r MCL was completed in the first half of 2023 and we expect to submit the NDA in the first half of 2024. Previously, Orelabrutinib has been granted breakthrough therapy designation ("**BTD**") by FDA and will take accelerated development path in the U.S. So far, we have demonstrated similar efficacy and safety profile for Orelabrutinib in r/r MCL patients from US, China, and other countries.

Orelabrutinib for 1L CLL/SLL

This is a randomized, multicenter, open-label, Phase III study to evaluate the efficacy and safety of Orelabrutinib with previously untreated CLL/SLL. The primary endpoint of this study is progress-free survival ("**PFS**") evaluated by the IRC.

The registrational Phase III trial was recruiting in 53 sites in China, and in the first half of 2023, we have completed the enrollment of 1L CLL. The interim analysis is designed for early efficacy readout. We expect to submit the NDA in China in 2024.

Orelabrutinib for 1L DLBCL-MCD Subtype

We have clearly defined our differentiated strategy for positioning DLBCL, the largest subtype of NHL with more than 1 million patients in the worldwide and initiated our strategy to 1L DLBCL by selecting MCD subtypes. This is a Phase III, randomized, double-blind, placebo-controlled, multicenter study evaluating the efficacy and safety of Orelabrutinib plus R-CHOP versus placebo plus R-CHOP in treatment-naive patients with MCD subtype DLBCL. The study is currently recruiting in 45 sites in China.

Approximately 40% of DLBCL patients will eventually become refractory/relapsed. This is often attributed to the heterogeneous genetic aberrations within the patient population. Recent research has been more supportive that R-CHOP+X with genetic rationale will probably provide synergy between multiple novel agents. Among the already classified genetic subtypes, MCD is predominantly enriched with B-cell receptor-dependent NF-KB activation which indicates this patient sub-group might respond well to BTK inhibitors. The pre-clinical model has also demonstrated that Orelabrutinib preserves NK-cell-mediated antibody-dependent cell-mediated cytotoxicity ("**ADCC**") induced by anti-CD20 antibody due to less inducible T cell kinase ("**ITK**") inhibition. Improved safety profile due to high kinase selectivity also made Orelabrutinib a better candidate in combination therapies. These findings provide a reasonable basis for us to explore the combination of Orelabrutinib and R-CHOP to improve treatment outcome of MCD subtype DLBCL.

The real-world data regarding Orelabrutinib in combination with R-CHOP for MCD DLBCL were posted at American Society of Clinical Oncology ("**ASCO**") in June 2022. Fourteen patients with MCD DLBCL were included in the study. All patients received Orelabrutinib 150 mg once daily. Among them, 8 were treated with R-CHOP or R-EPOCH as therapy, and 6 with RICE, R-CHOP or R2 as second line therapy. The complete response rate ("**CRR**") for the first-line and second-line patients were 75% and 66.67%, respectively. Reported AEs were generally manageable and resolved soon after supportive treatment. The preliminary conclusion is that Orelabrutinib containing regimens demonstrated encouraging efficacy and well-tolerated safety profile among patients with MCD subtype DLBCL. A large-scale prospective registrational clinical study is in progress, which could offer a new potential therapeutic option for patients with MCD subtype DLBCL.

Orelabrutinib for r/r CLL/SLL

This is an open-label, multicenter, Phase II study to evaluate the safety and efficacy following 150 mg daily oral administration of Orelabrutinib in r/r CLL/SLL patients. A total of 80 patients with r/r CLL/SLL were enrolled. According to the data as of 26 June 2023, the median follow-up time was 52.4 months, with 42.5% remaining on treatment. The ORR was 93.8% with 30% complete response ("**CR**") as assessed by investigator. Median time for achieving first response was 1.84 months. The median duration of response ("**DOR**") and progression-free survival ("**PFS**") were 52 months and 50 months, respectively. Orelabrutinib showed a significant higher CR rate in r/r CLL/SLL in comparison with other BTK inhibitors at a similar median follow-up period. Long term follow up did not suggest any safety signal other than the ones observed previously. Similar to the previously reported safety results, most AEs were mild to moderate, which indicated that orelabrutinib was well tolerated.

Separately in the U.S., we are evaluating the efficacy and safety of Orelabrutinib for the treatment of r/r CLL/SLL. In the second half of 2022's report, we disclosed that four subjects who had received prior therapies including but not limited to ibrutinib, Gazyva, FCR (Rituximab, Fludarabine, Cyclophosphamide) and lenalidomide, etc. and due to the toxicity or disease progression issues, the prior BTKi treatments were discontinued. The four subjects were treated with Orelabrutinib for a range from 7.16 to 11.07 months. Three of them reached PR/PR-L while the other one reached SD after the 3 cycles treatment. In the evaluable patients, the ORR was 75% while the DCR is 100%, suggesting Orelabrutinib is effective and tolerable in prior BTKi intolerant or relapsed CLL/CLL patients.

Orelabrutinib for 1L DLBCL non-GCB Subtype

On 12 June 2023, we posted an ORIENT study result at the European Hematology Association ("**EHA**") 2023 Hybrid Congress regarding the regimen of Orelabrutinib plus R-CHOP-Like for patients with newly diagnosed untreated non-germinal center B-cell-like diffuse large B-cell lymphoma ("**non-GCB DLBCL**").

This study aimed to analyze efficacy and safety of orelabrutinib plus R-CHOP-like for non-GCB DLBCL patients who benefited from induction therapy of Orelabrutinib plus rituximab.

Despite preliminary, Orelabrutinib+rituximab achieved high adaptability response in a short-term treatment for newly diagnosed non-GCB DLBCL. Orelabrutinib+R-CHOP regimen achieved high complete remission rates and demonstrated favorable safety profiles in patients who benefited from Orelabrutinib+rituximab induction therapy.

Furthermore, a comprehensive toolkit including Orelabrutinib, Tafasitamab (CD19), ICP-B02 (CD3xCD20) and, ICP-490 (E3 Ligase) offers us a unique position to tackle all stages of DLBCL patients with combination therapies. More details of the relevant clinical trials will be narrated in the following pipeline's progress.

Orelabrutinib for Primary Central Nervous System Lymphoma ("pCNSL")

During the EHA 2023 Hybrid Congress, the preliminary findings of a Phase II study of Chemo-free combination of Pomalidomide, Orelabrutinib, Rituximab with Sequential high-dose Methotrexate in Newly Diagnosed Primary CNS Lymphoma remain.

This is the first study to treat newly diagnosed pCNSL ("**ND pCNSL**") with a targeted therapy combination before chemotherapy. Pomalidomide, Orelabrutinib and rituximab produced a high ORR with good tolerance. This suggested the potential of noncytotoxic first-line therapies for pCNSL.

The survival outcomes of patients with r/r pCNSL remain extremely poor and there are no approved therapies or widely accepted "standard-of-care" approaches. Eight investigator-initiated studies published the results in 2022, showing promising data of Orelabrutinib-based regimens on the ND pCNSL and r/r CNSL. The ORR and CR rate of Orelabrutinib combined with immunochemotherapy was 88.9% to 100% and 53.9% to 61.8% in patients with newly diagnosed pCNSL, respectively. The vast majority of the patients with ND pCNSL responded well to the combinations of Orelabrutinib and traditional immunochemotherapy with more than half achieving complete remission. The median PFS ("**mPFS**") was not achieved in these studies with a 6-month PFS rate of 63.6% to 100%.

In the relapse/refractory setting, approximately 60% of patients with r/r CNSL achieved remission with an ORR of 60% to 86.7%, and most of those responders achieved complete remission. The mPFS was 9.8 months which was a significant improvement from the historical mPFS of around 3 months.

The patients with enhanced BCR signaling, especially the MYD88 mutation, exhibited superior response, which was consistent with the Mechanism of Action ("**MOA**") of Orelabrutinib. Orelabrutinib had such excellent blood-brain barrier ("**BBB**") permeability that 150 mg orally per day led to a median cerebrospinal fluid concentration of 21.6ng/mL and a median BBB permeability rate of 58.6%.

Orelabrutinib combined with immunochemotherapy was tolerable and manageable. The safety profile observed in these studies was consistent with the results in previous clinical trials. No new safety signal has been observed in pCNSL patients so far.

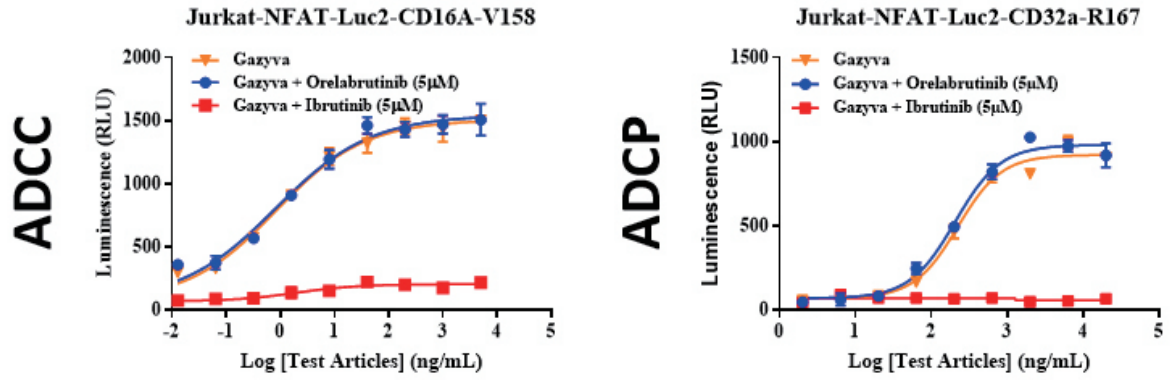
Orelabrutinib Combination Therapies

The scientific rationales of the combination of BTK inhibitor with anti-CD20 antibody would need each agent not only to work through its distinct mechanisms of action and enhance tumor eradication, i.e., for BTK inhibitor to disrupt B-cell receptor ("**BCR**") proliferative and pro survival signals, and for anti-CD20 antibody to tackle tumors cells through complement-dependent cytotoxicity ("**CDC**"), ADCC/ADCP, and direct apoptosis induction; but also to avoid significant antagonisms of the combo partners. However, the off-target activity of BTK inhibitor on interleukin-2-inducible T-cell kinase ("**ITK**") may lead to compromised effector activity of NK cells and thus reduced ADCC function of rituximab and much-muted efficacy of combination therapies (*Mol Ther Oncolytics 21:158-170; 2021*).

Orelabrutinib, a novel BTK inhibitor, was designed with high selectivity to BTK, but no off-target activity on ITK. A recent study has demonstrated in several B-cell tumor models that Orelabrutinib in combination with rituximab can well preserve or slightly enhance the ADCC function of rituximab and lead to robust in vitro and in vivo tumor-killing efficacy (*Mol Ther Oncolytics 21:158-170; 2021*). Our in-house data have also shown that Gazyva, retain fully functional ADCC and antibody-dependent cellular phagocytosis ("**ADCP**"), activities when combined with Orelabrutinib.

BTKi + Gazyva (Obinutuzumab)

(Reporter assays: TMD8 as target cell)



The above charts demonstrate the ADCC and ADCP activities of anti-CD20 antibody Gazyva (obinutuzumab) are well retained by Orelabrutinib, but significantly suppressed by ibrutinib.

Collectively, highly selective BTK inhibitor Orelabrutinib represents a potentially best-in-class combo partner for antibody combination therapies. We believe that Orelabrutinib and anti-CD20/ anti-CD19 antibody combinations would benefit patients with B cell lymphoma, especially those with relapsed or refractory diseases.

We are exploring the combinational therapy of Orelabrutinib with Gazyva, an anti-CD20 antibody, for the treatment of B cell lymphoma. We are also proceeding with the combination therapy of Orelabrutinib and Tafasitamab/Lenalidomide Phase II clinical trial in China for the potential treatment for NHL.

ICP-B04 (Tafasitamab)

In the current CSCO Guidelines, Tafasitamab in combination with Lenalidomide was officially included as a class II recommended regimen for the treatment of adult patients with r/r DLBCL who are ineligible for ASCT. The Guidelines further explains that patients with r/r DLBCL are recommended to choose other drugs that do not have cross-resistance with CHOP, that is, second-line regimens or individualized regimens.

As of the date of this announcement, Tafasitamab has been included in the overseas special drug list in 23 provinces and cities in mainland China including Shanghai, Hebei, Hainan provinces, and Suzhou City, etc., which improves the accessibility of Tafasitamab to patients with DLBCL. Tafasitamab has been approved for use in Hong Kong, as well as the prior clinical use in the Greater Bay Area of mainland China.

The Phase II pivotal trial of Tafasitamab and Lenalidomide combination therapy for the treatment of r/r DLBCL is ongoing to support a possible future regulatory approval in mainland China. This is a single-arm, open-label, multicenter Phase II clinical study evaluating the safety and efficacy of Tafasitamab combined with Lenalidomide in the treatment of patients with r/r DLBCL. The primary endpoint is to evaluate the ORR and the evaluation will be conducted by IRC. The secondary endpoints are DCR, DoR, PFS, time to progression ("**TTP**"), time to response ("**TTR**"), OS and safety. As of the date of this announcement, the patient's enrollment has been completed and we anticipate having the data readout within the upcoming 6 months and submit NDA in the first half of 2024 in mainland China.

Tafasitamab in combination with lenalidomide is approved by the U.S. FDA and European Medicine Agency for the treatment of adult patients with r/r DLBCL not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for ASCT. The accelerated approval in the U.S. is based on the Phase II L-MIND study which showed 57.5% ORR (40% CR) and 33.5 months median (mOS). The mDoR of 43.9 months indicates durable treatment benefit. Tafasitamab was the first approved second-line treatment in the U.S. for this patient population. With a similar role and more stable expression cross B-NHL, this CD19 targeted immunotherapy has the potential to become another fundamental therapy for B-NHL. In RE-MIND2 trial, a retrospective cohort analysis, Tafasitamab plus lenalidomide demonstrated significant improvement in overall survival and objective response rate compared to R2 regimen.

Previously, we obtained approval of the Health Commission and Medical Product Administration of Hainan Province under the early access program in Boao Lecheng International Medical Tourism Pilot Zone. On 22 July 2022, the first prescription of Tafasitamab in combination with lenalidomide was issued under Boao Hope City's early access program. This prescription marks the first application of Tafasitamab in patients in China. Tafasitamab, in combination with lenalidomide is not approved by the National Medical Products Administration ("**NMPA**") for any indication in China, except that the combination has been approved for urgent clinical use in Hainan Province of mainland China and the first patient reached CR after 2 cycles of treatment. At the end of 2022, Biologics License Application ("**BLA**") of Tafasitamab and lenalidomide combination therapy was approved by the Department of Health of the Hong Kong Special Administrative Region, for adult patients with r/r DLBCL who are not eligible or autologous stem cell transplantation ("**ASCT**"). Furthermore, this will not only provide access to eligible DLBCL patients in the region but will also extend to patients in the Greater Bay Area.

Tafasitamab offers the possibility and flexibility in combination therapy with Orelabrutinib and our other assets for the treatment of B-cell malignancies. DLBCL, which is the largest subtype of NHL, takes up approximately 40% of NHL patients. For example, we are exploring synergistic combination to target NHL/DLBCL with Tafasitamab and Lenalidomide and Orelabrutinib in mainland China.

ICP-248

ICP-248 is a novel, orally bioavailable B-cell lymphoma-2 ("**BCL-2**") selective inhibitor. BCL-2 is an important part of apoptotic pathway and is overexpressed in a variety of hematologic malignancies. BCL-2 inhibitors have shown anti-tumor effects by activating the endogenous mitochondrial apoptosis pathway that causes rapid cancer cell apoptosis. However, as resistance to existing BCL-2 inhibitors is nearly inevitable, the optimal clinical treatment will be to use them in combination with other treatments. By increasing metabolic stability and reducing impact on liver drug enzymes, we have developed ICP-248 to be more suitable for combinational therapies. Given the outstanding safety and efficacy profile of Orelabrutinib, we are confident that the combination of ICP-248 and Orelabrutinib will overcome resistance seen in existing BCL-2 inhibitors. We intend to develop ICP-248 in combination with Orelabrutinib for the treatment of CLL/SLL and other NHL indications, such as DLBCL.

