君实生物
TopAlliance

上海君實生物醫藥科技股份有限公司
Shanghai Junshi Biosciences Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code: 1877

2021
INTERIM REPORT

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

Executive Directors
Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Chief Executive Officer and General Manager)*
Dr. Feng Hui
Mr. Zhang Zhuobing
Dr. Yao Sheng

Non-executive Directors
Dr. Wu Hai
Mr. Tang Yi
Mr. Li Cong
Mr. Lin Lijun
Mr. Yi Qingqing[1]

Independent Non-executive Directors
Dr. Chen Lieping
Mr. Qian Zhi
Mr. Zhang Chun
Dr. Roy Steven Herbst
Dr. Jiang Hualiang[2]

Supervisors
Mr. Wu Yu *(Chairman of the Board of Supervisors)*
Ms. Wang Pingping
Ms. Huo Yilian[3]
Mr. Liu Jun[(4)]
Ms. Li Ruolin[(4)]
Mr. Fu Cexiong[(4)]

Audit Committee
Mr. Zhang Chun *(Chairman)*
Mr. Li Cong
Mr. Qian Zhi

Nomination Committee
Dr. Jiang Hualiang *(Chairman)*[2]
Mr. Xiong Jun
Mr. Qian Zhi

Remuneration and Appraisal Committee
Mr. Zhang Chun *(Chairman)*
Mr. Xiong Jun
Dr. Li Ning
Dr. Jiang Hualiang[2]
Mr. Qian Zhi

Strategic Committee
Mr. Xiong Jun *(Chairman)*
Dr. Li Ning
Dr. Chen Lieping
Mr. Zhang Chun
Dr. Roy Steven Herbst

Joint Company Secretaries
Ms. Chen Yingge
Ms. Lai Siu Kuen[(5)]
Ms. Wong Yik Han[(6)]

Authorized representatives
Ms. Chen Yingge
Ms. Lai Siu Kuen[(5)]
Ms. Wong Yik Han[(6)]

Registered address, headquarters and principal place of business in the PRC
Room 1003, Level 10, Building 2, Nos. 36 and 58, Hai Qu Road, China (Shanghai) Pilot Free Trade Zone, the PRC

Principal place of business in Hong Kong under part 16 of the Companies Ordinance
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

H Share registrar
Tricor Investor Services Limited
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

CORPORATE INFORMATION

Legal advisers
Jones Day (as to Hong Kong law)
Jia Yuan Law Offices (as to PRC law)

Auditor
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Listing
H Shares on Hong Kong Stock Exchange
(Stock code: 01877)
A Shares on STAR Market (Stock code: 688180)

Number of Shares (as of the date of this report)
910,756,700 Shares (including 219,295,700 H Shares and 691,461,000 A Shares)

Board lot of H Shares
200 H Shares

Company's website
www.junshipharma.com

Investor information
Corporate press releases, financial reports and other investor information of the Group are available on the website of the Company

[1] Resigned with effect from 29 June 2021.
[2] Resignation received on 30 August 2021, to be effective upon appointment of a new independent non-executive Director by the Shareholders at a general meeting of the Company.
[3] Appointed with effect from 29 June 2021.
[4] Retired with effect from 29 June 2021.
[5] Appointed with effect from 29 April 2021.
[6] Resigned with effect from 29 April 2021.

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- As at 30 June 2021, total revenue of the Group reached RMB2,114 million for the Reporting Period, representing an increase of 268% compared to the corresponding period of 2020. The increase was mainly due to the growth of revenue from out-licensing income.

- Total R&D expenses were RMB947 million during the Reporting Period, representing an increase of 34% compared to the corresponding period of 2020. The increase in R&D expenses was mainly due to: (i) continued increasing investment in in-house R&D projects to ensure the promising progress of pivotal clinical trials and pre-clinical studies during the Reporting Period; and (ii) the expanded innovative R&D fields, more R&D collaborations and license-in activities which are further developing and enriching our product pipelines.

- Profit for the Reporting Period was RMB11 million compared to a loss of RMB598 million for the corresponding period of 2020. The turnaround in profit was mainly due to the significant increase in revenue from RMB575 million to RMB2,114 million.

- Net cash from operating activities was RMB48 million during the Reporting Period, which was mainly due to cash received from growth of revenue.

- Net cash from financing activities was RMB2,028 million during the Reporting Period, which was mainly due to the successful placing of new H Shares with net proceeds of approximately RMB2,106 million in June 2021.

BUSINESS HIGHLIGHTS

From the beginning of the Reporting Period to the date of this report, we have achieved significant progress with respect to our product commercialization, clinical trials and pipeline expansion, including:

- Our innovative R&D field has expanded from monoclonal antibodies to the development of more drug modalities, including small molecules, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of next-generation innovative therapies for cancer and autoimmune diseases. The Company's product pipelines cover 5 major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. In particular, there were a total of 2 assets (toripalimab and etesevimab) under commercialization and 1 asset (adalimumab) under NDA. In addition to the above products, there were 16 assets under clinical trials (in particular, PARP inhibitor, ongericimab and bevacizumab were under Phase III clinical trials) and 25 drug candidates under pre-clinical drug development.

  – In January 2021, TUOYI® (toripalimab) for the first-line treatment of mucosal melanoma was granted the Fast Track Designation by the FDA. Meanwhile, the FDA also approved the Investigational New Drug ("**IND**") application for an immediate Phase III clinical trial of TUOYI® (toripalimab) in combination with axitinib for the first-line treatment of mucosal melanoma. In March 2021, the indication was granted Breakthrough Therapy Designation ("**BTD**") by the NMPA of China.

HIGHLIGHTS

- In February 2021, the Company entered into an exclusive license and commercialization agreement with Coherus BioSciences, Inc. ("**Coherus**"). Pursuant to the agreement, the Company granted Coherus an exclusive license for TUOYI® (toripalimab) and two option programs (if exercised) in the United States and Canada (the "**Coherus Territory**"), as well as the right of first negotiation for two early-stage checkpoint inhibitor antibodies, and may receive up to an aggregate of US$1.11 billion of upfront payment, exercise fee and milestone payments. In particular, Coherus made a one-time upfront payment of US$150 million to the Company.

- In February 2021, the supplemental new drug application ("**sNDA**") for TUOYI® (toripalimab) in combination with cisplatin and gemcitabine as the first-line treatment for patients with locally recurrent or metastatic nasopharyngeal carcinoma ("**NPC**") was accepted by the NMPA.

- In February 2021, TUOYI® (toripalimab) for the treatment of patients with recurrent or metastatic NPC after failure of at least two lines of prior systemic therapy was granted conditional approval by the NMPA.

- In January and February 2021, TAB006/JS006 (specific anti-TIGIT monoclonal antibody) received IND approval from the NMPA and the FDA, respectively.

- In February 2021, the FDA granted Eli Lilly and Company ("**Lilly**"), the Company's partner, an Emergency Use Authorization ("**EUA**") for etesevimab (JS016/LY-CoV016) 1,400 mg and bamlanivimab (LY-CoV555) 700 mg together.

- In February 2021, the IND applications for JS110 (XPO1 inhibitor) and JS111 (EGFR exon20 insertion and other uncommon mutation inhibitor) jointly developed by the Company and Wigen Biomedicine Technology (Shanghai) Co., Ltd. were accepted by the NMPA, and received IND approvals in April 2021.

- In February 2021, the IND application for the Company's drug candidate JS201 (anti-PD-1/TGF-β bifunctional fusion protein) was accepted by the NMPA, and received IND approval in May 2021. In July 2021, the dosing of the first patient was completed in the Phase I clinical trial (NCT04956926) of JS201.