Currently, the Phase I trial in mainland China is progressing. This is an open-label, multicenter, Phase 1 dose escalation and dose expansion study to evaluate the safety and preliminary efficacy of ICP-248 in r/r B-cell malignancies in China, mainly including CLL/SLL, MCL and other NHL. The preliminary results demonstrated good safety profile and achieved favorable pharmacokinetics profile with high exposure at relative low dose level, which is differentiated from other BCL-2 inhibitors. Thus far, out of the three evaluable patients, two achieved CR and one reached SD. The study result would potentially support combination therapy with Orelabrutinib in 1L CLL/SLL treatment and other drugs, which could potentially become an important asset for our Company's globalization and best-in-class for combination partner. The patient enrollment is ongoing, and we project the NDA to be submitted in 2026.

ICP-B02 (CM355)

ICP-B02 is a CD20xCD3 bispecific antibody co-developed with KeyMed for the treatment of B-cell non-Hodgkin's lymphoma as monotherapy or in combination with other therapies. In preclinical studies, it demonstrated stronger TDCC activities with less cytokine release as compared to its leading competitors.

We are conducting a phase I/II clinical trial in China to assess the safety, tolerability, PK, and the preliminary anti-tumor activity of ICP-B02 in r/r NHL in both intravenous infusion formulation ("**IV**") or subcutaneous formulation ("**SC**"), which allows for different administration options catering to patient preference and convenience. In the Phase I dose escalation study, ICP-B02 was administered with step-up doses. Dose escalation of 5th IV cohort and 1st SC were completed with no dose-limiting toxicities ("**DLTs**") observed. In the meantime, the 1st SC cohort was completed with no DLTs observed so far. There was preliminary good efficacy observed for both IV and SC cohorts. Good efficacy was observed in both IV and SC cohorts in indolent NHL patients and DLBCL patient. Further registration strategy is being developed.

ICP-490

ICP-490 is a proprietary, orally available, next generation CRBN E3 Ligase modulator that targeting immunomodulatory drug ("**IMiD**") that modulates the immune system and other biological targets through targeted protein degradation ("**TPD**").

By specifically binding to CRL4CRBN-E3 Ligase complex, it induces ubiquitination and degradation of transcription factors including IKZF1 ("**Ikaros**") and IKZF3 ("**Aiolos**"). In the in vivo efficacy studies, ICP-490 demonstrated significant anti-tumor effects in various multiple myeloma ("**MM**") and diffuse large B cell lymphoma ("**DLBCL**") xenograft models. It overcomes acquired resistance against earlier generations of CRBN modulators in both in vitro and in vivo efficacy studies. In addition, ICP-490 synergizes with anti-CD38 antibody daratumumab in preclinical assays by enhancing its ADCC activity, thus provides scientific rationales for combinatory treatment in clinic.

We orally presented the preliminary data of ICP-490 at the 2023 AACR Annual Meeting on 18 April 2023. Cell viability assays reveal robust in vitro efficacies of ICP-490 against various MM and NHL (including DLBCL) cell lines with nanomolar IC50. It also exhibits potent anti-proliferative activity in lenalidomide-resistant cell lines. In contrast to its tumor killing effect, ICP-490 shows no cytotoxicity against normal human cells. In vivo efficacy studies have further confirmed the effectiveness of ICP-490 against various MM and DLBCL xenografts models.

The immune modulation activity of ICP-490 has also been illustrated in a combinatory treatment with monoclonal antibody, where low dose of ICP-490 leads to robust induction of IL-2 and granzyme B, and much improved efficacy of anti-CD38 mAbs daratumumab in MM and NHLs. ICP-490 demonstrates synergistic tumor killing effects when combined with BTK inhibitor Orelabrutinib. These data provide scientific rationales for combinatory treatment in clinic.

As of the date of this announcement, the ICP-490 Phase I dose escalation study in r/r MM is ongoing up to the 2nd dose cohort. Aiolos (IKZF3) and Ikaro (IKZF1) degradation were observed in peripheral CD3+ T cells and B cells at the 1st cohort and recovered to baseline during the dosing rest period. Preliminary immune modulation activity was demonstrated by shift of peripheral T-cell subsets activation. ICP-490 showed favorable exposure at the cohort and no accumulation is observed after multiple doses. Since ICP-490 is more potent than Iberdomide and overcomes acquired resistance against earlier-generations of CRBN modulator, it could be considered as a revolutionary treatment of MM and has a high possibility of being used as a monotherapy or part of a combination therapy for other NHL.

ICP-B05 (CM369)

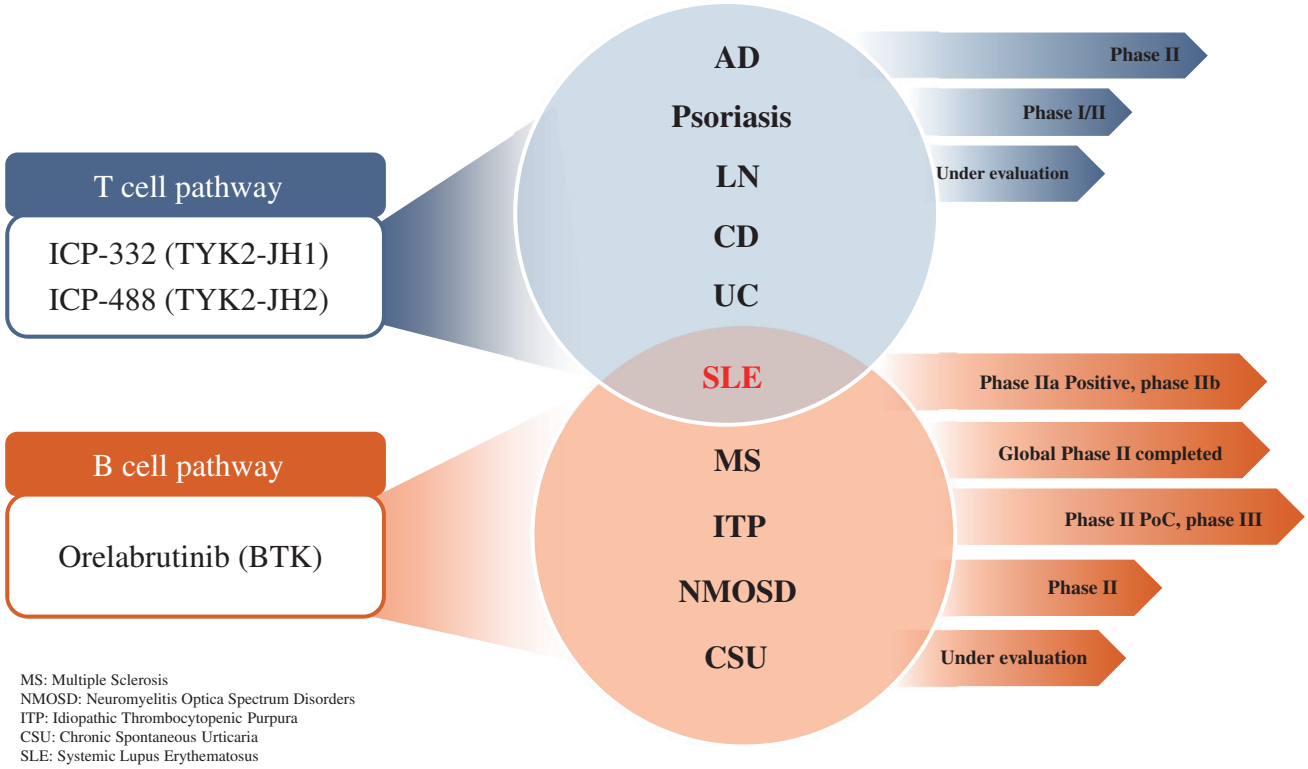
ICP-B05 is an anti-C-C motif chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug co-developed by our Company and KeyMed as a monotherapy or in combination with other therapies for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells ("**Tregs**") in the tumor microenvironment ("**TME**"). ICP-B05 binds to CCR8 positive Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. ICP-B05 has the potential to deliver optimal tumor-targeted Treg depletion and be more specific in anti-tumor activity than other immunotherapies and enhance our strength in the field of solid tumors by synergizing with our existing pipelines.

Currently, we are conducting an open-label, multicenter, Phase I clinical trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of ICP-B05 in subjects with advanced solid tumors. Two cohorts of dose escalation in subjects with solid tumors were completed with no DLTs observed. So far, it demonstrated favorable PK profile with sufficient expose for target coverage and the Phase I dose escalation study is still underway. We will explore the combination of ICP-B05 with other immunotherapies including immune checkpoint inhibitors in various cancer indications after collecting the safety data of monotherapy. By direct depletion of CCR8-expressing tumor T cells, ICP-B05 could potentially be used for the treatment of NHL. The IND filing of ICP-B05 for the treatment of NHL was approved in March 2023.

Developing B-cell and T-cell Pathways in Autoimmune Diseases

We have fortified our powerful discovery engine in the global frontier targets for the development of autoimmune therapeutics through B-cell and T-cell pathways for the purpose of providing the first-in-class or best-in-class treatments to the massive unmet clinical needs with a promising market potential in global and/or regional markets.

Autoimmune Disease Strategy



MS: Multiple Sclerosis
NMOSD: Neuromyelitis Optica Spectrum Disorders
ITP: Idiopathic Thrombocytopenic Purpura
CSU: Chronic Spontaneous Urticaria
SLE: Systemic Lupus Erythematosus
AD: Atopic Dermatitis
LN: Lupus Nephritis
CD: Crohn's disease
UC: Ulcerative Colitis

For autoimmune diseases, by leveraging Orelabrutinib's favorable safety profile, high selectivity, central nervous system ("**CNS**") penetrance, we have established B-cell pathway regulation capability, enabling us to actively pursue its application in treating various auto-immune diseases. Orelabrutinib achieved favorable PoC results with the treatment to the ITP patients, especially in those who had responded to previous glucocorticoids ("**GC**")/ intravenous immunoglobulin ("**IVIG**") therapies in the first half of 2023, and we have initiated the registrational Phase III trial in China. Based on the positive results from the Phase IIa SLE clinical trial, we believe Orelabrutinib could potentially become the first-in-class BTK inhibitor for the treatment of SLE and a Phase IIb trial has been initiated in China. We have obtained the global Phase II PoC development of Orelabrutinib in MS. Furthermore, we are progressing Phase II trials in other autoimmune indications including NMOSD and potentially further indications such as chronic spontaneous urticaria ("**CSU**").

Meanwhile, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates. We are developing ICP-332 and ICP-488, two TYK2 inhibitors for the treatment of various T-cell mediated autoimmune diseases, such as AD, psoriasis, SLE, lupus nephritis ("**LN**"), Crohn's disease ("**CD**"), and ulcerative colitis ("**UC**").

With Orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well positioned to provide oral drug solutions for the substantially unmet medical needs in autoimmune diseases.

B Cell Pathway – Orelabrutinib for Autoimmune Diseases

BTK is a member of the TEC family and is expressed in B lymphocytes, mast cells, macrophages, monocytes, and neutrophils. It is a key kinase in the BCR signaling pathway, and regulates B cell proliferation, survival, differentiation, and cytokine expression. The abnormal activation of BTK related signaling pathways can mediate autoimmune diseases. BTK has become a new and popular therapeutic target for autoimmune diseases.

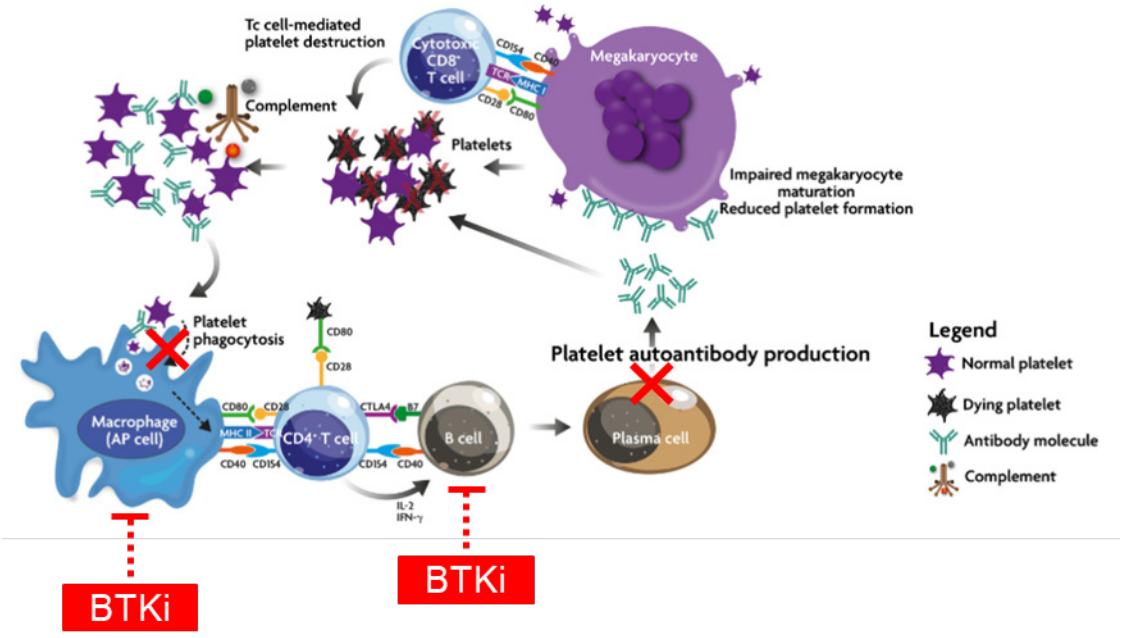
Because of Orelabrutinib's high target selectivity and good safety profile, we are evaluating it as a novel therapy for the treatment of various autoimmune diseases.

Orelabrutinib for ITP

ITP, also referred to as immune thrombocytopenic purpura, is an acquired immune mediated disorder characterized by a decrease in peripheral blood platelet counts, resulting in an increased risk of bruising and bleeding. The main pathogenesis of ITP is the loss of immune tolerance to platelet auto-antigens. This immune intolerance leads to increased platelet destruction and decreased platelet production from megakaryocytes by autoantibodies and cytotoxic T lymphocytes.

ITP, which has a U.S. prevalence of 23.6 cases out of 100,000 and a China prevalence of 9.5 cases out of 100,000, represents hundreds of thousands of patients globally. Current therapies, including corticosteroids, thrombopoietin receptor agonists, anti-CD20 monoclonal antibodies, and spleen tyrosine kinase inhibitors lack long-term tolerability or durable sustained responses. New, safe, and effective treatment options are needed for patients who have inadequate responses to previous treatment lines.

BTK is a key kinase in the B cell receptor signaling pathway, which is essential for the activation of B lymphocytes, macrophages, and other immune cells as well as the production of antibodies in the pathological process of ITP. No BTK inhibitor has been approved for the treatment of patients with ITP in the world. Orelabrutinib, with its high target selectivity and good safety profile, has the potential to become a novel treatment option to ITP patients.



Current Status

In the first half of 2023, the Phase II clinical trial of Orelabrutinib for the treatment of ITP was completed in mainland China. This is a randomized, multicenter, open-label Phase II study to evaluate the efficacy and safety of Orelabrutinib in adult patients with persistent or chronic primary ITP and provide a basis for a Phase III study design, including dose selection. The primary endpoint was concentrated on the proportion of subjects with platelet count ≥50×10^9/L (platelet count should be detected at least twice consecutively, with an interval of at least 7 days) without rescue medication in the 4 weeks before the elevated platelet count.

Since we have achieved proof of concept ("**PoC**") of Orelabrutinib for the treatment of ITP, we are currently conducting a registrational trial in China. On 12 June 2023, the proof of concept of ITP Phase II result was orally presented at the European Hematology Association ("**EHA**") 2023 Hybrid Congress.

As of the cut-off date on 6 Feb 2023, 33 patients were enrolled. Both 50mg QD and 30mg QD of Orelabrutinib were safe in the treatment of patients with ITP. Generally, patients with Orelabrutinib 50mg QD responded rapidly with better efficacy, especially in those who had responded to previous glucocorticoids ("**GC**")/intravenous immunoglobulin ("**IVIG**") therapies.

Overall, 36.4% (12/33) patients met the primary endpoint, 40% (6/15) patients at the 50mg arm reached primary endpoint. Among the 12 patients with primary endpoint response, 83.3% (10/12) patients achieved durable response defined as the percentage of patients with platelet count $\geq 50 \times 10^9$/L for at least 4 of the 6 visits between 14-24 weeks. Among the 22 patients with previous responses to GC or IVIG, 75.0% (6/8) patients at the 50mg arm achieved the primary endpoint. Orelabrutinib demonstrated a favorable safety profile in the treatment of ITP, and all treatment related adverse events ("**TRAEs**") were grade 1 or 2.

The favorable Phase II results demonstrated proof of concept of Orelabrutinib in ITP and provided us with confidence to move the project forward. By leveraging the BTK inhibitor's advantage in ITP of decreased macrophage-mediate platelet destruction and reduced production of pathogenic autoantibodies, we positioned Orelabrutinib as a frontline BTK inhibitor to obtain approval for acquired immunodeficiency disease ("**AID**").

Orelabrutinib for SLE

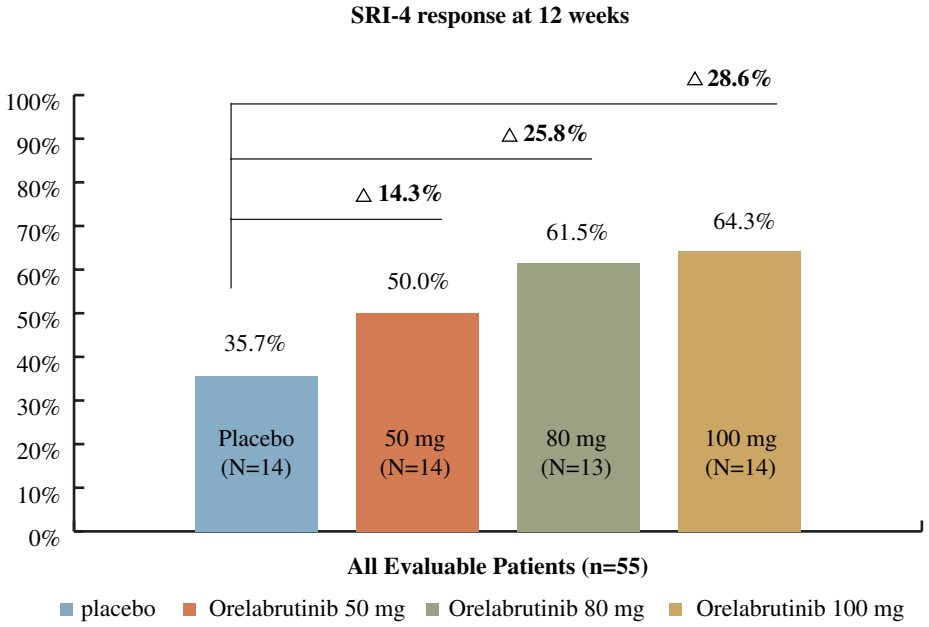
Orelabrutinib inhibits the BCR signaling cascade by binding to BTK, hence preventing the proliferation and activation of B cells in autoimmune diseases. Pre-clinical data demonstrated that Orelabrutinib has dose dependent effects on the improvement of kidney function, the inhibition of arthritis, and the reduction of inflammation in SLE mouse models.

The root causes of SLE include family history, hormones, unhealthy lifestyles, certain environmental factors, drugs, and infections. The number of SLE patients in China is estimated to reach 1.06 million by 2025 with a compound annual growth rate of 0.7% from 2020 to 2025, and approximately to 1.09 million by 2030 with a compound annual growth rate of 0.5% from 2025 to 2030.

Current Status

In China, Orelabrutinib's Phase IIa trial for SLE showed positive results. The detailed information was presented through a late-breaking oral presentation at 2022 European Alliance of Associations for Rheumatology ("**EULAR**"). This is a randomized, double-blind, placebo-controlled, dose-finding study aimed to evaluate the safety and tolerability of Orelabrutinib in patients with mild to moderate SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1:1 to receive oral Orelabrutinib at 50 mg QD, 80 mg QD, 100 mg QD or placebo once daily, for 12 consecutive weeks.

The Phase IIa results showed that Orelabrutinib was safe and well tolerated at all doses. A dose dependent efficacy was observed in evaluable patients treated with Orelabrutinib. The SRI-4 response rates at 12-week were 35.7%, 50.0%, 61.5% and 64.3% in patients treated with placebo, 50 mg/day, 80 mg/day and 100 mg/day of Orelabrutinib, respectively. Treatment with Orelabrutinib led to a reduction in levels of proteinuria, and improvement of immunologic markers, including reduced immunoglobulin G and increased complements C3 and C4.



Based on the Phase IIa results, we have opened 40 cites in China for recruiting patients for Phase IIb and the patient enrollment has been started in the second quarter of 2023.This is a randomized, double-blind, placebo-controlled, multicenter, Phase IIb study evaluating the efficacy and safety of Orelabrutinib in adult patients with SLE. The primary purpose of the trial is to evaluate the efficacy of Orelabrutinib in SLE subjects and the secondary objective is to evaluate the safety, tolerability, and impact on the quality of life of subjects with moderate to severe SLE. The patients receiving standard therapy were randomized at a ratio of 1:1:1 to receive oral Orelabrutinib at 50 mg, 75 mg, or placebo once daily, for 48 consecutive weeks. The primary endpoint will focus on the SRI-4 response rate with other secondary points including but not limited to SRI-4 response rate, time to 1st flare, steroid dose reduction, proteinuria, change in the number of swollen and tender joints, changing from baseline in complement C3, complement C4, and anti-dsNDA antibody levels, etc. An interim data analysis for 48 weeks with 50% patients is scheduled and we expect to complete the patient enrollment within 12 months.

SLE is a complex and challenging disease for drug development. With regard to the two BTK inhibitors reported clinical results (evobrutinib and fenebrutinib), no significant impact on the disease progression was observed (*Ringheim, G. E., Wampole, M., & Oberoi, K. (2021) Frontiers in immunology, 12, 662223*). Orelabrutinib has the potential to become the first BTK inhibitor that controls the disease activity in SLE patients, and its oral administration should have obvious advantages over commonly used injectable SLE drugs.

Orelabrutinib for MS

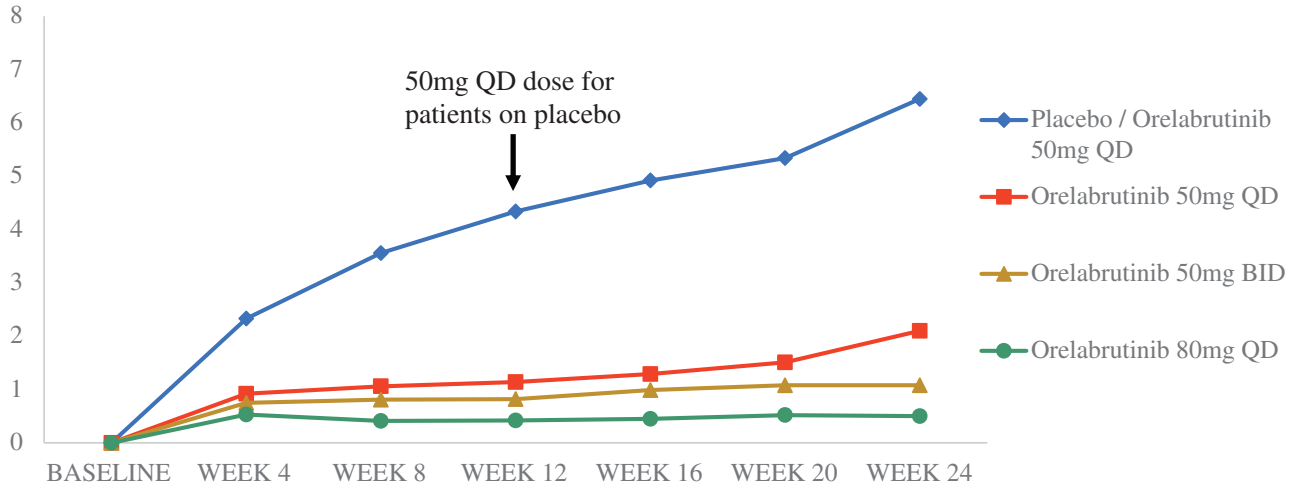
Current Status

ICP-CL-00112 is a randomized, double-blind, placebo-controlled global Phase II clinical study to evaluate the use of Orelabrutinib in patients with relapsing multiple sclerosis ("**RMS**") regarding its efficacy, safety, tolerability, pharmacokinetics, and biological activity. Currently all enrolled patients have completed core part of 24-week treatment and entered OLE phase.

Summary of phase II data

The 24-week data from the MS global Phase II trial is consistent with previous reported positive 12-week data in terms of both efficacy and safety. The primary endpoint was achieved dose – dependently (Cmax driven) in all three active Orelabrutinib treatment groups. All Orelabrutinib groups achieved T1 new lesion control after 4 weeks of treatment and the effect is sustained up to 24 weeks. 92.3% relative reduction was achieved in cumulative number of new Gd + T1 lesions at week 24 at 80mg QD compared to placebo arm (switched to Orelabrutinib 50mg QD after Week 12), which stands out as a leading efficacy when compared to other MS therapies approved or in development stages.

Adjusted Mean Cumulative Number of New Gd+ T1 Brain Lesions Up to Week 24 (PHS Population, N=115)



Note: QD=once daily, BID=twice daily, CI=confidence interval, Gd+=gadolinium-enhancing.

Cumulative number of New Gd+ T1 Lesion from Week 4 to Week 24	Placebo / Orelabrutinib 50mg QD (N=27)	Orelabrutinib 50mg QD (N=30)	Orelabrutinib 50mg BID (N=29)	Orelabrutinib 80mg QD (N=29)
Adjusted mean cumulative number (95% CI) of lesions from W4 to W24	6.45 (3.62, 11.52)	2.10 (0.62, 7.11)	1.08 (0.30, 3.81)	0.50 (0.09, 2.74)
Percent reduction		**67.4** (-22.0, 91.3)	**83.3** (33.2, 95.8)	**92.3** (56.5, 98.6)
P-value		**0.0958**	**0.0114**	**0.0037**

The 80 mg QD cohort showed the highest reduction rate of cumulative number of new lesions Gd+T1 lesions and the best for lesion control throughout 24 weeks with lowest incidence of liver-related TEAEs, indicating its potential as an MS treatment therapy with leading efficacy. A total of two cases of ALT/AST >8xULN reported including the one in 50 mg BID, the other one was in 50 mg QD. The safety profile of 80 mg QD is similar to that of placebo. We are actively working with the FDA to lift the partial clinical hold.

So far, none of the available DMTs for the treatment of MS is free of potential hepatic toxic effects. Per the consolidation of FDA website information and *Biolato M, Bianco A, Lucchini M, Gasbarrini A, Mirabella M, Grieco A. The Disease-Modifying Therapies of Relapsing-Remitting Multiple Sclerosis and Liver Injury: A Narrative Review. CNS Drugs*. 2021 Aug; 35(8):861-880, a total of 26 drugs were approved for the treatment of MS excluding the terminated drug usage. 24 out of 26 drugs' labels contain drug-induced liver function problems. For instance, daclizumab and teriflunomide both contain a black box warning "liver toxicity", while the other 22 drugs include warnings or precaution notes i.e., liver injury, liver function impairment, hepatotoxicity, autoimmune hepatitis, HBV reactivation and drug-induced liver injury, etc., with the remaining drug labels contain the adverse effect of liver enzymes elevation.

It is routine to screen and monitor liver function for DMTs. Per *Biolato M, Bianco A, Lucchini M, Gasbarrini A, Mirabella M, Grieco A. The Disease-Modifying Therapies of Relapsing-Remitting Multiple Sclerosis and Liver Injury: A Narrative Review. CNS Drugs*. 2021 Aug; 35(8):861-880, the chart below demonstrates the ALT monitor requirement and frequency in relation to a few of the injective treatments, oral treatments, and even infusion treatments.

ALT alanine aminotransferase

Agent	Liver function tests screening	ALT monitoring	Data in cirrhotic patients
Injective treatments			
Beta interferon	Yes	After I. 3. 6 months and periodically thereafter	Not available
Glatiramer acetate	No (but suggested)	No	Not available
Oral treatments			
Fingolimod	Yes	After I. 3. 6. 9. 12 months and bimonthly thereafter	Contraindicated in Child C patients
Teriflunomide	Yes	Every 2 weeks for 6 months, then bimonthly	Contraindicated in Child C patients Caution in fany liver disease
Dimethyl fumarate	Yes	Yes (suggested every 6 months)	Not available
Cladribine	Yes	No	Contraindicated in Child B and C patients
Infusional treatments			
Natalizumab	Yes	Monthly for first 3 months, quarterly thereafter	Not available
Alemtuzumab	Yes	Monthly up to 48 months from last infusion	Not available
Ocrelizumab	Yes	No (but suggested semiannually)	Use only in Child A patients

For details, see our announcement dated 23 December 2022 published on the websites of the Stock Exchange and the Company.

On 15 February 2023, Biogen terminated its collaboration and license agreement with us on Orelabrutinib's global development, returning all global rights, including intellectual property, research, manufacturing, and commercial proceeds. Following the termination, InnoCare has regained all global rights granted to Biogen under the Agreement, including related intellectual property, decision-making regarding research and development, manufacturing, and commercialization, and commercial proceeds generated from orelabrutinib. We have completed the transition in May.

For details, see our announcement dated 15 February 2023 published on the websites of the Stock Exchange and the Company.

In conclusion, with the ability to cross the blood brain barrier, Orelabrutinib has the potential to inhibit B cell and myeloid cell effector functions in the CNS, and may provide a clinically meaningful benefit in all forms of MS. The Phase II MS global OLE part study is ongoing. Given the encouraging clinical outcomes from multiple autoimmune trials, we remain confident and committed to accelerating the global development of Orelabrutinib as a potential best-in-class BTK inhibitor for MS and other autoimmune diseases.

Orelabrutinib for NMOSD

NMOSD is a chronic inflammatory demyelinating autoimmune disease of the central nervous system mainly involving the optic nerve and spinal cord, which are mediated by antigen-antibodies related to humoral immunity. Clinically, it is characterized by attacks of predominantly optic neuritis and longitudinally extensive transverse myelitis. One latest Chinese epidemiological study based on inpatients shows that the peak incidence of the disease is 45-65 years old, the incidence rate is 0.445/100,000 people per year, and the ratio of female to male is 4.71:1.

BTK is a key kinase in B cell receptor signal transduction pathway, which is responsible for regulating B cell proliferation, differentiation, maturation and cytokine expression. Abnormal activation of BTK related signaling pathway can lead to autoantibody production and autoimmune diseases. Thus, BTK inhibitors, especially a brain penetrant BTK inhibitor such as Orelabrutinib hold high potential to become a novel therapy for NMOSD.

Current Status

As of the date of this announcement, one investigator initiated trial ("**IIT**") Phase II trial is ongoing, and we plan to initiate InnoCare sponsored trial when we obtain the primary results.

T Cell Pathway – TYK2 for Autoimmune Diseases

ICP-332

ICP-332 is a small molecule inhibitor of TYK2 that is developed for the treatment of various autoimmune disorders. TYK2 is a member of the JAK family and plays a critical role in transducing signals downstream of IL-12/IL-23 family interleukin receptors as well as type I interferon ("**IFN**") receptor. These cytokine/receptor pathways drive the functions of T helper 17 ("**TH17**"), THl, B and myeloid cells which are critical in the pathobiology of multiple autoimmune and chronic inflammatory diseases including psoriasis, psoriatic arthritis, inflammatory bowel disease, lupus, AD, etc. ICP-332 was designed to be a potent and selective TYK2 inhibitor with 400 folds of selectivity against JAK2 to avoid the adverse events associated with nonselective JAK inhibitors. Thus, by selective inhibition of TYK2, ICP-332 may become a potential therapy for multiple autoimmune diseases, such as atopic dermatitis, psoriasis, psoriatic arthritis, systemic lupus erythematosus, IBD, dermatomyositis and uveitis, with better safety profiles.

According to the source of Pharma Intelligence, atopic dermatitis has become a major autoimmune disease with 12 months prevalence in the range of 0.96-22.6% in children and 1.2-17.1% in adults, indicating a global market potential of US$10 billion in 2030. With tremendous potential to address the massive unmet needs in the above-mentioned indications which have millions of patients, we anticipate ICP-332 will become a cornerstone product of our autoimmune franchise.