- In February 2021, the Company entered into an exclusive promotion agreement with AstraZeneca Pharmaceutical Co., Ltd. ("**AstraZeneca Pharmaceutical**"), pursuant to which the Company granted AstraZeneca Pharmaceutical the exclusive promotion right of TUOYI® (toripalimab) for the urinary cancer indications to be approved subsequently in mainland China and the exclusive promotion right for all indications approved and to be approved in non-core urban areas. The Company continued to be responsible for the promotion of other indications approved and to be approved excluding urinary cancer indications in core urban areas.

HIGHLIGHTS

- In March 2021, TopAlliance Biosciences, Inc., a wholly-owned subsidiary of the Company, initiated the rolling submission of Biologics License Application ("**BLA**") for TUOYI® (toripalimab) to the FDA for the treatment of recurrent or metastatic NPC, and obtained a rolling review.

- In March 2021, the IND application for the Company's drug candidate JS103 (pegylated uricase derivative) was accepted by the NMPA, and received IND approval in May 2021.

- In March 2021, the IND application for the Company's drug candidate JS007 (anti–CTLA-4 monoclonal antibody) was accepted by the NMPA, and received IND approval in June 2021.

- In April 2021, TUOYI® (toripalimab) for the treatment of patients with locally advanced or metastatic urothelial carcinoma ("**UC**") who failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy was granted conditional approval by the NMPA.

- In April 2021, the Independent Data Monitoring Committee ("**IDMC**") determined that TUOYI® (toripalimab) in combination with paclitaxel/cisplatin as the first–line treatment for patients with advanced or metastatic esophageal squamous cell carcinoma ("**ESCC**") has reached its pre-specified primary endpoints of Progression Free Survival ("**PFS**") and Overall Survival ("**OS**") at the interim analysis of a randomized, double-blind, placebo-controlled, multi-center, Phase III clinical study "**JUPITER-06 study**" (NCT03829969). In July 2021, the sNDA for TUOYI® (toripalimab) in combination with platinum-containing chemotherapy as the first-line treatment for patients with locally advanced or metastatic ESCC was accepted by the NMPA.

- In June 2021, the IND application for the Company's drug candidate JS014 (recombinant IL-21 – a nanobody fusion protein of anti-human serum albumin (HSA)) was accepted by the NMPA.

- In August 2021, the IND application for the Company's drug candidate UBP1213sc (recombinant humanized anti-B lymphocyte stimulator (BLyS) monoclonal antibody) was accepted by the NMPA.

HIGHLIGHTS

- We expanded our product pipeline through forming companies jointly with our partners and other means. Apart from developing drug candidates on our own technology platforms, we also actively collaborated with outstanding domestic and overseas biotechnology companies to further expand our product pipeline, deploy the next-generation innovative drug technology platform and enrich drug combination therapies.

  – In July 2021, the Company and Immorna (Hangzhou) Biotechnology Co., Ltd.* (嘉晨西海(杭州)生物技術有限公司) ("**Immorna**") entered into an agreement in relation to forming a company jointly. The jointly formed company will mainly engage in the R&D, clinical research, application for approval, production and commercialization of product development projects in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both parties on the mRNA technology platform globally. The jointly formed company will be owned 50% by the Company and 50% by Immorna upon its formation. The establishment of the jointly formed company can complement each party's technological advantages, capitalize the strengths of the mRNA general platform technology in tumor immunotherapy, infectious disease prevention and other fields in a more efficient manner, and continuously explore new directions of application.

- In order to optimize the capital structure, focus more on the development of the principal business, improve operating efficiency, increase our investment in technology R&D, and better serve technological innovation, an aggregate of 36,549,200 new H Shares have been successfully allotted and issued by the Company in June 2021 at the placing price of HK$70.18 per H Share to not less than six placees (the "**Placing**"). The net proceeds from the Placing are approximately RMB2,106 million. The proceeds from the Placing are intended to be used toward the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, and business development, and general corporate purposes.

HIGHLIGHTS

IFRS

	For the six months ended 30 June		
	2021	2020	Changes
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Operating Results			
Revenue	**2,114,448**	574,932	268
Gross Profit	**1,650,506**	484,436	241
Selling and distribution expenses	**(422,619)**	(228,170)	85
Research and development expenses	**(947,279)**	(708,912)	34
Administrative expenses	**(295,513)**	(144,014)	105
Profit (loss) for the period	**10,533**	(597,899)	102
Total comprehensive expense for the period	**(4,210)**	(593,273)	(99)
Earning (loss) per share			
– Basic (RMB yuan)	**0.01**	(0.76)	101
– Diluted (RMB yuan)	**0.01**	(0.76)	101

	At	At	
	30 June	31 December	
	2021	2020	Changes
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
Financial Position			
Non-current assets	**4,442,796**	3,312,147	34
Current assets	**5,599,395**	4,698,717	19
Total Assets	**10,042,191**	8,010,864	25
Non-current liabilities	**461,308**	677,022	(32)
Current liabilities	**1,521,788**	1,492,582	2
Total Liabilities	**1,983,096**	2,169,604	(9)
Net Assets	**8,059,095**	5,841,260	38

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are an innovation-driven biopharmaceutical company with all-round capabilities in innovative drug discovery and development, clinical research on a global scale, large-scale production capacity to commercialization on the full industry chain. Aiming to develop first-in-class or best in-class drugs through ways of original innovation and co-development, we have successfully developed a drug candidate portfolio with tremendous market potential. Multiple products have milestone significance: one of our core products, toripalimab (JS001, trade name: 拓益® (TUOYI®)), was the first domestic anti-PD-1 monoclonal antibody approved to be marketed in China by the NMPA for the treatment of locally advanced or metastatic melanoma after standard therapy failure, the treatment for recurrent/metastatic NPC after failure of second-line and above systemic treatment, and the treatment of patients with locally advanced or metastatic UC who failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy; ongericimab and UBP1213 were the first anti-PCSK9 monoclonal antibody and anti-BLyS monoclonal antibody, respectively, from a China domestic company that had received IND approval from the NMPA; TAB004/JS004 was the world's first-in-human anti-BTLA monoclonal antibody independently developed by the Company, which has obtained clinical trial approvals from the FDA and NMPA and is currently undergoing clinical trials in China and the United States. We also worked together with domestic scientific research institutions to fight against the COVID-19 pandemic. The co-developed etesevimab (JS016) was the first novel coronavirus monoclonal neutralizing antibody that commenced clinical trials in China. In February 2021, the FDA granted our partner Lilly the EUA for etesevimab (JS016/LY-CoV016) 1,400 mg and bamlanivimab (LY-CoV555) 700 mg together, which were purchased by the government of the United States, contributing to COVID-19 prevention and control in China and the world with domestic innovation. With our continuously enriched product pipeline and our further exploration of drug combination therapies, our innovation field will continue to expand to R&D of more types of drugs, including small molecules, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of the next-generation innovative therapies for cancer and autoimmune diseases.

COVID-19 pandemic brought challenges to our overall operations to a certain extent. In the face of a public health crisis, we quickly took pandemic prevention measures to protect the safety of our employees and ensure medication supply for patients. In addition, we made various major achievements in business operations as well as development of drug candidates of the Company, which are summarized in section headed "Business Review".

MANAGEMENT DISCUSSION AND ANALYSIS

1. TUOYI® (toripalimab) being included in the National Reimbursement Drug List, with new indications expansion and commercialization collaboration going hand in hand

Despite the general environment where the global economy was affected by COVID-19 pandemic with great volatility, we were able to maintain uninterrupted production and supply of TUOYI® (toripalimab) for patients. At the end of last year, TUOYI® (toripalimab) was successfully included in the new catalogue of the National Reimbursement Drug List ("**NRDL**") upon negotiations. Our Commercial and Market Access team has also been accelerating the entry of TUOYI® (toripalimab) into the hospital channels, expanding the coverage in core cities and markets, and strengthening the establishment of product brand image, so as to enhance the recognition of TUOYI® (toripalimab) brand among doctors and patients. In order to support the further growth of TUOYI® (toripalimab) sales, as of the date of this report, TUOYI® (toripalimab) has successfully covered approximately 3,000 hospitals and over 1,500 specialty pharmacies, continuing to boost sales growth at the hospital end. At the same time, the approved indications of TUOYI® (toripalimab) have been successfully included in 31 urban and commercial insurance schemes in China, benefiting more patients.

In February 2021, we commenced cooperation of commercialization with AstraZeneca Pharmaceutical. We granted AstraZeneca Pharmaceutical the exclusive promotion right of TUOYI® (toripalimab) for the urinary cancer indications to be approved subsequently in mainland China and the exclusive promotion right for all indications approved and to be approved in non-core urban areas. We continued to be responsible for the promotion of indications approved and to be approved excluding urinary cancer indications in core urban areas. The cooperation is conducive to the continuous promotion of the commercialization of TUOYI® (toripalimab) in China, and expansion of coverage of TUOYI® (toripalimab) in hospitals and pharmacies among all tiers of cities, thereby benefiting more Chinese patients from local high-quality innovative drugs. In February 2021, TUOYI® (toripalimab) was granted conditional marketing approval by the NMPA for the treatment of patients with recurrent or metastatic NPC after failure of at least two lines of prior systemic therapy. In February 2021, the sNDA for TUOYI® (toripalimab) combined with cisplatin and gemcitabine as the first-line treatment for patients with locally recurrent or metastatic NPC was accepted by the NMPA. In April 2021, TUOYI® (toripalimab) was granted conditional marketing approval by the NMPA for the treatment of patients with locally advanced or metastatic UC who failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy. In July 2021, the sNDA for TUOYI® (toripalimab) in combination with paclitaxel/cisplatin as the first-line treatment for patients with advanced or metastatic ESCC was accepted by the NMPA. The successive approvals for marketing of new indications and the acceptance of sNDA will greatly enhance the Company's competitiveness in commercialization in the domestic PD-1 market.

MANAGEMENT DISCUSSION AND ANALYSIS

2. The clinical trial progress of core drug candidates in China and overseas has been accelerated, the BLA for the first indication of TUOYI® (toripalimab) was submitted in the United States, and our clinical data received authoritative international recognition

As of the date of this report, more than 30 clinical studies covering more than 15 indications in respect of TUOYI® (toripalimab) have been conducted in China, the United States and other countries. Among all pivotal registrational clinical studies of TUOYI® (toripalimab) currently in progress, in addition to the extensive layout for the first-line treatment of multiple tumor types, we have also actively deployed the perioperative adjuvant/neoadjuvant treatments for lung cancer, liver cancer, esophageal cancer and other indications to promote the application of cancer immunotherapy in the early treatment of cancer patients. With respect to overseas clinical trials, TUOYI® (toripalimab) has been granted 2 breakthrough therapy designations, 1 fast track designation and 3 orphan-drug designations by the FDA for the treatment of mucosal melanoma, NPC and soft tissue sarcoma. We officially initiated the rolling submission of BLA for TUOYI® (toripalimab) to the FDA for the treatment of recurrent or metastatic NPC in March 2021 and obtained a rolling review by the FDA. TUOYI® (toripalimab) has become the first domestic anti-PD-1 monoclonal antibody to submit a BLA to the FDA. In August 2021, TUOYI® (toripalimab) in combination with gemcitabine and cisplatin for the first-line treatment for patients with advanced recurrent or metastatic NPC was granted a BTD by the FDA. This second BTD broadens the scope of FDA's recognition of TUOYI® (toripalimab) potential application for the treatment of NPC, and will speed up FDA's evaluation of related indications. The Company expects to complete the BLA submission for the indication of TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment of recurrent or metastatic NPC, and the indication of TUOYI® (toripalimab) monotherapy for second or third line recurrent or metastatic NPC within the third quarter of 2021.

At the annual meeting of the American Society of Clinical Oncology ("**ASCO**") (ASCO 2021) held in June 2021, a total of 39 studies related to TUOYI® (toripalimab) were presented, including an oral report at the general meeting, an oral report at the special session, 15 poster presentations and a number of online abstracts, covering more than 10 tumor types including nasopharyngeal cancer, head and neck cancer, melanoma, lung cancer, gastric cancer, esophageal cancer, liver cancer, cholangiocarcinoma and pancreatic cancer. In particular, at ASCO 2021, the latest results of a study on TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment of recurrent or metastatic NPC (JUPITER-02 study, #LBA2) were published in the form of Late-breaking Abstract ("**LBA**") of the general meeting. This is China's first domestic innovative drug study to be selected at the general meeting on the official online record of ASCO annual meetings.

Our recombinant humanized anti-BTLA monoclonal antibody (TAB004/JS004), another core drug candidate, has completed the dose-escalation stage in Phase Ia and entered the dose-expansion stage in Phase Ib/II. We will conduct further clinical studies on the safety and efficacy of TAB004/JS004 monotherapy against multiple types of tumors (relapsed/refractory lymphoma, melanoma, squamous cell carcinoma of the head and neck, NPC, lung cancer, etc.) in China and the United States. In addition, we have commenced the combination clinical trials of TAB004/JS004 and TUOYI® (toripalimab), in order to exert a synergistic antitumor effect. We believe that the combination of the two is a promising antitumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries. As of the date of this report, there is no other disclosed anti-tumor product with the same target that has entered into the clinical trial stage domestically and abroad.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Commenced collaborations with leading global pharmaceutical companies on numerous products and various formats, and joined hands with outstanding domestic mRNA start-up companies to jointly plan for the cutting-edge technology fields

As of the date of this report, we achieved two collaborations of strategic significance at the levels of corporate strategy and product cooperation in our business expansion, taking another important step towards the strategic goal of "International layout with a base in China". We entered into an exclusive license and commercialization agreement with Coherus on the development and commercialization of the Company's self-developed TUOYI® (toripalimab) in the Coherus Territory. According to the terms of the agreement, we granted Coherus an exclusive license for TUOYI® (toripalimab) in the Coherus Territory. We may receive an upfront fee, exercise payment (if Coherus exercises its options) and milestone payments of up to US$1.11 billion in aggregate, together with royalties of 20% of the annual net sales of TUOYI® (toripalimab) products in the licensed areas. In the licensed areas, we will co-develop TUOYI® (toripalimab) with Coherus, with Coherus being responsible for all commercial activities in the Coherus Territory. The collaboration with Coherus will become an important part of our expansion of the global commercialization network. We look forward to working closely with Coherus to establish the market position of TUOYI® (toripalimab) in the Coherus Territory, and joining hands to provide global patients with better efficacy and more cost-effective treatment options. Going forward, we will continue to explore global opportunities for our drug candidates with appropriate R&D plans, clinical development and commercialization activities.