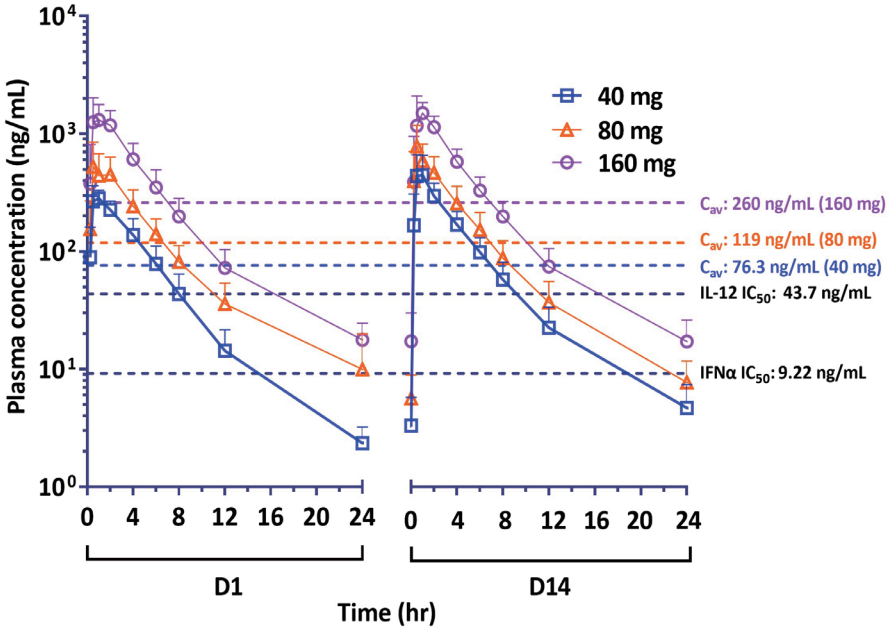
Current Status

Based on the data of safety, PK/PD, and biomarkers with no significant decrease of platelet and hemoglobin (JAK-2 related AE) in the Phase I study, a Phase II study in AD in China was initiated. The Phase II study, which is a randomized, double-blind, placebo-controlled, multicenter trial to evaluate the safety, efficacy, pharmacokinetics, and pharmacodynamics in patients with atopic dermatitis. We expect patient enrollment to be completed in Q3 2023 and a data readout within 6 months.

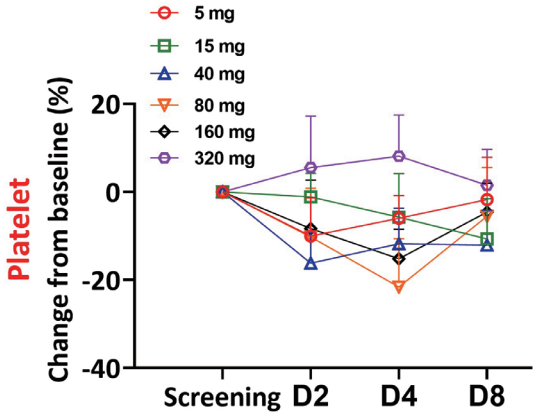
The randomized dose-escalation Phase I study in healthy subjects was conducted to evaluate the safety, tolerability, PK and PD profiles of ICP-332 following a single dose (5~320 mg) and multiple doses (40~160 mg QD) escalation for 14 consecutive days under fasted condition. In each cohort, 8 subjects were randomized to receive ICP-332 (6 subjects) or placebo (2 subjects). Food effects on the pharmacokinetics of ICP-332 were tested in the 80 mg cohort.

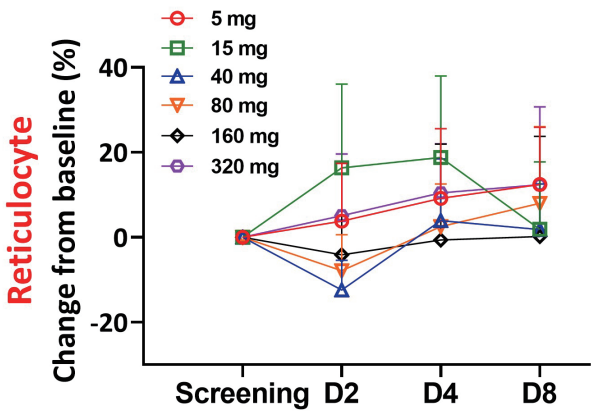
ICP-332 demonstrated dose proportionality of the PK parameters (Cmax and AUC last) in the range of 5 mg~320 mg. There was no drug accumulation in plasma after repeated dosing. No significant food effect was observed following co-administration with standard high-fat, high-calorie meals.

Phase I MAD Results



ICP-332 was safe and well tolerated in healthy subjects who received a single dose up to 320 mg or multiple doses up to 160 mg QD for 14 days. The maximum tolerated dose was not reached. As the charts indicates below, no significant decrease of platelet and reticulocyte, demonstrating high selectivity over JAK2.





As of at the date of the announcement, Phase II trial patient enrollment is ongoing in mainland China, and we anticipate receiving the results by the fourth quarter of 2023.

ICP-488

ICP-488 is a small molecule inhibitor of the pseudo kinase domain JH2 of TYK2. JH2 has an important regulatory role in TYK2 kinase catalytical activity, and mutations in JH2 have been shown to be the cause of or be linked with impaired TYK2 activity. ICP-488 is a potent and selective TYK2 allosteric inhibitor that, by binding to the TYK2 JH2 domain, blocks IL-23, IL12, type 1 IFN and other autoimmune cytokine receptors. We intend to develop ICP-488 for the treatment of autoimmune diseases such as psoriasis, psoriatic arthritis, SLE, LN, and IBD, etc. Together with ICP-332, ICP-488 will further enrich our TYK2 portfolio.

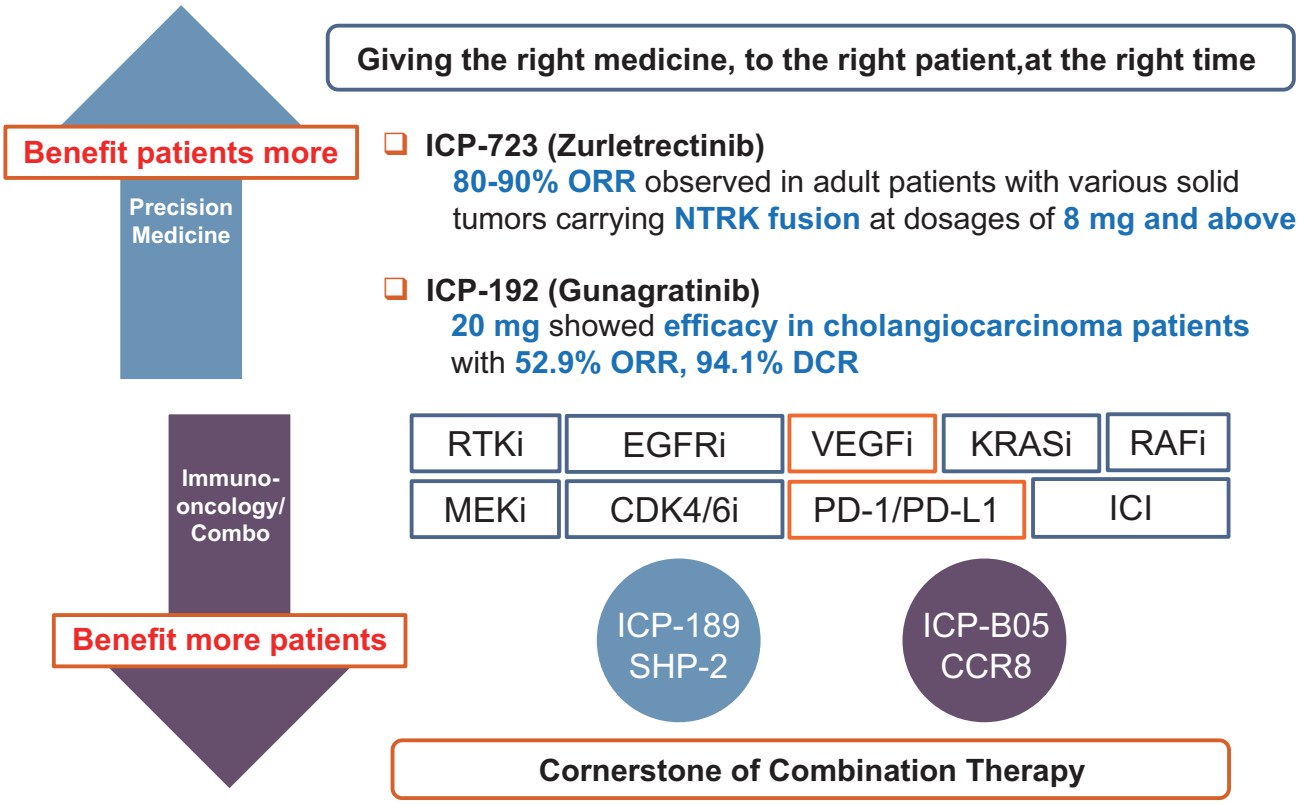
The subject enrollment of the Phase I trial is ongoing in China as of the date of this announcement. The single ascending doses ("**SAD**") part with dose range from 1 mg to 36 mg, multiple ascending doses ("**MAD**") part and food effects data have been completed in healthy volunteers. Additionally, we have included 2 cohorts with psoriasis patients treated at select doses. The Phase II trial in psoriasis patients currently is under preparation. As of the date of this announcement, ICP-488 has been found to be safe and well-tolerated in subjects in the study. We expect to complete the Phase I trial in the second half of 2023 with Phase I results and the preliminary proof of concept of psoriasis by the end of the year. ICP-488 has the potential to show significant advantages in safety profiles verse other JAK family inhibitors.

BUILDING A COMPETITIVE DRUG PORTFOLIO FOR SOLID TUMOR TREATMENT

To benefit patients more, we strive to expand the breadth of our pipeline covering solid tumor diseases areas through precision medicine and intend to provide the right medicine to the right patient at the right time. We believe the potential best-in-class molecules ICP-192 and ICP-723 will enable us to establish a solid presence in the field of solid tumor treatment.

To benefit more patients, we accelerated the global clinical study to evaluate the anti-tumor activity and safety of ICP-189 combined with furmonertinib in patients with advanced non-small cell lung cancer ("**NSCLC**") through a clinical collaboration. Furthermore, our rapidly advancing early-stage pipeline, featuring cornerstone therapies like ICP-B05 and ICP-033 for immune-oncology and targeting tumor driver genes, has enabled us to offer a competitive treatment solution for a wide range of solid tumors, catering to patients in both China and around the world.

Solid Tumor Strategy



Precision medicine, sometimes known as "personalized medicine" is an innovative approach to tailoring disease prevention and treatment that takes into account differences in people's genes, environments, and lifestyles. For the vision and mission of "benefiting patients more" via precision medicine and "benefiting more patients" via immunology-oncology platform, in the solid tumor field, we believe our potential best-in-class molecules ICP-192 targeting FGFR and ICP-723 targeting pan-TRK will enable us to establish a solid presence therein, while our rapidly growing and maturing cornerstone of combination therapy that builds on ICP-189 and ICP-B05 for targeting novel targets such as SHP2 and CCR8 with additional early-stage pipeline including but not limited to ICP-033 should enable us to provide a competitive treatment solution for a large array of solid tumors for both China and global patients in the future.

ICP-723 (Zurletrectinib)

ICP-723 is a second-generation small molecule pan-inhibitor of tropomyosin-related kinase ("**pan-TRK inhibitor**") designed to treat patients with NTRK gene fusion-positive cancers who were TRK inhibitor treatment-naive or who have developed resistance to the first generation TRK inhibitors, regardless of cancer types. First generation pan-TRK inhibitors have shown rapid and durable responses in patients with TRK gene fusions, however, can develop acquired resistance. Preclinical data showed that ICP-723 markedly inhibited the activity of the wild type TRKA/B/C as well as mutant TRKA with resistant mutation G595R or G667C. This finding provides strong evidence that ICP-723 could overcome acquired resistance to the first generation TRK inhibitors.

Mechanism of Action

The TRK family consists of three proteins referred to as TRKA, TRKB and TRKC, respectively, which are encoded by neurotrophic receptor tyrosine kinase genes NTRKl, NTRK2 and NTRK3, respectively. TRKs play an important role in maintaining normal nervous system function. Unwanted joining of separated NTRK genes, or NTRK gene fusions, have been found to contribute to tumorigenesis in a variety of different cancers, with high prevalence in infantile fibrosarcoma, salivary gland carcinomas and thyroid carcinoma. NTRK fusions have also been detected at lower frequencies, in soft-tissue sarcomas, thyroid cancer, mammary analogue secretory carcinoma of salivary glands, lung cancer, colorectal cancer, melanoma, breast cancer, etc.

Current Status

We are currently conducting a registrational trial in mainland China of ICP-723 in adult and adolescent patients (12 years old ≤ age < 18 years old) with advanced solid tumor harboring NTRK gene fusion. Furthermore, the IND for additional pediatric population (2 years old age < 12 years old) was approved by the CDE in July 2023.

A Phase II registrational trial has been initiated in mainland China for ICP-723 in adult and adolescent patients (12+ years of age) with advanced solid tumors harboring NTRK gene fusion. We expect patient enrollment to be completed within the next few months and thus far, we have observed an efficacy of 80%-90%. Zurletrectinib was shown to overcome acquired resistance to 1st generation TRK inhibitors, bringing hope to patients who failed prior TRKi therapy.

ICP-192 (Gunagratinib)

Gunagratinib is a potent and highly selective pan-fibroblast growth factor receptors ("**pan-FGFR**") inhibitor that we are developing for the treatment of various types of solid tumors. Studies have shown that mutations and aberrant activation of FGFRs are implicated with the development of various cancers, including bile duct, breast, lung, head and neck, gastric and urothelial cancers, accounting for approximately 7.1% of solid tumors.

Current Status

Gunagratinib is a novel pan-FGFR inhibitor that potently and selectively inhibits FGFR activities irreversibly by covalent binding. Preclinical data showed that Gunagratinib overcomes the acquired resistance to the first generation reversible FGFR inhibitors, e.g., infigratinib.

In the middle of January 2023, we presented the ICP-192 data from an ongoing Phase IIa dose expansion study of Gunagratinib in patients with cholangiocarcinoma ("**CCA**"). 18 CCA patients were enrolled, and 17 patients had at least one tumor assessment. The Median follow-up was 5.57 months. The ORR was 52.9% (9 out of 17 patients) and the DCR was 94.1% (16 out of 17 patients). The median progression free survival ("**mPFS**") was 6.93 months (95% CI, 5.42-not reached) (not mature at cutoff). No patient discontinued treatment due to TRAE and there was no treatment-related death. Thus, Gunagratinib is safe and well-tolerated with high response rate (52.9%) compared to other approved FGFR inhibitors in previously treated patients with locally advanced or metastatic CCA harboring FGR2 gene fusions or rearrangements. We have started the Phase II registrational trial in mainland China in the first half of 2023.

Additionally, we have a basket trial ongoing, which evaluates ICP-192 in solid tumors, including gastric, head and neck cancer, and breast cancer in China, Australian, and the U.S.

ICP-189

ICP-189 is a potent oral allosteric inhibitor of SHP2 with reliable selectivity over other phosphatases. It is being developed for the treatment of solid tumors as a potential cornerstone therapy in combinations with other antitumor agents. SHP2 is a key upstream regulator of the RAS-MAPK pathway and thus plays an essential role in the signaling by multiple oncogenic driver kinases, as well as a key signal transducer of PD-1 signaling, making SHP2 inhibitor an ideal partner for combination with multiple targeted and immune-oncology therapies.

In preclinical in vivo efficacy studies, ICP-189 demonstrated significant anti-tumor effects in various xenograft models as monotherapy. ICP-189 has also shown preliminary promising activity in combination with a range of targeted therapies and immunotherapies, including inhibitors of Epidermal Growth Factor Receptor ("**EGFR**"), KRAS, MEK and PD-1, in preclinical studies. The in vivo efficacy of ICP-189 is well accompanied by pharmacodynamic modulations, where ICP-189 exposure levels correlate with reduced p-ERK and DUSP6 mRNA levels in tumors.

We are conducting a Phase Ia dose escalation study to evaluate the safety, tolerability and pharmacokinetics and preliminary anti-tumor activity of ICP-189 in patients with advanced solid tumors in China. In the first half of 2023, dosage has been escalated up to 120 mg with no DLT observed. There were no ≥ G3 TRAEs and SAEs. Preliminary efficacy was observed in ICP-189 monotherapy. 1 patient with cervical cancer in 20 mg dose cohort achieved confirmed PR with signal activity. ICP-189 demonstrated favorable PK profile and long half-life. Multiple ICP-189 combinations, including treatment with third-generation EGFR inhibitor in lung cancer and anti-PD-1 antibody in multiple cancer types, will be explored clinically in the phase Ib trial and the collaborations with potential partners for combination study are planned. As of the date of this announcement, the IND of ICP-189 combined with EGFRi was accepted by CDE.