We entered into an agreement with Immorna with respect to forming a company jointly. Pursuant to the agreement, the Company will make capital contribution in cash and own 50% of the equity interest. Immorna will invest with the intellectual property rights involved in the mRNA technology platform, and own 50% of the equity interest. The jointly formed company will mainly engage in the R&D, clinical research, application for approval, production and commercialization of product development projects in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both parties on the mRNA technology platform globally. The establishment of the jointly formed company can complement each party's technological advantages to capitalize on the strengths of the mRNA general platform technology in tumor immunotherapy, infectious disease prevention and other fields in a more efficient manner, and continuously explore new directions of application. We have also expanded the field of drug R&D to the field of mRNA technology.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Sped up new drug development, and broadened and diversified the drug candidate pipelines through various means

As of the date of this report, our innovative R&D field has expanded from monoclonal antibodies to the development of more drug modalities, including small molecule drugs, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of next-generation innovative therapies for cancer and autoimmune diseases. The Company's product pipelines cover 5 major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. In particular, there were 2 assets (toripalimab and etesevimab) under commercialization and one asset (adalimumab) under NDA. In addition to the above products, there were 16 assets under clinical trials (in particular, PARP inhibitor, ongericimab and bevacizumab were under Phase III clinical trials) and 25 drug candidates under pre-clinical drug development. From the beginning of the Reporting Period to the date of this report, the Company's products TAB006/JS006 (specific anti-TIGIT monoclonal antibody), JS110 (XPO1 inhibitor), JS111 (EGFR exon20 insertion and other uncommon mutation inhibitor), JS201 (anti-PD-1/TGF-β bifunctional fusion protein), JS103 (pegylated uricase derivative) and JS007 (anti-CTLA-4 monoclonal antibody) received IND approvals from the NMPA or the FDA to enter the clinical trial stage. The IND applications for JS014 (recombinant IL-21 – a nanobody fusion protein of anti-human serum albumin (HSA)) and UBP1213sc (recombinant humanized anti-B lymphocyte stimulator (BLyS) monoclonal antibody) were accepted by the NMPA. We plan to submit more clinical trial applications for our drug candidates to drug regulatory authorities in the second half of this year.

5. Carried out in-depth planning in the field of anti-infection treatment and contributed to the world's anti-pandemic efforts with domestic innovation

At the beginning of the COVID-19 outbreak, we quickly launched a neutralizing antibody R&D project with the Institute of Microbiology, Chinese Academy of Sciences ("**IMCAS**") for the treatment and prevention of COVID-19 in order to combat the pandemic. Etesevimab is a recombinant fully human anti-SARS-CoV-2 monoclonal neutralizing antibody used for the treatment and prevention of COVID-19. In the domestic market, we are conducting international multi-center Phase Ib/II clinical studies (NCT04780321) targeting COVID-19 patients. In the overseas market, in February 2021, the FDA officially granted the EUA for etesevimab (JS016/LY-CoV016) 1,400 mg and bamlanivimab (LY-CoV555) 700 mg together for the treatment of patients with mild to moderate COVID-19 who were at high risk for progressing to severe COVID-19 and/or hospitalization. In addition, the National Institutes of Health (NIH) in the United States also recommended the use of etesevimab and bamlanivimab together for the treatment of outpatients with mild to moderate COVID-19 with a higher risk of clinical progression in its updated "COVID-19 Treatment Guidelines". The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) issued a positive scientific opinion for etesevimab administered together with bamlanivimab. Our partner Lilly has continued to cooperate with global regulatory authorities to enable the worldwide promotion of the therapy. The therapy has obtained the EUA in more than 12 countries and regions worldwide. In addition, our R&D department is simultaneously developing a new project of broad-spectrum neutralizing antibody against SARS-CoV-2 and plans to submit an IND application in the second half of this year. The new project may cover a variety of variants, including the current global mainstream Delta variant of COVID-19, to cope with possibly more complicated situation of the pandemic in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

6. Retained and expanded talent pool

As at the end of the Reporting Period, the Group expanded to 2,547 employees, among which 846 employees are responsible for R&D. We believe that our comprehensive and excellent talent team can provide tireless energy to support the Group in progressing numerous innovative drugs from R&D to commercialization.

The total remuneration cost incurred by the Group during the Reporting Period was RMB645 million. The employee's remuneration policies of the Group are formulated on the basis of the results, work experience and salary level prevailing in the market.

7. Completed Placing and optimized the capital structure of the Company

In order to focus more on the development of the principal business, improve operating efficiency, increase our investment in technology R&D, and better serve technological innovation, an aggregate of 36,549,200 new H Shares have been successfully allotted and issued by the Company at the placing price of HK$70.18 per H Share to not less than six placees. The net proceeds from the Placing are approximately RMB2,106 million. The proceeds from the Placing are intended to be used toward the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, business development, and general corporate purposes. As at the end of the Reporting Period, the Group had cash and cash equivalents of approximately RMB4,269 million. We believe that a sufficient cash balance will provide strong support for our R&D, production facility expansion and the increasing needs of international multi-center clinical trials, as well as great flexibility in the face of changes in the macroeconomic and industry environment.

Since February 2021, the A Shares and H Shares of the Company have been included in Northbound Trading under Shanghai-Hong Kong Stock Connect and the Stock Connect Southbound Trading, respectively. Since March 2021, the Company's A Shares have been included in the STAR 50 index and the FTSE Global Equity Index, while the Company's H Shares have been included in the Hang Seng Composite Index, the Hang Seng SmallCap Index, the Hang Seng Healthcare Index, the Hang Seng Stock Connect Hong Kong Index and the Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index. Since September 2021, the A Shares of the Company will be included in the MSCI China A Onshore Index.

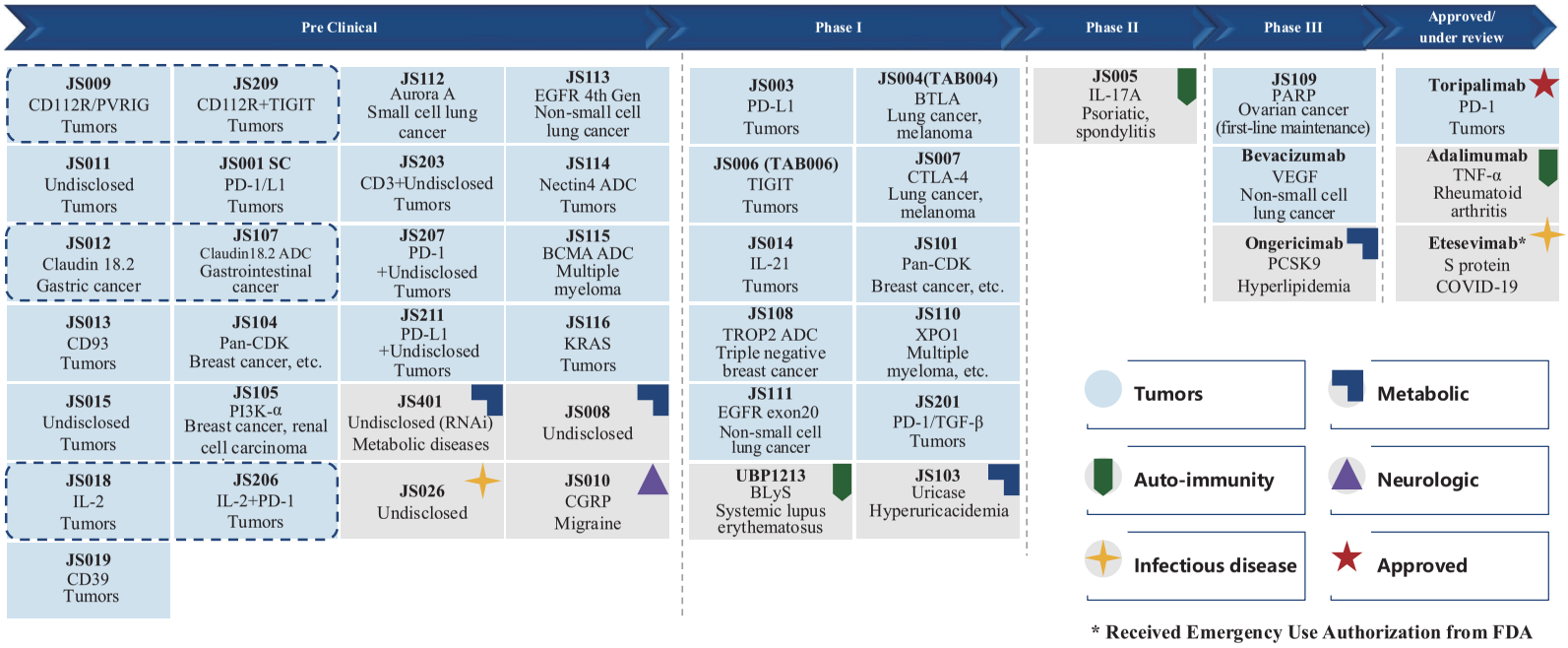
Product Pipeline

Our products concentrate on self-developed biological products with original innovation. At the same time, through co-development, jointly formed companies, license-in and other means, we introduced products or platform technologies that synergized with our own original product pipeline, so as to further expand our product pipeline. After prolonged accumulation of drug development technology, in-depth exploration in the field of translational medicine and the establishment of a new drug type platform, our innovative R&D field has expanded from monoclonal antibodies to the development of more drug modalities, including small molecule drugs, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of next-generation innovative therapies for cancer and autoimmune diseases. The Company's product pipelines cover 5 major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. As of the date of this report, there were a total of 2 assets (toripalimab and etesevimab) under commercialization and one asset (adalimumab) under NDA. In addition to the above products, there were 16 assets under clinical trials (in particular, PARP inhibitor, ongericimab and bevacizumab were under Phase III clinical trials) and 25 drug candidates under pre-clinical drug development.

R&D Progress of Toripalimab

Therapeutic Areas	Medicine Codes	Clinical trial number	Indications	Pre Clinical / Phase I / Phase II / Phase III / NDA	Locations of Clinical Trial	Note
Oncology	JS001 Toripalimab	NCT03013101	Melanoma (second-line treatment, monotherapy)	NMPA approved on 17 December 2018	China	
		NCT02915432	Nasopharyngeal carcinoma (third-line treatment, monotherapy)	NDA approved by NMPA in February 2021, and BLA submitted to FDA	China	FDA Breakthrough Therapy Designation, Orphan Drug Designation
		NCT03113266	Urothelial carcinoma (second-line treatment, monotherapy)	NMPA approved in April 2021	China	
		NCT03581786	Nasopharyngeal carcinoma (first-line treatment, combo with chemo)	NDA accepted	International multi-center	FDA Breakthrough Therapy Designation
		NCT03829969	Esophageal squamous cell carcinoma (first-line treatment, combo with chemo)	NDA accepted	China	
		NCT03856411	EGFR negative non-small cell lung cancer (first-line treatment, combo with chemo)	Pivotal registered clinical trial	China	Phase III clinical data read out
		NCT03924050	EGFR mutated TKI failed terminal stage non-small cell lung cancer (combo with chemo)	Pivotal registered clinical trial	China	
		NCT04772287	Non-small cell lung cancer (neoadjuvant)	Pivotal registered clinical trial	China	
		NCT04012606	Small cell lung cancer (first-line treatment, combo with chemo)	Pivotal registered clinical trial	China	Completed subjects enrollment
		NCT04848753	Esophageal squamous cell carcinoma (neoadjuvant)	Pivotal registered clinical trial	China	
		NCT03430297	Melanoma (first-line treatment, monotherapy)	Pivotal registered clinical trial	China	
		NCT04085276	Triple negative breast cancer (combo with albumin-bound paclitaxel)	Pivotal registered clinical trial	China	
		NCT04523493	Hepatocellular carcinoma (first-line treatment, combo with lenvatinib)	Pivotal registered clinical trial	International multi-center	
		NCT04723004	Hepatocellular carcinoma (first-line treatment, combo with bevacizumab)	Pivotal registered clinical trial	International multi-center	
		NCT03859128	Hepatocellular carcinoma (adjuvant)	Pivotal registered clinical trial	China	Completed subjects enrollment
		NCT02915432	Gastric carcinoma (third-line treatment, monotherapy)	Pivotal registered clinical trial	China	
		NCT04394975	Renal cell carcinoma (first-line treatment, combo with axitinib)	Pivotal registered clinical trial	China	
		NCT04568304	Urothelial carcinoma (first-line treatment, PD-L1+)	Pivotal registered clinical trial	International multi-center	
		/	Mucosal melanoma (combo with axitinib)		United States	FDA Fast Track Designation, Orphan Drug Designation; NMPA Breakthrough Therapy Designation
		NCT03474640	Sarcoma		United States	FDA Orphan Drug Designation

R&D Pipelines Covering a Wide Variety of Therapeutic Areas



* Received Emergency Use Authorization from FDA

Due to the high-tech, high-risk and high-value-added characteristics of pharmaceutical products, there are substantial risks and uncertainties in the process of drug research, development and commercialization. Investors are advised to make cautious decisions and evaluate investment risks. The Company will actively pursue the described R&D projects and fulfill its information disclosure obligations regarding the subsequent progress of projects in a timely manner and in strict accordance with relevant regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our products under commercialization

TUOYI® (toripalimab)

- Milestones and achievements of commercialization

Our self-developed TUOYI® (toripalimab) is the first domestic anti-PD-1 monoclonal antibody successfully launched in the Chinese market, addressing various malignant tumors. It has been supported by two National Major Science and Technology Projects for "Major New Drugs Development" during the "Twelfth Five-Year Plan" and "Thirteenth Five-Year Plan" periods. In December 2018, TUOYI® (toripalimab) was granted a conditional approval from the NMPA for the second-line treatment of patients with unresectable or metastatic melanoma. In December 2020, TUOYI® (toripalimab) was successfully included in the new catalogue of the NRDL upon negotiations. In February 2021, TUOYI® (toripalimab) was granted conditional marketing approval by the NMPA for the treatment of patients with recurrent or metastatic NPC after failure of at least two lines of prior systemic therapy. In April 2021, TUOYI® (toripalimab) was granted conditional marketing approval by the NMPA for the treatment of patients with locally advanced or metastatic UC who failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy. In addition, TUOYI® (toripalimab) has been included in the Guidelines of the Chinese Society of Clinical Oncology (CSCO) for the Diagnosis and Treatment of Melanoma, Head and Neck Tumors, UC, the Clinical Application Guidelines for Immune Checkpoint Inhibitors and others.

As of the date of this report, TUOYI® (toripalimab) has successfully covered approximately 3,000 hospitals and over 1,500 specialty pharmacies in China, continuing to boost sales growth at the hospital end and strengthening the brand building of TUOYI®. At the same time, the approved indications of TUOYI® (toripalimab) have been successfully included in 31 urban and commercial insurance schemes in China. To further enhance the Company's commercial competitiveness in the domestic PD-1 market, in February 2021, we commenced cooperation of commercialization with AstraZeneca Pharmaceutical. We granted AstraZeneca Pharmaceutical the exclusive promotion right of TUOYI® (toripalimab) for the urinary cancer indications to be approved subsequently for marketing in mainland China and the exclusive promotion right for all indications approved and to be approved in non-core urban areas. Our commercialization team continued to be responsible for the promotion of indications approved and to be approved excluding urinary cancer indications in core urban areas. The cooperation is conducive to the continuous promotion of the commercialization of TUOYI® (toripalimab) in China, and expansion of coverage of TUOYI® (toripalimab) in hospitals and pharmacies among all tiers of cities, thereby promoting more Chinese patients to benefit from the local high-quality innovative drugs.

TUOYI® (toripalimab)

MANAGEMENT DISCUSSION AND ANALYSIS

- Milestones and achievements of clinical development

  More than 30 clinical studies covering more than 15 indications in respect of TUOYI® (toripalimab) have been conducted in China, the United States and other countries, involving new indications such as nasopharyngeal cancer, urothelial cancer, lung cancer, gastric cancer, esophageal cancer, liver cancer and breast cancer. Among the pivotal registrational clinical studies, in addition to the extensive layout of TUOYI® (toripalimab) for the first-line treatment of multiple tumor types, the Company has actively deployed the perioperative adjuvant/neoadjuvant treatments for lung cancer, liver cancer, esophageal cancer and other tumor types.