At the end of the first quarter of 2023, the IND approval of ICP-189 was granted by the FDA for initiating clinical trial in the U.S and Phase I in the U.S. is ongoing.

Clinical Development Collaboration with ArriVent

On 14 July 2023, InnoCare and ArriVent Biopharma ("**ArriVent**"), a clinical stage company dedicated to accelerating the global development of innovative biopharmaceutical therapeutics, announced a clinical development collaboration to evaluate the combination of InnoCare's novel SHP2 allosteric inhibitor, ICP-189, with ArriVent's furmonertinib, a highly brain-penetrant, broadly active mutation-selective EGFR inhibitor.

Under the agreement, InnoCare and ArriVent will jointly conduct a clinical study to evaluate the anti-tumor activity and safety of ICP-189 combined with furmonertinib in patients with advanced non-small cell lung cancer ("**NSCLC**").

NSCLC is the predominant subtype of lung cancer, accounting for approximately 85% of all cases. Furmonertinib is being advanced by ArriVent in global studies in patients with advanced or metastatic NSCLC with EGFR or HER2 mutations, including exon 20 insertion mutations. It is approved in China as a first-line treatment for adults with locally advanced or metastatic NSCLC with EGFR exon 19 deletion ("**19DEL**") or exon 21 (L858R) substitution mutations, where it is being further developed for additional indications with Allist Pharmaceuticals who discovered furmonertinib.

The combination of furmonertinib with ICP-189 could be another potential treatment option to help improve the lives of people living with advanced or metastatic lung cancer.

ICP-033

ICP-033 is a multi-kinase inhibitor mainly targeting discoid in domain receptor 1 ("**DDR1**") and vascular endothelial growth factor receptor ("**VEGFR**") that inhibits angiogenesis and tumor cell invasion, normalizes abnormal blood vessels, and reverses the immunosuppressive state of the tumor microenvironment. Preclinical studies have shown that ICP-033 exhibits strong anti-tumor effects both in vivo and in vitro. ICP-033 is intended to be used alone or in combination with immunotherapies and other targeted drugs for liver cancer, renal cell carcinoma, colorectal cancer, and other solid tumors.

As of the date of this announcement, ICP-033 Phase I trial is ongoing in China.

Beside the above-mentioned three focused therapeutics areas, with a proven record in small molecule R&D, we are establishing our internal biological drug R&D capability through internal and external efforts. We are also actively considering other new drug modalities such as PROTAC, XDC, molecule glue, etc.

MANUFACTURING

Guangzhou Manufacturing Facility

Our 50,000 m^2 small molecule in-house Guangzhou manufacturing facility ("**Guangzhou Base**") complies with GMP requirements of the U.S., Europe, Japan, and China, and have an annual production capacity of one billion pills. We have successfully obtained a manufacturing license for the facility. Upon receiving the approval from the China NMPA to begin the production of commercial supply of our self-developed BTK inhibitor Orelabrutinib at the Guangzhou Base, we have begun manufacturing Orelabrutinib at the Guangzhou small molecule production facility, which was released to the commercial market since August 2022.

Improving the solubility of poorly soluble drugs has become a focus and challenge in the research and development of innovative drug formulation. Our Guangzhou Base has built a technical platform to solve such problems, including the establishment of international advanced production lines of spray dried solid dispersion and solid dosage forms, and equipped with three major technology platforms, namely the solubilization preparation technology for poorly soluble drugs, the release preparation technology for oral solid dosage forms and the targeted drug delivery technology, thereby solving the common problems faced by the industry. Our solid dispersion technology is the core technology in the solubilization process, which can accelerate the solubility and dissolution rate of poorly soluble drugs, thus improving the bioavailability of drugs and better catering for the needs of the development and production of new drugs. In the first half of 2023, our Guangzhou Base was honored by the Guangzhou Government as the Guangdong Engineering Technology Research Center of Insoluble Drug Innovation Preparation (廣東省難溶性藥物創新製劑工程技術研究集中心)and Guangdong Specialized and Sophisticated SMEs (廣東省專精特新中小型企業).

Additionally, the progression of the third phase of construction is well planned for the upcoming new product launching prepared beyond 2025. As of the date of this Announcement, we have completed the second phase of construction, creating an additional 30,000m^2 of production area to support our growing drug pipeline and continued business expansions.

Beijing Manufacturing Facility

We established a large molecules CMC pilot facility which intends entering operation phase for early clinical supplies in Changping, Beijing. Meanwhile, a 70,381 m^2 land in Beijing next to our Company's headquarter inside the Life Science Park was designed to build a landmark R&D center and large molecule production facility.

OTHER CORPORATE DEVELOPMENTS

The Company satisfied the market capitalization/revenue test under the Hong Kong Stock Exchange ("**HKEx**") Rule 8.05(3) of the Listing Rules. Thus, the HKEx has granted approval for the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules (the "**Relevant Rules**") to the Company. As a result of the dis-application of the Relevant Rules, the "B" marker is no longer be affixed to the Company's English and Chinese stock short name from 12 May 2023.

For details, see the announcement dated 9 May 2023 published on the websites of the Stock Exchange and the Company.

IMPACT OF THE WAVES OF OUTBREAK POST RE-OPENING

Since the pandemic policy in China transitioned swiftly from zero-covid to fully re-opened since early December 2022, a major wave of COVID infections has been quickly spreading across the country. The initial outbreak led to a significant burden on the country's healthcare system. The first peak of covid-related hospitalizations and severe cases elevated since the middle of January 2023.

However, the first COVID wave has not caused any early termination of our clinical trials nor necessitated removal of any patients enrolled in the clinical trials. Further, our supply chain, product sales and business operation has not experienced any material disruption since the outbreak of COVID years ago from early 2020. We have not experienced and currently do not expect any material regulatory delays in respect of our clinical trials or any long-term impact on our operation or deviation from our overall development plans due to the COVID pandemic. We have not experienced any material impact from COVID on the progress, status or filing update of our ongoing research and clinical activities.

Market started to concern about anti-corruption enforcement attempts since the end of July 2023, we noticed China healthcare-related stocks have corrected over the potential negative impact from authorities upholding anti-corruption enforcement attempts. Anti-corruption in healthcare has been a consistent government-led effort over decades, and in the past 10 years compliance standards have advanced significantly. While acknowledging the near-term headwind exposing stakeholders along the value chain to conducting sales and marketing activities in a more cautious manner, we believe that anti-corruption efforts have driven and will continue to accelerate the industry's transition towards a more patient-oriented and clinical outcome-driven market.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2023, the following significant events took place:

On 14 July 2023, Dr. Zemin Jason Zhang ("**Dr. Zhang**") tendered his resignation as an independent non-executive Director, a member of the Audit Committee, a member of the Compensation Committee and a member of the Nomination Committee of the Company with effect from 14 July 2023 as he needed more time for his dedication in academic research as a tenured professor at the School of Life Sciences of Peking University. Dr. Zhang has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation from the position that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company.

Following the resignation of Dr. Zhang, the Company has two independent non-executive Directors, which results in the current number of independent non-executive Directors falling below the minimum number required under Rule 3.10(1) of the Listing Rules. The Company will use its best endeavour to identify suitable candidate to fill up the vacancy of independent non-executive Director in any event within three months from the date of resignation of Dr. Zhang as required under Rule 3.11 of the Listing Rules. The Company will make further announcement(s) as and when appropriate.

For details, see the announcement dated 14 July 2023 published on the websites of the Stock Exchange and the Company.

Save as disclosed above and note 17 to the interim condensed consolidated financial information, no other important events affecting the Company occurred after 30 June 2023 and up to the date of this announcement.

FUTURE DEVELOPMENT

We anticipate that the following years will be a transformative period for the Company as we expand our global R&D footprint, commercialization, and manufacturing capabilities. To accomplish our vision of becoming a global biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide, we will focus on pursuing the following aspects:

Building A Leading Franchise in Hemato-oncology

With Orelabrutinib as a backbone therapy and the support of our abundant pipeline in hemato-oncology, such as ICP-248, ICP-B02, Tafasitamab, ICP-490, and potential future internal and external pipeline development, we aim to become a leading player in hemato-oncology in China and worldwide by covering MM and NHL markets. Leveraging the strong sales momentum after entering the NRDL in the second year and new indication r/r MZL approval, we will continue to accelerate the sales of Orelabrutinib (宜諾凱®) in China. We have a broad clinical program for Orelabrutinib in various B-cell malignancies in China to broaden its indication including first-line treatment of CLL/SLL, MCL and MCD subtype DLBCL, etc. We are actively propelling the timely approval of Orelabrutinib in the U.S. for r/r MCL and actively pursuing potential combination therapy partners to maximize the value of its superior clinical profile in NHL market ex-China.

Developing B-cell and T-cell Pathways in Autoimmune Diseases

Orelabrutinib's favorable safety profile and established B-cell pathway regulation capability enabled us to aggressively pursue its application in treating various auto-immune disease.

We have successfully accomplished the PoC of Orelabrutinib in ITP Phase II trial in mainland China and anticipate to enter the registrational trial within 2023.

Based on the positive results from the Phase IIa SLE clinical trial, we believe Orelabrutinib could potentially become the first-in-class BTK inhibitor in the treatment of SLE and we are actively moving forward with Phase IIb trial in China and other development scheme. Further, we have initiated Phase II trials in other autoimmune indications including ie. NMOSD, and taking evaluation of CSU, etc.

According to the Multiple Sclerosis International Federation ("**MSIF**"), more than 2.8 million people around the world are affected by MS currently. According to Frost & Sullivan Analysis, global market of MS drugs reached US$23.0 billion in 2018, and it is expected to increase to US$31.7 billion by 2030. BTK plays an important role in the development and function of B cells, macrophages, and microglia, which are involved in the immunopathological characteristics of MS. We believe BTK inhibitors have the potential to transform the treatment paradigm of MS and are considering further clinical developments for Orelabrutinib in MS.

In addition to Orelabrutinib, we are exploring the possibility of treating autoimmune diseases induced by T-cell dysfunctions with other potential candidates with tremendous unmet clinical needs. As a recognized potential blockbuster novel target, we are developing ICP-332 and ICP-488, for the treatment of various T-cell mediated autoimmune diseases, such as AD, psoriasis, SLE, LN, and IBD, etc. With both Orelabrutinib as a B-cell pathway regulator and ICP-332 and ICP-488 as T-cell pathway regulators in hand, we believe we are well-positioned to provide oral drug solutions for the substantial unmet medical needs in autoimmune diseases.

Building A Competitive Drug Portfolio for Solid Tumor Treatment in China and Worldwide

We believe the potential best-in-class molecules ICP-192 and ICP-723 will enable us to establish a solid footprint in the field of solid tumor treatment with the precision medicine. Our rapidly maturing early-stage pipeline including the cornerstone therapy ICP-189 and ICP-B05, and ICP-033 immune-oncology treatment should enable us to provide a competitive treatment solution for a large array of solid tumors for both China and global patients.

Continuing To Expand Our Pipeline Through In-House Discovery and Business Development Efforts

We will continue to develop our multiple candidates that are currently at IND-enabling stage and generate new molecular entities from our proven in-house drug discovery platform.

To further enhance our pipeline and optimize our operational efficiency, we will actively pursue in-licensing and clinical collaboration opportunities that will complement our existing portfolio. A strong emphasis will be placed on licensing assets that could allow us to fully leverage our established clinical development, commercialization, and manufacturing capabilities, and those have potential synergies with our current pipeline for combination therapies.

Establishing In-House Biological Drug R&D Capability Through Internal and External Efforts

With the long-term goal of becoming a world leading biopharma company, we believe it is necessary to build our internal biological drug R&D capability. Collaborative activities surrounding ICP-B02, ICP-B05 and Tafasitamab have clearly demonstrated our commitment and provided us a great starting point. Building an internal talent team and necessary infrastructure for biological drugs is well underway.

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from continuing operations				
Net sales of drugs	**321,466**	**85.1**	217,071	88.3
Research and development services	**56,083**	**14.9**	28,887	11.7
Total Revenue	**377,549**	**100.0**	245,958	100.0

Our revenue increased from RMB246.0 million for the six months ended 30 June 2022 to RMB377.5 million for the six months ended 30 June 2023. Net sales of drugs revenue increased by RMB104.4 million or 48.1% to RMB321.5 million, as compared to the six months ended 30 June 2022. Research and development services revenue increased by RMB27.2 million or 94.1% from RMB28.9 million for the six months ended 30 June 2022 to RMB56.1 million for the six months ended 30 June 2023.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Sales of drugs	**279,333**	**92.7**	179,755	98.1
Research and development services	**22,144**	**7.3**	3,465	1.9
	301,477	**100.0**	183,220	100.0

As a result of the foregoing, our gross profit increased from RMB183.2 million (gross profit margin: 74.5%) for the six months ended 30 June 2022 to RMB301.5 million (gross profit margin: 79.9%) for the six months ended 30 June 2023.

Segmental Information

The Group is engaged in biopharmaceutical research and development, manufacturing, commercialization and services, which are 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 analysis by operating segment is presented.

Other Income and Gains

Our other income and gains increased from RMB99.3 million for the six months ended 30 June 2022 to RMB131.3 million for the six months ended 30 June 2023, primarily attributable to RMB34.6 million increase in the bank interest income from RMB59.2 million for the six months ended 30 June 2022 to RMB93.8 million for the six months ended 30 June 2023.

Research and Development Expenses

Our research and development expenses increased from RMB273.5 million for the six months ended 30 June 2022 to RMB358.1 million for the six months ended 30 June 2023, primarily due to continuous advancement of R&D process leading to increasing pre-clinical, clinical trial costs and talent reserve of R&D team.

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Direct clinical trial and third-party contracting expenses	**146,561**	**40.9**	92,935	34.0
Employee expenses	**117,654**	**32.9**	98,899	36.2
Share-based compensation	**20,808**	**5.8**	29,746	10.9
Depreciation and amortization	**28,206**	**7.9**	18,177	6.6
Others	**44,901**	**12.5**	33,762	12.3
Research and development expenses	**358,130**	**100.0**	273,519	100.0

(i) RMB53.7 million increase of direct clinical trial and third party contracting expenses from RMB92.9 million to RMB146.6 million;

(ii) RMB18.8 million increase of R&D employee expenses from RMB98.9 million to RMB117.7 million;

(iii) RMB8.9 million decrease of share-based compensation from RMB29.7 million to RMB20.8 million;

(iv) RMB10.0 million increase of depreciation and amortization from RMB18.2 million to RMB28.2 million;

(v) RMB11.1 million increase of other R&D expenses such as trial materials, consumables and energy, etc., from RMB33.8 million to RMB44.9 million.

Administrative Expenses

Our administrative expenses increased from RMB78.5 million for the six months ended 30 June 2022 to RMB87.3 million for the six months ended 30 June 2023, primarily attributable to (i) an increase in employee expense of our administrative personnel from RMB34.8 million to RMB39.8 million; (ii) an increase in depreciation and amortization from RMB4.3 million to RMB7.1 million mainly caused by addition of the property, plant and equipment and other intangible assets; (iii) the increase of the taxes and surcharges from RMB2.1 million to RMB4.2 million because of more payment of value-added tax; and (iv) increase of other administrative expenses from RMB7.4 million to RMB11.3 million as the Company has grown in size.

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Employee expense	**39,772**	**45.6**	34,796	44.3
Share-based compensation	**13,568**	**15.5**	17,340	22.1
Professional fees	**11,351**	**13.0**	12,668	16.1
Depreciation and amortisation	**7,117**	**8.2**	4,272	5.4
Taxes and surcharges	**4,226**	**4.8**	2,053	2.6
Others	**11,265**	**12.9**	7,390	9.5
Administrative Expenses	**87,299**	**100.0**	78,519	100.0

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB186.1 million for the six months ended 30 June 2022 to RMB191.2 million for the six months ended 30 June 2023, primarily attributable to advancing our commercialization of Orelabrutinib, including (i) an increase in employee expense of our sales and marketing personnel from RMB68.4 million to RMB81.3 million; and (ii) an increase in other selling and distribution expenses from RMB16.8 million to RMB23.1 million.

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Market research and market promotion	**76,287**	**39.9**	82,120	44.1
Employee expense	**81,281**	**42.5**	68,437	36.8
Share-based compensation	**10,542**	**5.5**	18,664	10.0
Others	**23,098**	**12.1**	16,833	9.1
Selling and Distribution Expenses	**191,208**	**100.0**	186,054	100.0

Other Expenses

Our other expenses increased from RMB160.5 million to RMB179.2 million, mainly are the unrealized foreign exchange loss due to USD appreciation against RMB when exchanging our overseas company's RMB balance to its functional currency USD.

Fair value changes of a convertible loan

Our fair value changes of a convertible loan with Guangzhou Kaide changed from a loss of RMB19.4 million for the six months ended 30 June 2022 to a loss of RMB23.7 million for the six months ended 30 June 2023.

Share of losses of joint ventures

Our share of losses of joint ventures was RMB2.1 million for the six months ended 30 June 2023 comparing to a loss of RMB8.8 million for the six months ended 30 June 2022.

Finance Costs

Our finance costs increased from RMB1.4 million for the six months ended 30 June 2022 to RMB20.3 million for the six months ended 30 June 2023, primarily attributable to increase of discounting interest cost with long term payables and other current liability.

Analysis of Key Items of Financial Position

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
CURRENT ASSETS		
Trade and bills receivables	**209,269**	127,825
Prepayments, other receivables and other assets	**104,013**	95,344
Inventories	**109,483**	65,322
Financial assets at fair value through profit or loss	**321,580**	313,290
Cash and bank balances	**8,367,067**	8,697,927
Total current assets	**9,111,412**	9,299,708
CURRENT LIABILITIES		
Interest-bearing bank borrowings	**5,000**	–
Trade payables	**129,429**	118,597
Contract liabilities	**–**	4,242
Other payables and accruals	**687,566**	727,552
Deferred income	**10,885**	7,757
Lease liabilities	**19,424**	20,112
Convertible loan	**1,220,875**	1,197,168
Total current liabilities	**2,073,179**	2,075,428
NET CURRENT ASSETS	**7,038,233**	7,224,280

We had net current assets of RMB7,038.2 million as of 30 June 2023, which was primarily attributable to our cash and bank balances of RMB8,367.1 million, trade and bills receivables of RMB209.3 million, prepayments, other receivables and other assets of RMB104.0 million, inventories of RMB109.5 million and financial assets at fair value through profit or loss of RMB321.6 million, which was partially offset by trade payables of RMB129.4 million, other payables and accruals of RMB687.6 million and convertible loan of RMB1,220.9 million.

Trade and bills receivables

Our trade and bills receivables mainly consist of the receivables by selling drugs and providing R&D services. An ageing analysis of the trade and bills receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	As of	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Within 3 months	**192,065**	127,822
3 months to 6 months	**17,204**	3
Trade and bills receivables	**209,269**	127,825

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to several diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets increased from RMB95.3 million as of 31 December 2022 to RMB104.0 million as of 30 June 2023, primarily due to (i) RMB3.4 million increase in prepayments from RMB33.6 million as of 31 December 2022 to RMB37.0 as of 30 June 2023; and (ii) RMB6.8 million increase in interest receivable from RMB45.0 million as of 31 December 2022 to RMB51.8 million as of 30 June 2023.

	As of	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Prepayments	**36,969**	33,557
Interest receivable	**51,811**	44,987
Value-added tax recoverable	**7,735**	12,147
Other receivables	**7,498**	4,653
Prepayments, other receivables and other assets	**104,013**	95,344

Inventories

To prepare for the future sales growth, our inventories, which mainly include raw materials, consigned processing material and finished goods, increased from RMB65.3 million as of 31 December 2022 to RMB109.5 million as of 30 June 2023.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss are wealth management products denominated in RMB, measured at fair value and whose changes are included in profit or loss, with RMB321.6 million in current assets as of 30 June 2023, compared with RMB313.3 million in current assets as of 31 December 2022.

Trade Payables

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

	As of	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Within 1 year	**121,589**	111,186
1 year to 2 years	**7,789**	7,335
2 years to 3 years	**42**	66
Over 3 years	**9**	10
	129,429	118,597

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

Other Payables and Accruals

Our other payables and accruals decreased from RMB727.6 million as of 31 December 2022 to RMB687.6 million as of 30 June 2023, primarily due to (i) a decrease in payable for property, plant and equipment from RMB104.1 million as of 31 December 2022 to RMB98.9 million as of 30 June 2023; (ii) a decrease in payroll payables from RMB57.0 million as of 31 December 2022 to RMB41.7 million as of 30 June 2023; (iii)a decrease in individual income tax and other taxes from RMB32.6 million as of 31 December 2022 to RMB21.3 million as of 30 June 2023; and (iv) a decrease in accruals from RMB51.4 million as of 31 December 2022 to RMB30.8 million as of 30 June 2023.

	As of	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Payable for property, plant and equipment	**98,922**	104,050
Payroll payables	**41,734**	57,014
Individual income tax and other taxes	**21,320**	32,580
Sales rebate	**8,054**	7,628
Accruals	**30,750**	51,391
Other current liability	**470,981**	459,517
Others	**15,805**	15,372
Other Payables and Accruals	**687,566**	727,552

Indebtedness and finance lease

The following table sets forth the breakdown of our indebtedness and finance lease as of the dates indicated:

	As of	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Included in current liabilities		
Interest-bearing bank borrowings	**5,000**	–
Lease liabilities	**19,424**	20,112
Other current liability	**470,981**	459,517
Convertible loan	**1,220,875**	1,197,168
Included in non-current liabilities		
Interest-bearing bank borrowings	**7,700**	–
Lease liabilities	**35,165**	35,439
Long term payables	**296,451**	287,761
Total indebtedness	**2,055,596**	1,999,997

Our total indebtedness increased from RMB2,000.0 million as of 31 December 2022 to RMB2,055.6 million as of 30 June 2023, mainly due to the increase of other current liability, convertible loan, long term payables and interest-bearing bank borrowings.

Deferred income

Our total deferred income, classified in current liabilities and non-current liabilities, slightly increased from RMB286.0 million as of 31 December 2022 to RMB286.6 million as of 30 June 2023, mainly due to newly granted government subsidy obtained.

Property, Plant and Equipment

Property, plant and equipment increased from RMB653.2 million as of 31 December 2022 to RMB715.8 million as of 30 June 2023, which is mainly caused by increase of buildings, plant and machinery for both Beijing Tiancheng Pharma Tech Co., Ltd. and Guangzhou InnoCare Pharma Tech Co., Ltd. ("**Guangzhou InnoCare**").

Right-of-use Assets

The right of use assets decreased from RMB284.1 million as of 31 December 2022 to RMB279.3 million as of 30 June 2023, which is mainly caused by the amortization of right-of-use assets.

Other intangible Assets

Other intangible assets decreased from RMB41.3 million as of 31 December 2022 to RMB38.6 million as of 30 June 2023, mainly due to the amortization of the intangible assets.

Investments in Joint Ventures

Our investments in joint ventures decreased from RMB11.7 million as of 31 December 2022 to RMB9.6 million as of 30 June 2023 because share of losses of the joint ventures for the period increased.

Other Non-Current Assets

Other non-current assets, which were mainly the prepayments for long term assets, including property, plant and equipment and other intangible assets etc., increased from RMB28.0 million as of 31 December 2022 to RMB32.8 million as of 30 June 2023.

Key Financial Ratio

The following table sets forth our selected key financial ratio:

	As of	
	30 June 2023	31 December 2022
Current ratio	**4.4**	4.5

Current ratio equals current assets divided by current liabilities as of the end of the year/period.

The decrease in current ratio was primarily due to the decrease of bank and cash balances from RMB8,697.9 million to RMB8,367.1, partially offset by the increase of inventories from RMB65.3 million to RMB109.5 million and trade and bills receivables from RMB127.8 million to RMB209.3 million.

LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements to be satisfied by a combination of cash generated from operating activities, bank and other borrowing facilities, other funds raised from the capital markets from time to time and the net proceeds from the IPO and the RMB Share Issue. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

On 23 March 2020, 250,324,000 Shares of US$0.000002 each were issued at a price of HK$8.95 per Share in connection with the Company's Listing on the Hong Kong Stock Exchange. The proceeds of HK$3,883 representing the par value of shares, were credited to the Company's share capital. The remaining proceeds of HK$2,240.4 million (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from U.S. dollar to Hong Kong dollar is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the U.S. as of 23 March 2020.

On 15 April 2020, the international underwriters of the Global Offering exercised the overallotment option in full, pursuant to which the Company is required to allot and issue the option shares, being 37,548,000 Shares, representing approximately 15% of the maximum number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK$322.59 million (after deducting the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option).

On 10 February 2021, pursuant to two subscription agreements entered between the Company and certain investors, a total of 210,508,000 Shares of the Company were subscribed at a subscription price of HK$14.45 per subscription share. For further details, please refer to the announcements of the Company dated 3 February 2021 and 10 February 2021, respectively.

On 21 September 2022, 264,648,217 RMB Shares of US$0.000002 each were issued at a price of RMB11.03 per RMB Share and listed on the STAR Market. Net proceeds after deducting underwriting discounts and commission and offering expenses were RMB2,778.82 million. As required by the PRC securities laws, the net proceeds from the RMB Share Issue must be used in strict compliance with the planned uses as disclosed in the PRC prospectus as well as the Company's proceeds management policy for the RMB Share Issue approved by the board of directors.

As of 30 June 2023, our cash and bank and wealth management product balances were RMB8,688.6 million, as compared to RMB9,011.2 million as of 31 December 2022. The decrease was mainly due to the operating activities. Our primary uses of cash are to fund research and development efforts of new drug candidates, sales promotion, working capital and other general corporate purposes. Our cash and cash equivalents are held in RMB, USD, AUD and HKD.

Save as disclosed in this announcement, during the Reporting Period and until the date of this announcement, the Company has not made any issue of equity securities for cash.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Subscription of Wealth Management Products

Between 8 October 2021 and 29 December 2021, the Company, through its subsidiaries, subscribed for certain wealth management products issued by China Merchants Bank Co., Ltd. and administered by CMB Wealth Management Company Limited, for an aggregate principal amount of RMB715 million. The relevant wealth management products are non-principal guaranteed with floating return, and with moderately low risk. For details, please refer to the announcements of the Company dated 30 March 2022 and 19 April 2022. As of 30 June 2023, the subscriptions generated (i) nil investment income; and (ii) a fair value gain of RMB8.3 million measured at fair value through the Company's profit/loss account. As of 30 June 2023, the aggregated outstanding principal amount of the Group's Wealth Management Products was RMB300.0 million.

Saved as disclosed above, as of 30 June 2023, we did not hold any significant investments of the Company. For the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company. We did not have any future plans for material investments and captial assets as of 30 June 2023.

GEARING RATIO

The gearing ratio (calculated as total debts (includes other current liability, long-term payables, interest-bearing bank borrowings and convertible loan) divided by total assets and multiplied by 100%) as of 30 June 2023 was 19.6% (31 December 2022: 18.8%).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

BANK LOANS AND OTHER BORROWINGS

As of 30 June 2023, we had RMB1,220.9 million of the convertible loan with Guangzhou Kaide, RMB296.5 million of long term payable with Beijing Changxin Construction Investment Co., Ltd, RMB12.7 million of interest-bearing borrowings with Bank of Beijing and RMB471.0 million of other current liability with Guangzhou Hi-tech Zone Technology Holding Group Co., Ltd, land use right of RMB158.5 million was mortgaged to Beijing Changxin Construction Investment Co., Ltd. We signed a loan agreement with Bank of Beijing in May 2023, with the banking facility of RMB400.0 million. As of 30 June 2023, RMB12.7 million was withdrawn and the unutilized banking facility is RMB387.3 million. Except for the items above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CONTINGENT LIABILITIES

As of 30 June 2023, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

Our financial statements are presented in RMB, but certain of our cash and cash equivalents, time deposits, trade and other receivables, trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

LIQUIDITY RISK

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

CHARGE ON GROUP ASSETS

Except for the mortgage on land use right under the paragraph of "Bank Loans and Other Borrowings", there was no pledge of the Group's assets as of 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on 3 November 2015 as an exempted company with limited liability, and the shares of the Company were listed on the Stock Exchange on 23 March 2020. On 21 September 2022, the RMB Shares of the Company were listed on the STAR Market.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's annual general meeting held on 2 June 2023 ("**2022 AGM**"), the Shareholders passed a special resolution in relation to the amendments to the memorandum and articles of association of the Company. The fourth amended and restated memorandum and articles of association of the Company became effective on 2 June 2023. For details, please refer to the Company's circular dated 3 May 2023.

CHANGES IN INFORMATION OF DIRECTORS, COMPANY SECRETARY AND CHIEF EXECUTIVES

During the Reporting Period and up to the date of this announcement, the composition of the Board of Directors, Company Secretary, and Chief Executives of the Company changed as follows:

Mr. Shan Fu	–	resigned as a non-executive Director with effect from 27 March 2023. For details, please refer to the announcement of the Company dated 27 March 2023.
Dr. Zemin Jason Zhang	–	resigned as an independent non-executive Director, a member of the Audit Committee, a member of the Compensation Committee and a member of the Nomination Committee of the Company with effect from 14 July 2023.

Following to the resignation of Dr. Zemin Jason Zhang as a member of each of the Compensation Committee, the Nomination Committee and the Audit Committee, (i) Dr. Kaixian Chen, an independent non-executive Director, has been appointed as a member of the Compensation Committee; (ii) Ms. Lan Hu, an independent non-executive Director, has been appointed as a member of the Nomination Committee; and (iii) Mr. Ronggang Xie, a non-executive Director, has been appointed as a member of the Audit Committee.

Save as disclosed in this announcement, there are no changes in the information of Director of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

RE-ELECTION OF DIRECTORS

On 3 May 2023, the Nomination Committee of the Company nominated three members of the Board of Directors of the Company (namely, Dr. Renbin Zhao, who is the executive Director, Mr. Ronggang Xie, who is the non-executive Director, and Dr. Kaixian Chen, who is the independent non-executive Director) to the Board for it to recommend to the Shareholders for re-election at the 2022 AGM. The nominations were made in accordance with the Company's terms of reference of the Nomination Committee and the board diversity policy. The re-election resolutions set out in the 2022 AGM Notice were duly passed by the Shareholders of the Company as ordinary resolutions by way of poll at the 2022 AGM.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the Chairperson and the Chief Executive should be segregated and should not be performed by the same individual. The roles of the Chairperson and Chief Executive Officer of the Company are held by Dr. Jisong Cui who is a co-founder of the Company. The Board believes that this structure will not impair the balance of power and authority between our Board and the management of the Company, given that: (i) a decision to be made by the Board requires approvals by at least a majority of Directors and that the Board comprises three independent non-executive Directors out of nine Directors, and the Board believes there is sufficient check and balance in the Board; (ii) Dr. Jisong Cui and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefits and in the best interests of the Company and will make decisions for 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 Company. 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. The Board also believes that the combined role of Chairperson and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Further, in view of Dr. Jisong Cui's experience, personal profile and her roles in the Company as mentioned above, Dr. Jisong Cui is the Director best suited to identify strategic opportunities and focus of the Board due to her extensive understanding of our business as the Chief Executive Officer. Finally, as Dr. Jisong Cui is the co-founder of the Company, the Board believes that vesting the roles of both Chairperson 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 and communication within 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 Chairperson and Chief Executive Officer is necessary.

The Company will continue to regularly review and monitor the corporate governance practices to ensure the compliance with the CG Code and maintain a high standard of the best practices. We aim to implement a high standard of corporate governance, which is crucial to safeguard the interests of the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiries have 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. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

SCOPE OF WORK OF THE GROUP'S AUDITORS

The figures in respect of the Group's condensed consolidated statement of financial position, condensed consolidated statement of profit or loss and condensed other comprehensive income and the related notes thereto for the six months ended 30 June 2023 as set out in this announcement have been agreed by the Group's auditors to the amounts set out in the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023. The work performed by the Group's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's auditors in this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. As at the date of this announcement, the Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely, Ms. Lan Hu, Dr. Kaixian Chen and Mr. Ronggang Xie, respectively. Ms. Lan Hu, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed the interim results and condensed consolidated financial statements of the Group for the six months ended 30 June 2023 and has met with the independent auditors. 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.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as at the end of the Reporting Period.