  Progress of clinical trials in China:

  – In February 2021, the sNDA for TUOYI® (toripalimab) in combination with cisplatin and gemcitabine as the first-line treatment for patients with locally recurrent or metastatic NPC was accepted by the NMPA. The sNDA is based on JUPITER-02 study (NCT03581786), which is a randomized, double-blind, placebo-controlled, international multi-center, Phase III clinical study as well as the world's largest Phase III clinical study for the checkpoint inhibitor combined with chemotherapy in the first-line treatment of recurrent or metastatic NPC. Based on the interim analysis of JUPITER-02 study, the IDMC determined that the primary endpoint has crossed the pre-defined efficacy boundary, and the results demonstrate that compared with the standard first-line treatment of gemcitabine/cisplatin, TUOYI® (toripalimab) combined with gemcitabine/cisplatin as a first-line treatment for patients with recurrent or metastatic NPC can obtain better PFS, a higher objective response rate ("**ORR**") and a longer duration of response ("**DoR**"), and has good safety and tolerability. The median PFS was 11.7 vs. 8.0 months. The 1-year PFS rates were 49.4% and 27.9%. Among all relevant subgroups including the subgroup of PD-L1 expression level, the improvement of PFS by the addition of TUOYI® (toripalimab) was observed. The ORR of the TUOYI® (toripalimab) group and the placebo group was 77.4% vs 66.4%, while the median DoR was 10.0 vs 5.7 months.

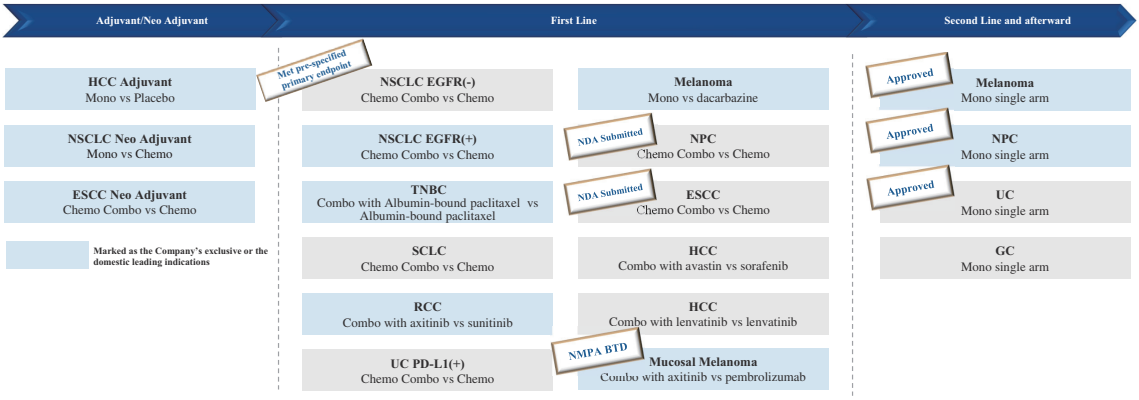
  – In March 2021, TUOYI® (toripalimab) was included in the BTD for the first-line treatment of advanced mucosal melanoma by the NMPA.

  – In April 2021, the IDMC determined that TUOYI® (toripalimab) in combination with paclitaxel/cisplatin as the first-line treatment for patients with advanced or metastatic ESCC has reached its pre-specified primary endpoints of PFS and OS at the interim analysis of a randomized, double-blind, placebo-controlled, multi-center, Phase III clinical study (JUPITER-06 study). In July 2021, the Company received the Acceptance Notice issued by the NMPA that the sNDA for TUOYI® (toripalimab) in combination with platinum-containing chemotherapy as the first-line treatment for patients with locally advanced or metastatic ESCC was accepted by the NMPA. Based on the interim analysis results of the study, the IDMC determined that the primary endpoints have crossed the prespecified efficacy boundaries. The results show that compared with the placebo chemotherapy combination, TUOYI® (toripalimab) combined with standard chemotherapy as a first-line treatment significantly prolonged the PFS and OS of patients with advanced or metastatic ESCC. Detailed research data will be announced at the European Society for Medical Oncology (ESMO) Congress 2021 to be held in September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

– During the Reporting Period, the enrollment of patients for the Phase III clinical study of TUOYI® (toripalimab) in combination with etoposide plus platinum for the first-line treatment of patients with extensive-stage small cell lung cancer ("**SCLC**") (NCT04012606) was completed; the enrollment of patients for the Phase III clinical trial of TUOYI® (toripalimab) as the adjuvant treatment after radical resection of locally advanced hepatocellular carcinoma ("**HCC**") (NCT03859128) was completed.

– We are communicating with the NMPA about the sNDA for TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment of advanced non-small cell lung cancer ("**NSCLC**"). It is expected that the sNDA will be submitted within 2021. The sNDA is based on a randomized, double-blind, multi-center, Phase III clinical study "**CHOICE-01 study**" (NCT03856411). The clinical data of the CHOICE-01 study will be announced at the 2021 World Conference on Lung Cancer (WCLC) to be held in September 2021. According to the study abstract published at the meeting, a significant improvement was observed for the TUOYI® (toripalimab) in combination with chemotherapy arm over the placebo plus chemotherapy arm in terms of median PFS, which were 8.3 months and 5.6 months, respectively, and the 1-year PFS rates were 32.6% and 13.1%, respectively. TUOYI® (toripalimab) in combination with chemotherapy could significantly improve the PFS in both squamous cell carcinoma subgroup and non-squamous cell carcinoma subgroup and regardless of PD-L1 expression.



Progress of overseas clinical trials:

– TUOYI® (toripalimab) has been granted 2 breakthrough therapy designations, 1 fast track designation, and 3 orphan-drug designations by the FDA for the treatment of mucosal melanoma, NPC, and soft tissue sarcoma. The above designations were beneficial for the subsequent R&D, registration and commercialization of TUOYI® (toripalimab) in the United States.

– In February 2021, we entered into an exclusive license and commercialization agreement with Coherus. The Company granted Coherus an exclusive license to develop, manufacture, commercialize, sell and otherwise develop TUOYI® (toripalimab) in the Coherus Territory, and in consideration will receive a non-refundable upfront payment of US$150 million as well as milestone payments up to an aggregate of US$380 million, plus 20% royalty on the annual net sales of any product that contains TUOYI® (toripalimab) in the Coherus Territory. Over the next few years, apart from the BLA submitted for recurrent or metastatic NPC, we and Coherus plan to file additional TUOYI® (toripalimab) BLAs with the FDA for several rare and highly prevalent cancers, including ESCC, NSCLC, SCLC, triple negative breast cancer ("**TNBC**") and liver cancer.

MANAGEMENT DISCUSSION AND ANALYSIS

– In March 2021, we initiated the rolling submission of BLA for TUOYI® (toripalimab) with the FDA for the treatment of recurrent or metastatic NPC and obtained a rolling review by the FDA. Rolling review refers to when applying for BLA or NDA, pharmaceutical enterprises can submit the application documents to the FDA for review in batches, instead of waiting for the application documents to be all completed before submitting an application to the FDA, which can shorten the review cycle of new drugs. TUOYI® (toripalimab) has become the first domestic anti-PD-1 monoclonal antibody to initiate a rolling submission of BLA with the FDA and obtain a rolling review. In August 2021, TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment for patients with recurrent or metastatic NPC was granted a BTD by the FDA. This second BTD broadens the scope of FDA's recognition of TUOYI® (toripalimab)'s potential application for the treatment of NPC, and will speed up FDA's evaluation of related indications. We expect to complete the BLA submission for the indication of TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment of recurrent or metastatic NPC, and the indication of TUOYI® (toripalimab) monotherapy for second or third line recurrent or metastatic NPC within the third quarter of 2021.

From the beginning of the Reporting Period to the date of this report, the results obtained in clinical research of TUOYI® (toripalimab) in the current stage have also been included in many influential international academic journals and included in the presentations of many international academic conferences. Details are as follows:

– The research result of TUOYI® (toripalimab) in combination with CIK cell therapy for the treatment of NSCLC was selected at the 21st World Conference on Lung Cancer (WCLC 2020) in January 2021;

– Publication of the results of TUOYI® (toripalimab) for the treatment of recurrent or metastatic NPC (POLARIS-02 study) in Journal of Clinical Oncology (IF=44.544) in January 2021;

– Efficacy predictor analysis of TUOYI® (toripalimab) for the treatment of advanced gastric cancer in Therapeutic Advances in Medical Oncology (IF=8.168) in January 2021;

– A total of 3 research results of TUOYI® (toripalimab) were selected, including the neoadjuvant treatment for HCC, neoadjuvant treatment for ESCC and maintenance treatment for SCLC, at the annual meeting of the American Association for Cancer Research (AACR 2021) in April 2021;

MANAGEMENT DISCUSSION AND ANALYSIS

– A total of 39 studies related to TUOYI® (toripalimab) were presented together, including an oral report at the general meeting, an oral report at the special session, 15 poster presentations and a number of online abstracts, covering more than 10 tumor types including nasopharyngeal cancer, head and neck cancer, melanoma, lung cancer, gastric cancer, esophageal cancer, liver cancer, cholangiocarcinoma and pancreatic cancer, at the annual meeting of the ASCO (ASCO 2021) in June 2021. In particular, at ASCO 2021, the latest results of a study on TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment of recurrent or metastatic NPC (JUPITER-02 study, #LBA2) were published in the form of LBA of the general meeting. This is China's first domestic innovative drug study to be selected at the general meeting on the official online record of ASCO annual meetings;

– The results of TUOYI® (toripalimab) in combination with chemotherapy as the neoadjuvant treatment for ESCC were selected at the 29th annual meeting of the European Society of Thoracic Surgeons (ESTS 2021) in June 2021;

– Publication of the research results of TUOYI® (toripalimab) in combination with chemotherapy for the first-line treatment of patients with advanced, recurrent or metastatic NPC without systemic therapy (JUPITER-02 study) in Nature Medicine (IF=53.440) in August 2021.

Etesevimab (code: JS016/LY-CoV016)

- Milestones and achievements of commercialization

Etesevimab is a recombinant fully human anti-SARS-CoV-2 monoclonal neutralizing antibody, which was jointly developed by us and the IMCAS for the treatment and prevention of COVID-19. In February 2021, the FDA officially granted the EUA for etesevimab (JS016/LY-CoV016) 1,400 mg and bamlanivimab (LY-CoV555) 700 mg together for the treatment of patients with mild to moderate COVID-19 who were at high risk for progressing to severe COVID-19 and/or hospitalization. In addition, the National Institutes of Health (NIH) in the United States also recommended the use of etesevimab and bamlanivimab together for the treatment of outpatients with mild to moderate COVID-19 with a higher risk of clinical progression in its updated "COVID-19 Treatment Guidelines". The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) issued a positive scientific opinion for etesevimab administered together with bamlanivimab, which suggested that etesevimab and bamlanivimab can be used in combination to treat patients with COVID-19 aged 12 or above who do not require supplemental oxygen and who are at high risk of progressing to severe COVID-19. Our partner Lilly will continue to work with global regulatory agencies to promote these therapies worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

As of the date of this report, the therapy has obtained the EUA in more than 12 countries and regions worldwide. According to the paper *Tackling COVID-19 with neutralizing monoclonal antibodies* published in *CELL*, an international authoritative academic journal, in June 2021, as well as the *Reduced sensitivity of SARS-CoV-2 variant delta to antibody neutralization* published in *Nature* in June 2021, etesevimab and bamlanivimab administered together is active against B.1.1.7/Alpha variant (first identified in Britain) as well as B.1.617.1/Kappa variant and B.1.617.2/Delta variant (first identified in India). We continually monitor the global and domestic COVID-19 environment, assessing the neutralization of etesevimab and our new antibody candidates against a wide array of existing and emerging mutations and variants. As variants continue to evolve and their patterns of transmission and prevalence shift, we will continue our work with our government, regulators and our partner Lilly to ensure our antibodies are available to appropriate patients.

Etesevimab (left) and bamlanivimab (right)

MANAGEMENT DISCUSSION AND ANALYSIS

- Milestones and achievements of clinical development

As of the date of this report, we completed a Phase I study (NCT04441918) to evaluate the tolerability and safety of etesevimab single-dose intravenous therapy among healthy Chinese subjects. In addition, we have completed Phase Ib/II international multi-center clinical study (NCT04780321) for patients with mild to moderate COVID-19, and the study results will be summarized in the near future.

Our partner Lilly has completed a Phase I clinical study of etesevimab (NCT04441931) among healthy subjects in the United States. A Phase II/III clinical study among patients recently diagnosed with COVID-19 in the ambulatory setting ("**BLAZE-1 study**", NCT04427501) is ongoing. In January 2021, the Phase III clinical trial of the BLAZE-1 study reached the primary research endpoint. The etesevimab 2,800 mg and bamlanivimab 2,800 mg together significantly reduced COVID-19-related hospitalizations and deaths in high-risk patients recently diagnosed with COVID-19. Across 1,035 patients, there were 11 events (2.1 percent) in patients taking the therapy and 36 events (7.0 percent) in patients taking placebo, representing a 70 percent risk reduction (p=0.0004). There were a total of 10 deaths in the study, all of which occurred among patients taking placebo. There was no death among the patients taking etesevimab and bamlanivimab together. Significant statistical improvements were also shown among the patients taking etesevimab and bamlanivimab together in all key secondary endpoints, providing strong evidence that the therapy can reduce viral load and accelerate symptom relief. In addition, preliminary results of the ongoing BLAZE-4 study (NCT04634409) provide viral load and pharmacodynamic/pharmacokinetic data demonstrating lower doses of etesevimab 1,400 mg and bamlanivimab 700 mg is similar to the treatment result of etesevimab 2,800 mg and bamlanivimab 2,800 mg together.

Etesevimab

MANAGEMENT DISCUSSION AND ANALYSIS

From the beginning of the Reporting Period to the date of this report, the results obtained in clinical research of etesevimab in the current stage have also been included in many influential international academic journals and included in the presentations of many international academic conferences. Details are as follows:

- In January 2021, the Journal of the American Medical Association (JAMA, IF=56.272), an internationally renowned journal, published online the results of a clinical study on the effect of etesevimab and bamlanivimab together on the viral load of patients with mild to moderate COVID-19 (BLAZE-1 study);

- In May 2021, the Antimicrobial Agents and Chemotherapy (AAC, IF= 4.904), a famous magazine under the American Society for Microbiology, published online the results of the Phase I clinical study of etesevimab among healthy Chinese subjects, which is the data report of the world's first Phase I novel coronavirus neutralizing antibody clinical trial in Chinese subjects;

- In July 2021, the New England Journal of Medicine (NEJM, IF=91.245), a top academic journal in the world, published the updated data of the large-scale Phase III clinical trial (BLAZE-1 study) of etesevimab and bamlanivimab together for the treatment of patients with mild to moderate COVID-19.

Our drug candidates under NDA

Adalimumab (code: UBP1211)

UBP1211 is the adalimumab that we jointly developed with Jiangsu T-mab BioPharma Co., Ltd. As of the date of this report, UBP1211 is in the process of NDA, and has completed on-site clinical inspection, pending further comments from the drug regulatory authority and organization of on-site production inspection. It is expected that the on-site production inspection of the drug will be completed in the third quarter of 2021.