USE OF NET PROCEEDS

Use of Net Proceeds from the IPO

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO and the exercise of over-allotment option of approximately HK$2,415.67 million. Up to 30 June 2023, HKD1,390.6 million, or 57.6% out of the net proceeds have been utilized. The remaining proceeds will be used in the following three to four years. The completion time of for usage of proceeds is determined based on the Company's actual business needs and future business development.

	Use of proceeds as stated in the Prospectus *(in HK$'000) (approximate)*	**Net proceeds unutilized as of 31 December 2022** *(in HK$'000) (approximate)*	**Actual use of proceeds during the Reporting Period** *(in HK$'000) (approximate)*	**Net proceeds unutilized as of 30 June 2023** *(in HK$'000) (approximate)*	**Expected timeline for usage of proceeds**
50% for ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of Orelabrutinib concurrently in both China and the U.S.	1,207,835	411,998	87,447	324,551	The amount is expected to be fully utilized before the second half of 2026
40% for our other clinical stage product candidates*	966,268	696,201	38,285	657,916	The amount is expected to be fully utilized by the second half of 2026
10% for working capital and general corporate purposes	241,567	47,316	4,725	42,591	The amount is expected to be fully utilized before the second half of 2026
Total	2,415,670	1,155,515	130,457	1,025,058	

* Comparing to the corresponding disclosures in the Prospectus, or in previous annual reports, in this report the Company has adjusted the manner in which the proceeds from its IPO will be applied to. Such adjustments are to (i) better reflect the recent advancement of progress in the Company's product pipelines, and (ii) demonstrate the Company's recent development focus in its product pipelines.

Use of Net Proceeds from Subscription Agreements in February 2021

On 2 February 2021, the Company and certain investors had entered into two subscription agreements pursuant to which the Company has conditionally agreed to allot and issue and the investors, namely Gaoling Fund L.P., YHG Investment L.P. and Vivo Opportunity Fund, L.P., have conditionally, on a several but not joint basis, agreed to subscribe for an aggregate of 210,508,000 Shares of the Company, representing approximately 16.33% of the then total issued shares of the Company as at the date of the subscription agreements and approximately 14.04% of the total issued shares of the Company as enlarged by the allotment and issue of the subscription shares, at the subscription price of HK$14.45 per subscription share. The aggregate nominal value of the subscription shares under the subscription was US$421.02. The net price of each subscription share based on the net proceeds of approximately HK$3,041.44 million and 210,508,000 subscription shares were estimated to be approximately HK$14.45. The closing price as quoted on the Stock Exchange on 2 February 2021 was HK$15.72 per Share. The gross proceeds and net proceeds from the issued subscription shares were approximately HK$3,041.84 million and HK$3,041.44 million, respectively. The above-mentioned subscription was completed on 10 February 2021. Such use of proceeds will be in line with the planned use according to the intentions previously disclosed by the Company and it is expected there will be no significant change or delay.

The table below sets out the planned applications of the proceeds and actual usage up to 30 June 2023:

	Proceeds from the subscription *(in HK$'000) (approximate)*	**Actual use of proceeds up to 30 June 2023** *(in HK$'000) (approximate)*	**Net proceeds unutilized as of 30 June 2023** *(in HK$'000) (approximate)*	**Expected timeline for usage of proceeds**
Business objectives as stated in the announcement of the Company dated 3 February 2021	3,041,440	1,848,698	1,192,742	Expected to be fully utilized in three years since 23 March 2021, and subject to, among other things, change of market conditions

Use of Net Proceeds from RMB Share Issue

On 21 September 2022, the RMB Shares were listed on the STAR Market. The gross proceeds amounted to approximately RMB2,919.07 million. After deducting issuance expenses of RMB140.25 million in accordance with the related requirements, the net proceeds amounted to approximately RMB2,778.82 million. The net proceeds raised from the RMB Share Issue have been used and will be used in accordance with the intended uses disclosed in the Company's RMB Share prospectus dated 16 September 2022, which has been attached to the overseas regulatory announcement of the Company dated 16 September 2022.

As at 30 June 2023, the net proceeds of the RMB Share Issue had been utilised as follows:

	Proceeds from the subscription *(in RMB'000) (approximate)*	**Actual use of proceeds up to 30 June 2023** *(in RMB'000) (approximate)*	**Net proceeds unutilized as of 30 June 2023** *(in RMB'000) (approximate)*	**Expected timeline for usage of proceeds**
New drug research and development ("**R&D**") projects	1,494,220.6	221,902.9	1,272,317.7	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Upgrade of drug R&D platform	116,146.6	82,980.7	33,165.9	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Construction of marketing network	273,851.4	93,790.0	180,061.4	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Construction of IT system	60,952.3	18,957.9	41,994.4	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Replenishment of cash flow	833,644.7	277,089.3	556,555.4	Expected to be fully utilized by 2027, and subject to, among other things, change of market conditions
Total	2,778,815.6	694,720.8	2,084,094.8	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June 2023 **RMB'000** **(Unaudited)**	2022 RMB'000 (Unaudited)
REVENUE	*4*	**377,549**	245,958
Cost of sales		**(76,072)**	(62,738)
Gross profit		**301,477**	183,220
Other income and gains	*4*	**131,265**	99,292
Selling and distribution expenses		**(191,208)**	(186,054)
Research and development expenses		**(358,130)**	(273,519)
Administrative expenses		**(87,299)**	(78,519)
Other expenses		**(179,150)**	(160,544)
Fair value changes of a convertible loan		**(23,707)**	(19,406)
Impairment losses on financial assets		**–**	(85)
Share of losses of joint ventures		**(2,087)**	(8,800)
Finance costs		**(20,345)**	(1,397)
LOSS BEFORE TAX		**(429,184)**	(445,812)
Income tax expense	*6*	**–**	–
LOSS FOR THE PERIOD	*5*	**(429,184)**	(445,812)
Attributable to:			
Owners of the parent		**(422,211)**	(441,343)
Non-controlling interests		**(6,973)**	(4,469)
		(429,184)	(445,812)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB(0.25)**	RMB(0.31)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	For the six months ended 30 June 2023 **RMB'000** **(Unaudited)**	2022 *RMB'000* (Unaudited)
LOSS FOR THE PERIOD	*5*	**(429,184)**	(445,812)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**233,692**	238,653
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**233,692**	238,653
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(195,492)**	(207,159)
Attributable to:			
Owners of the parent		**(188,519)**	(202,690)
Non-controlling interests		**(6,973)**	(4,469)
		(195,492)	(207,159)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023** ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**715,809**	653,163
Right-of-use assets		**279,278**	284,103
Goodwill		**3,125**	3,125
Other intangible assets		**38,636**	41,305
Investments in joint ventures		**9,625**	11,712
Other non-current assets		**32,831**	28,042
Total non-current assets		**1,079,304**	1,021,450
CURRENT ASSETS			
Inventories		**109,483**	65,322
Trade and bills receivables	*10*	**209,269**	127,825
Prepayments, other receivables and other assets	*11*	**104,013**	95,344
Financial assets at fair value through profit or loss		**321,580**	313,290
Cash and bank balances		**8,367,067**	8,697,927
Total current assets		**9,111,412**	9,299,708
CURRENT LIABILITIES			
Trade payables		**129,429**	118,597
Contract liabilities		**–**	4,242
Other payables and accruals		**687,566**	727,552
Interest-bearing bank borrowings		**5,000**	–
Deferred income		**10,885**	7,757
Lease liabilities		**19,424**	20,112
Convertible loan	*12*	**1,220,875**	1,197,168
Total current liabilities		**2,073,179**	2,075,428
NET CURRENT ASSETS		**7,038,233**	7,224,280
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,117,537**	8,245,730

	Notes	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**7,700**	–
Lease liabilities		**35,165**	35,439
Long term payables	*13*	**296,451**	287,761
Deferred income		**275,691**	278,203
Total non-current liabilities		**615,007**	601,403
NET ASSETS		**7,502,530**	7,644,327
EQUITY			
Equity attributable to owners of the parent			
Share capital		**23**	23
Reserves		**7,462,254**	7,597,078
		7,462,277	7,597,101
Non-controlling interests		**40,253**	47,226
TOTAL EQUITY		**7,502,530**	7,644,327

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2015. The registered office of the Company is located at the offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009 Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the research and development, manufacture and commercialisation of biological products. The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and STAR Market of the Shanghai Stock Exchange on 23 March 2020 and on 21 September 2022, respectively.

2.1 BASIS OF PREPARATION

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of these amendments to IAS 12 did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research and development, manufacturing, commercialization and services, which are 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 analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	**2022**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**322,234**	217,702
Overseas	**55,315**	28,256
	377,549	245,958

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**1,078,689**	1,020,695
Overseas	**615**	755
	1,079,304	1,021,450

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

Seasonality of operations

The Group's operations are not subject to seasonality.

Information about major customers

Revenue from each of the major customers (aggregated if under common control) which amounted to 10% or more of the Group's revenue during the period is set out below:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**102,863**	87,515
Customer B	**60,722**	40,038
Customer C	**55,315**	28,256
Customer D	**43,363**	27,348
	262,263	183,157

4. REVENUE, OTHER INCOME AND GAINS

Revenue is analysed as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**377,549**	245,958

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of goods	**321,466**	217,071
Research and development services	**55,315**	28,256
Other services	**768**	631
	377,549	245,958
Geographical markets		
Mainland China	**322,234**	217,702
Overseas	**55,315**	28,256
	377,549	245,958
Timing of revenue recognition from contracts with customers		
At a point in time	**322,234**	217,702
Over time	**55,315**	28,256
	377,549	245,958

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Research and development services

The performance obligation is satisfied over time as output generated from the provision of research and development services to the customer, and payment is generally due within 60 days from the date of billing.

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from the date of billing.

Other services

The performance obligation is satisfied upon delivery of the testing service reports and payment is generally due within 90 days from delivery.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Government grants *(note)*	**29,201**	28,478
Bank interest income	**93,771**	59,183
Investment income from investments in wealth management products	**–**	754
Fair value changes of financial assets at fair value through profit or loss	**8,290**	10,867
Others	**3**	10
	131,265	99,292

Note: Government grants have been received from the PRC local government authorities to mainly support the subsidiaries' research and development activities and compensate capital expenditures.

5. LOSS FOR THE PERIOD

The Group's loss is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**28,255**	13,085
Depreciation of right-of-use assets	**11,870**	10,191
Amortisation of other intangible assets	**2,669**	2,158
Fair value changes of a convertible loan	**23,707**	19,406
Share-based payment expenses	**44,918**	65,751
Employee wages and welfares	**251,066**	205,358
Research and development expenses, excluded share-based payment expenses	**337,322**	243,773
Cost of inventories sold	**76,072**	62,738
Foreign exchange losses, net	**178,644**	160,031

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands ("BVI"), Ocean Prominent Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Ocean Prominent Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong, which is a qualifying entity under the two-tiered profits tax rates regime, was subject to income tax at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. Preferential tax treatment of 15% is available to entities recognised as High and New Technology Enterprises. Beijing InnoCare Pharma Tech Co., Ltd. ("Beijing InnoCare"), Nanjing Tianyin Jian Hua Pharma Tech Co., Ltd. and Guangzhou InnoCare were recognised as High and New Technology Enterprises and are entitled to a preferential tax rate of 15% (2022: 15%).

Australia

The subsidiary incorporated in Australia was subject to income tax at the rate of 25% (2022: 25%) on the estimated assessable profits during the year with less than AU$50,000,000 of turnover and 30% (2022: 30%) on the estimated assessable profits during the year which is a qualifying entity with more than AU$50,000,000 of turnover.

United States of America

The subsidiary incorporated in United States is subject to statutory United States federal corporate income tax at a rate of 21% (2022: 21%). It was also subject to the state income tax in relevant states to fulfil compliance requirements.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There is no current income tax or deferred income tax for the six months ended 30 June 2023 and 2022.

7. DIVIDEND

No dividends have been declared and paid by the Company for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

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

The calculation of the basic loss per share amounts attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(422,211)**	(441,343)

	For the six months ended 30 June	
	2023	2022
	Number of shares '000	*Number of shares '000*
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**1,684,883**	1,411,655

The computation of basic loss per share amounts for the six months ended 30 June 2023 and 2022 excluded the unvested restricted stock units of the Company. Details of these restricted stock units are set out in note 20 to the interim condensed consolidated financial information.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of dilutions as the impact of the exercise of restricted stock units had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the six months ended 30 June 2023 and 2022 are the same as the basic loss per share amounts.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB90,900,000 (30 June 2022: RMB83,996,000).

During the six months ended 30 June 2023, the Group disposed of assets for a cost of RMB4,000 (No asset was disposed of by the Group during the six months ended 30 June 2022).

10. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**195,431**	127,957
Bills receivable	**13,938**	–
Impairment	**(100)**	(132)
Trade and bills receivables	**209,269**	127,825

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade an bills receivables are non-interest-bearing.

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**178,127**	127,822
3 months to 6 months	**17,204**	3
	195,331	127,825

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At beginning of period/year	**132**	31
Impairment losses	**(32)**	100
Foreign exchange differences	**–**	1
At end of period/year	**100**	132

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by product type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2023

	Gross carrying amount	**Expected loss rate**	**Expected credit loss**
	RMB'000		***RMB'000***
	(Unaudited)		**(Unaudited)**
Trade receivables aged less than 1 year	**195,431**	**0.05%**	**100**

As at 31 December 2022

	Gross carrying amount *RMB'000* (Audited)	Expected loss rate	Expected credit loss *RMB'000* (Audited)
Trade receivables aged less than 1 year	127,957	0.10%	132

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Prepayments	**36,969**	33,557
Interest receivable	**51,811**	44,987
Value-added tax recoverable	**7,735**	12,147
Other receivables	**7,498**	4,653
	104,013	95,344

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2023 and 31 December 2022, the loss allowance was assessed to be minimal.

12. CONVERTIBLE LOAN

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Current portion		
Convertible loan	**1,220,875**	1,197,168

	Convertible loan *RMB'000*
At 1 January 2022	1,200,564
Changes in fair value	(3,396)
At 31 December 2022 (Audited)	1,197,168
Changes in fair value	23,707
At 30 June 2023 (Unaudited)	1,220,875

In August 2018, Guangzhou InnoCare was jointly established by Guangzhou High-Tech Zone Technology Holding Group Co., Ltd. ("Guangzhou High-Tech", formerly named as Guangzhou Kaide Technology Development Limited) and a subsidiary of the Company. In addition, Guangzhou High-Tech provided Guangzhou InnoCare with a convertible loan amounting to RMB930 million, which bears interest at 6.5% per annum and is due on 31 December 2024. Under the loan agreement, Guangzhou InnoCare has to convert the loan into ordinary shares of Guangzhou InnoCare under certain conditions. The Group does not bifurcate any embedded derivatives from the host instrument and has designated the loan from Guangzhou High-Tech with a conversion right as a financial liability at fair value through profit or loss. Further details are included in note 24 to the interim condensed consolidated financial information.

13. LONG TERM PAYABLES

The movements in long term payables during the period/year are as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At 1 January	**287,761**	37,693
Additions	**9,265**	250,627
Less: Interest paid	**(575)**	(559)
At the end of period/year	**296,451**	287,761

The Group received five-year loans from a government related entity amounting to RMB50,000,000 and RMB325,000,000 bearing interest at 0.35% per annum with early redemption options in December 2021 and June 2022, respectively. The Group measured the loans by applying the effective interest rate method and the rest portions for loans' discount effect were recognised as government grant recorded in deferred income.

14. SHARE-BASED PAYMENTS

The Company operates four H share-based payment schemes, 2015 Global Share Plan, 2016 Global Share Plan, 2018 Global Share Plan and 2020 Global Share Plan (the "Schemes") and one A share Incentive Scheme, 2023 STAR Market Restricted Share Incentive Scheme (the "A Share Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Company's directors, the Group's employees and consultants.

"Class A Ordinary Shares" means the Company's class A ordinary shares, with a par value of US$0.000002 per share.

"Class B Ordinary Shares" means the Company's class B ordinary shares, with a par value of US$0.000002 per share, all of which shall be reserved and issued for employee incentive purposes under the employee stock option plan as adopted by the board of directors of the Company.

2015 Global Share Plan

The 2015 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 183,888,050 Class B Ordinary Shares. The 2015 Global Share Plan permits the awards of share options and RSUs. Share options and RSUs do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

2016 Global Share Plan

The 2016 Global Share Plan became effective on 6 September 2016 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 22,200,000 Class B Ordinary Shares. The 2016 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

2018 Global Share Plan

The 2018 Global Share Plan became effective on 28 November 2018 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum aggregate number of shares that may be issued under this plan is 68,498,464 Class B Ordinary Shares. The 2018 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

2020 Global Share Plan

The 2020 Global Share Plan became effective on 3 July 2020 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The maximum number of shares in respect of which RSU may be granted under the 2020 Global Share Plan when aggregated with the maximum number of shares in respect of which share options or RSUs may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the adoption date (or of the refreshment of the 10% limit). The 2020 Global Share Plan permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

RSUs

Subject to the achievement of certain milestone conditions, certain performance conditions and the directors and employees' continued status as a service provider through each of the applicable vesting dates, and to the extent permitted by applicable law, the RSUs shall be vested in whole or in part in accordance with the rules and the vesting schedule.

The following RSUs were outstanding under the Schemes:

	2023		2022	
	Weighted average exercise price *US$ per share*	**Number of RSUs *'000***	Weighted average exercise price *US$ per share*	Number of RSUs *'000*
At 1 January	**0.1433**	**29,833**	0.1261	37,571
Granted during the period	**0.1780**	**1,110**	0.1780	1,920
Forfeited during the period	**0.1780**	**(430)**	0.1780	(1,000)
Exercised during the period	**0.1591**	**(8,018)**	0.0928	(4,276)
At 30 June	**0.1387**	**22,495**	0.1317	34,215

The weighted average share price at the date of exercise for RSUs exercised during the period was US$1.0472 per share (2022: US$1.3626).

The exercise prices and exercise periods of the share awards outstanding as at the end of the reporting period are as follows:

For the six months ended 30 June 2023

Number of RSUs *'000*	**Exercise price *US$ per share***	**Exercise period**
2,770	**0.000002**	**6-9-18 to 1-8-29**
1,900	**0.055**	**16-3-22 to 15-9-31**
17,825	**0.178**	**2-8-20 to 30-3-33**
22,495		

For the six months ended 30 June 2022

Number of RSUs *'000*	Exercise price *US$ per share*	Exercise period
6,306	0.000002	6-9-18 to 15-9-31
2,475	0.055	16-3-22 to 15-9-31
25,434	0.178	2-8-20 to 27-4-32
34,215		

The fair value of each RSU at the respective grant dates is determined by using the binomial method, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the key assumptions that the model used.

	For the six months ended 30 June	
	2023	2022
Expected volatility (%)	**66.04**	42.68-46.53
Risk-free interest rate (%)	**3.64-4.53**	2.19-2.83
Expected life of RSUs (year)	**10**	10
Closing price of the Company's H share at the grant date (US$)	**1.07**	1.27-1.36

The Group recognised share-based payment expenses of RMB43.1 million during the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB65.8 million).

2023 STAR Market Restricted Share Incentive Scheme

The A Share Scheme became effective on 2 June 2023 and the validity period of this scheme is from 2 June 2023 to the date when all the restricted shares granted to the incentive objects are vested or invalidated, and the maximum period is not more than 72 months. The number of restricted shares to be granted to incentive objects in the A Share Scheme is 8,948,750, accounting for 0.51% of the total share capital of the Company. The A Share Scheme permits the awards of RSUs, which do not confer rights to the holders to vote or receive dividends or any other rights until the shares are issued.

The value per share of A share restricted stock incentive scheme granted in 2023 was RMB5.49 to RMB6.53 (2022: Nil), of which the Group recognises equity incentive expenses of RMB1.8 million during the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

The fair value of the equity-settled incentive granted on the grant date is estimated using the Black-Scholes option pricing model, in combination with the terms and conditions of the equity incentive granted. The following table lists the inputs to the model used:

	For the six months ended 30 June	
	2023	2022
Expected volatility (%)	**30.63-35.68**	NA
Risk-free interest rate (%)	**1.97-2.33**	NA
Expected life (year)	**2-5**	NA
Closing price of the Company's A share at the grant date (RMB)	**12.28**	NA

The following restricted stock were outstanding under the A Share Scheme during the period:

	2023		2022	
	Weighted average exercise price ***RMB per share***	**Number of RSUs** ***'000***	Weighted average exercise price *RMB per share*	Number of RSUs *'000*
At 1 January	**–**	**–**	NA	NA
Granted during the period	**6.95**	**7,209**	NA	NA
At 30 June	**6.95**	**7,209**	NA	NA

The exercise price and exercise period of the share awards outstanding as at the end of the reporting period are as follows:

For the six months ended 30 June 2023

Number of awards *'000*	**Exercise price** *RMB per share*	**Exercise period**
7,209	6.95	1-5 years

15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Contracted, but not provided for:		
Plant and machinery	**139,145**	130,956

On 5 May 2015, Beijing Huicheng Jianhua Pharma Technology Co., Ltd. ("Beijing Huicheng Jianhua", currently known as Beijing InnoCare Pharma Tech Co., Ltd.) entered into an agreement with Shanghai Runnuo Biotech Co., Ltd. ("Shanghai Runnuo") for the transfer of Bruton's Tyrosine Kinase ("BTK")-related intellectual property rights, pursuant to which Shanghai Runnuo has agreed to irrevocably transfer its worldwide rights and interests in the BTK-related intellectual property rights held by Shanghai Runnuo and its related parties to Beijing Huicheng Jianhua. Subject to the approval of the application of launching the new drug under BTK in other regions outside the People's Republic of China, (1) if Beijing Huicheng Jianhua licenses out the rights under the agreement to other regions outside the People's Republic of China, Beijing Huicheng Jianhua should pay a certain percentage of licence fee received to Shanghai Runnuo, and (2) if Beijing Huicheng Jianhua produces its own new drug under BTK and sell it in other regions outside the People's Republic of China, Beijing Huicheng Jianhua should pay a certain percentage of the oversea sales to Shanghai Runnuo.

As at 30 June 2023, in addition to the People's Republic of China, the new drug under BTK has already been approved for marketing in Singapore. However, situation has not occurred that Beijing Huicheng has to pay to Shanghai Runnuo. In the event that Beijing Huicheng Jianhua has to make such payment to Shanghai Runnuo in the future, the amount cannot be measured with sufficient reliability at this moment due to the uncertainty of the progress and result of clinical trial and application of the new drug in the aforementioned region, as well as the commercial results in Singapore.

16. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023	**2022**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**12,366**	11,874
Pension scheme contributions	**176**	165
Share-based payment expenses	**19,686**	30,172
Total compensation paid to key management personnel	**32,228**	42,211

(b) Name and relationships of the related parties:

Name	**Relationship**
Shanghai Baishida Pharmaceutical Technology Co., Ltd. ("Baishida")	Director of the entity acts as non-executive director of the Company
Nanjing Bowang Pharmaceutical Technology Co., Ltd. ("Nanjing Bowang")	Director of the entity acts as executive director of the Company and controlled by their immediate family members
Zemin Jason Zhang ("Zemin")*	Independent non-executive director of the Company
Shi Yigong	Non-executive director of the Company
Beijing Tiannuo Jiancheng Pharmaceutical Technology Co., Ltd. ("Beijing Tiannuo Jiancheng")	Joint venture

* On 14 July 2023, Zemin resigned as an independent non-executive director.

(c) Transactions with related parties:

	For the six months ended 30 June	
	2023	**2022**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Services from Baishida *(note (i))*	**485**	207
Total	**485**	207
Payments on behalf of Nanjing Bowang *(note (ii))*	**78**	107

Notes:

(i) The purchase of services from Baishida was mutually agreed after taking into account the prevailing market prices.

(ii) As mutually agreed between the Group and Nanjing Bowang, the Group pays to the lessor on behalf of Nanjing Bowang for using certain of machinery and equipment.

(iii) On 4 January 2016 and 8 August 2019, Beijing InnoCare signed the strategic cooperation agreements with Zemin, which are valid for three years, respectively. The main content of the above strategic cooperation agreements is that Zemin provides diversified services to the Group, such as assisting the Group in explaining the relationship between cancer and cancer specific oncogene and applying advanced technologies (such as single-cell sequencing) in the study of the heterogeneity and drug resistance of tumours by using his existing technology and platform. During the reporting period, no specific cooperation projects were carried out under above strategic cooperation agreements. The agreements were not renewed after they expired.

(iv) On 4 January 2016, Beijing InnoCare signed a strategic cooperation agreement with Shi Yigong. On 8 August 2018, Beijing InnoCare signed a strategic cooperation agreement ("2018 Agreement") with Shi Yigong, Shi Yigong Tsinghua University Laboratory (Shi Yigong is the principal for the scientific research laboratory), which refined and replaced the above strategic cooperation agreement signed on 4 January 2016. On 10 July 2020, Beijing InnoCare and its subsidiaries signed a strategic cooperation agreement ("2020 Agreement") with Shi Yigong and Shi Yigong Tsinghua University Laboratory, which refined and replaced the 2018 Agreement. The main content of the 2020 Agreement is that Shi Yigong or Shi Yigong Tsinghua University Laboratory provide diversified services to the Group, such as assisting the Group to solve specific problems in protein crystal screening, protein structure analysis, protein function analysis, combination optimisation of target protein and candidate compounds encountered in the process of new drug research and development and providing in-depth guidance on the selection of drug targets by using his existing technology and platform. During the reporting period, no specific cooperation projects were carried out under the 2020 Agreement.

(d) Outstanding balances with related parties:

	2023 30 June *RMB'000* (Unaudited)	2022 31 December *RMB'000* (Audited)
Amounts due from related parties		
Nanjing Bowang	**53**	134
Total	**53**	134

	2023 30 June *RMB'000* (Unaudited)	2022 31 December *RMB'000* (Audited)
Amounts due to related parties		
Baishida	**602**	117
Total	**602**	117

17. EVENT AFTER THE REPORTING PERIOD

On 2 August 2023, Shanghai Junshi Biosciences Co., Ltd. ("Shanghai Junshi") and Beijing InnoCare entered into an agreement (the "Agreement") for the acquisition of 50% shares of Beijing Tianshi Pharma Tech Co., Ltd. ("Beijing Tianshi"), a joint venture of the Group at a consideration of RMB1,152,000. Upon the execution of the Agreement, as the shareholding in Beijing Tianshi will increase from 50% to 100%, Beijing Tianshi will become a subsidiary of the Group and will be consolidated into the consolidated financial statements of the Group.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.innocarepharma.com**. The interim report for the six months ended 30 June 2023 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

GLOSSARY AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"19 DEL	19 deletion
"AD"	atopic dermatitis
"AGM"	annual general meeting of the Company
"ALL"	acute lymphoblastic leukemia
"AML"	acute myeloid leukemia
"AQP4 IgG"	aquaporin 4 antibody
"ARR"	annualized relapse rate
"ArriVent"	ArriVent Biopharma
"ASH"	American Society of Hematology
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"B-cell"	a type of white blood cell that differs from other lymphocytes like T-cells by the presence of the BCR on the B-cell's outer surface. Also known as B-lymphocytes
"Biogen"	Biogen Inc. (Nasdaq: BIIB)
"Board"	the board of directors of our Company
"BTD"	breakthrough therapy designation
"BTK"	Bruton's tyrosine kinase, a human enzyme encoded by the BTK Gene

"CD20"	B-lymphocyte antigen CD20, a B-cell specific cell surface molecule that is encoded by the MS4Al gene
"CDC"	complement-dependent cytotoxicity
"CDE"	Center for Drug Evaluation, an institution under the NMPA
"CEO" or "Chief Executive Officer"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"Chairperson"	Chairperson of the Board
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cholangiocarcinoma"	bile duct cancer, a type of cancer that forms in the bile ducts
"CLL"	chronic lymphocytic leukemia
"CNSL"	central nervous system lymphoma
"Company", "our Company", "the Company" or "InnoCare"	InnoCare Pharma Limited (Stock code: 9969), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 3 November 2015, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange on 23 March 2020
"Compensation Committee"	the compensation committee of the Board
"Director(s)"	the director(s) of the Company
"DLBCL"	diffuse large B-cell lymphoma, a common type of non-Hodgkin lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
"EGFR"	Epidermal Growth Factor Receptor
"EULAR"	the European Alliance of Associations for Rheumatology
"FGFR"	fibroblast growth factor receptor, membrane-spanning proteins that are a subgroup of the family of tyrosine kinase receptors
"FL"	follicular lymphoma

"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"GMP"	good manufacturing practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"Guangzhou Kaide"	Guangzhou Kaide Technology Development Co., Ltd., which was renamed as Guangzhou Development Zone Financial Holding Group Co., Ltd since September 2019
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"IBD"	inflammatory bowel disease
"ICP-105"	one of the Company's clinical stage drug candidates
"ICP-192"	one of the Company's clinical stage drug candidates
"ICP-022" or "Orelabrutinib"	one of the Company's clinical stage drug candidates
"IL-2"	interleukin-2
"IL-12"	interleukin-12
"IL-23"	interleukin-23
"IMiD"	immunomodulatory drug
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"IPO"	the initial public offering of the Company on the Hong Kong Stock Exchange
"IRC"	Independent Review Board/Committee
"ITK"	inducible T cell Kinase
"ITP"	Immune Thrombocytopenia

"JAK"	janus tyrosine kinase
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	23 March 2020, being the date on which the Shares of the Company were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MCD"	a subtype of diffuse large B-cell lymphoma (DLBCLs), based on co-occurrence of MYD88L265P and CD79B mutations (MCD subtype
"MCL"	mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma
"MOA"	Mechanism of Action
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MS"	multiple sclerosis
"MZL"	marginal zone lymphoma
"NDA"	new drug application
"NMOSD"	neuromyelitis optic a spectrum disorder, also known as demyelinating autoimmune disease, is a chronic disorder of the brain and spinal cord dominated by inflammation of the optic nerve (optic neuritis) and inflammation of the spinal cord (myelitis)
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"NRDL"	National reimbursement drug list
"NSCLC"	non-small cell lung cancer
"NTRK"	neurotrophic tyrosine receptor kinase
"pan-FGFR inhibitor"	pan-inhibitor of fibroblast growth factor receptor (FGFR) family
"pan-TRK inhibitor"	pan-inhibitor of tropomyosin-related kinase family

"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Prospectus"	the prospectus of the Company, dated 11 March 2020, in relation of its Global Offering
"R&D"	research and development
"R/R" or "r/r"	relapsed and refractory
"R-CHOP"	a combination of five drugs as first-line treatment for aggressive non-Hodgkin lymphoma
"RICE"	a combination of four drugs as a treatment for non-Hodgkin lymphoma or Hodgkin lymphoma that has come back after treatment
"RMB"	Renminbi, the lawful currency of the PRC
"RMB Share Issue"	the Company's initial issue of no more than 264,648,217 RMB Shares which have been listed on the STAR Market since 21 September 2022
"RMB Shares"	the ordinary Shares to be subscribed for in RMB by target subscribers in the PRC, to be listed on the STAR Market and traded in RMB
"SC"	subcutaneous
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US$0.000002 each
"Shareholder(s)"	holder(s) of Share(s)
"SHP2"	non-receptor protein tyrosine phosphatase involved in mediating RAS signaling pathway and immune checkpoint pathway as well for regulation of cellular proliferation and survival
"SLE"	systemic lupus erythematosus
"SLL"	small lymphocytic lymphoma
"SRI"	the SLE Responder Index
"STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange

"T-cell"	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response. T-cells can be distinguished from other lymphocytes, such as B-cells and NK cells, by the presence of a T-cell receptor on the cell surface
"TDCC"	T-cell-dependent cellular cytotoxicity
"TRK"	a family of tyrosine kinases that regulates synaptic strength and plasticity in the mammalian nervous system
"TYK2"	tyrosine kinase 2
"UC" or "urothelial cancer"	urothelial cell carcinoma, a type of cancer that typically occurs in the urinary system and begins in urothelial cells
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. FDA" or "FDA"	U.S. Food and Drug Administration
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Vivo"	Vivo Opportunity Fund, L.P, a company of Vivo Capital VIII, LLC
"WM"	Waldenstrom's macroglobulinemia

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
InnoCare Pharma Limited
Dr. Jisong Cui
Chairperson and Executive Director

Hong Kong, 29 August 2023

As at the date of this announcement, the Board of Directors comprises Dr. Jisong Cui as Chairperson and executive Director, Dr. Renbin Zhao as executive Director, Dr. Yigong Shi, Mr. Ronggang Xie and Mr. Ming Jin as non-executive Directors, and Ms. Lan Hu and Dr. Kaixian Chen as independent non-executive Directors.