Our drug candidates under clinical trials

Ongericimab (code: JS002)

Ongericimab is a recombinant humanized anti-PCSK9 monoclonal antibody independently developed by us for the treatment of primary hypercholesterolemia and mixed dyslipidemia. We are the first company in China to obtain clinical trial approval for the target drug. In the completed Phase I and Phase II clinical research, ongericimab showed sound safety and tolerability profile with significant efficacy in lowering blood cholesterol by reducing low-density lipoprotein cholesterol (LDL-C) by 55% to 70% compared to the baseline (equivalent to imported similar products). As of the date of this report, we are conducting Phase III clinical studies with larger patient population for further verification of efficacy and safety. It is expected that the enrollment of subjects in the pivotal Phase III clinical study will be completed in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Recombinant humanized anti-BTLA monoclonal antibody (code: TAB004/JS004)

TAB004/JS004 is the world's first-in-human recombinant humanized anti-BTLA monoclonal antibody specific to B– and T–lymphocyte attenuator (BTLA) independently developed by us and commenced clinical trial. As of the date of this report, TAB004/JS004 has completed the dose-escalation stage in Phase Ia and entered the dose-expansion stage in Phase Ib/II. We are conducting further clinical studies on the safety and efficacy of TAB004/JS004 monotherapy against multiple types of tumors (relapsed/refractory lymphoma, melanoma, squamous cell carcinoma of the head and neck, NPC, lung cancer, etc.) in China and the United States. In addition, we have commenced the combination clinical trials of TAB004/JS004 and TUOYI® (toripalimab), in order to exert a synergistic antitumor effect. We believe that the combination of the two is a promising antitumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries. As of the date of this report, there is no other disclosed anti-tumor product with the same target that has entered the clinical trial stage domestically and abroad.

Recombinant humanized anti-TIGIT monoclonal antibody (code: TAB006/JS006)

TAB006/JS006 is a specific anti-TIGIT monoclonal antibody developed independently by us. According to the results of pre-clinical studies, TAB006/JS006 can specifically block TIGIT-PVR inhibitory pathway, stimulate the activation of killing immune cells to secrete tumor killing factors. TIGIT (T cell immunoglobulin and ITIM domain) is an emerging inhibitory receptor shared by NK cells and T cells, which can bind to PVR receptors highly expressed on tumor cells to mediate inhibitory signals of immune responses, thereby directly inhibit the killing effect of NK cells and T cells on tumor cells. The effect is similar to the inhibitory effect of PD-1 on T cells. A number of pre-clinical trial results show that anti-TIGIT antibody and anti-PD-1/PD-L1 antibody can play a synergistic antitumor effect. As of the date of this report, there is no product with similar targets approved for marketing domestically and overseas.

In January 2021, TAB006/JS006 received IND approval from the NMPA. In February 2021, TAB006/JS006 received IND approval from the FDA. The Company will conduct clinical trials of TAB006/JS006 in China and the United States in accordance with relevant regulations.

Recombinant humanized anti-CTLA-4 monoclonal antibody (code: JS007)

JS007 is a recombinant humanized anti-CTLA-4 monoclonal antibody developed independently by the Company that is mainly used for the treatment of advanced cancer. Cytotoxic T lymphocyte–associated antigen-4 (CTLA-4) is an important receptor for T cell surface modulates immune response. JS007 is able to bind to CTLA-4 specifically and block the interaction between CTLA–4 and its ligand B7 (CD80 or CD86) effectively, thereby activates T-lymphocyte and inhibits the growth of tumor. Currently, ipilimumab, a marketed drug with the same target overseas, as the first immunity checkpoint inhibitor, has been proved to have significant tumor suppressor effect in multiple tumor types including melanoma, lymphoma, renal cell cancer, UC, ovarian cancer and NSCLC, and has been approved for the treatment of advanced melanoma. According to the data of pre-clinical studies, compared with ipilimumab with the same target but different sequence, JS007 shows similar level of safety but better efficacy. In June 2021, the IND application for JS007 was approved by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

Recombinant humanized anti-Trop2 monoclonal antibody – Tub196 conjugate (code: JS108)

JS108 is recombinant humanized anti-Trop2 monoclonal antibody – Tub196 conjugate. Trop2 is an important factor in tumor development. It appears in a variety of tumors at high levels, including breast cancer, NSCLC, SCLC, colon cancer, pancreatic cancer. It can promote tumor cell proliferation, invasion, metastasis, spread and other processes. Its high level of expression is closely related to the shortened survival and poor prognosis of tumor patients. Hence, cancer drug research that targets Trop2 is of great significance. As of the date of this report, the Phase I clinical study (NCT04601285) of JS108 is in progress. The Phase I clinical study aims to evaluate the safety, tolerability, properties and effectiveness of JS108 for the treatment of subjects with advanced solid tumors. The study is divided into three phases: dose escalation phase, dose expansion phase and clinical expansion phase. The three phases are planned to enroll about 16-36, 12-27, and 60-90 patients respectively with advanced solid tumors.

PARP inhibitor senaparib (code: JS109)

Senaparib is a novel agent targeting PARP (poly-ADP ribose polymerase) developed by IMPACT Therapeutics, Inc. ("**IMPACT Therapeutics**"). In August 2020, the Company and IMPACT Therapeutics entered into an agreement to form a company jointly. The jointly formed company will mainly engage in the R&D and commercialization of small molecule anti-tumour drugs including senaparib. IMPACT Therapeutics will contribute for its interests by way of injection of the PARP inhibitor senaparib as an asset within the territories of mainland China, Hong Kong and Macau. The Company and IMPACT Therapeutics will each own 50% equity interests (please refer to the Company's announcements dated 20 August 2020 and 26 August 2020 for further details). As of the date of this report, we are conducting a Phase II pivotal study of senaparib monotherapy in treating advanced ovarian cancer patients with BRCA mutation who have received at least 2 prior lines of standard treatment, and a Phase III study of senaparib as the first-line maintenance treatment in platinum-sensitive advanced ovarian cancer patients.

Anti-PD-1/TGF-β bifunctional fusion protein (code: JS201)

JS201 is a bifunctional fusion protein developed independently by us that simultaneously targets PD-1 and TGF-β (transforming growth factor-β). PD-1 and TGF-β usually show high expression at the same time in the tumor microenvironment. TGF-β is an important growth factor in immunosuppression, which in turn mediates the primary resistance of anti-PD-1 monoclonal antibody, thus blocking the two immunosuppressive signals simultaneously, i.e. PD-1 and TGF-β to play a synergistic antitumor effect. JS201 effectively blocks the PD-1/PD-L1 and TGF-β immunosuppressive pathways and improves the immune regulation in the tumor microenvironment, and therefore stimulates the killing effect of the human immune system on tumor cells, effectively enhances the immune response, and reduces immune escape and drug resistance. In February 2021, the IND application for JS201 was accepted by the NMPA, and received IND approval in May 2021. In July 2021, the dosing of the first patient was completed in the Phase I clinical trial (NCT04956926) of JS201. The study aims to evaluate the safety, tolerability, pharmacokinetics and preliminary efficacy of JS201 in the treatment of patients with advanced malignant tumors in the dose escalation stage, dose expansion stage and clinical expansion stage. As of the date of this report, there is no product with similar targets approved for marketing domestically and overseas.

MANAGEMENT DISCUSSION AND ANALYSIS

XPO1 Inhibitor (code: JS110)

JS110 is a small molecule inhibitor of the nuclear export protein XPO1, which is clinically intended to treat patients with advanced tumors. According to the results of pre-clinical studies, JS110 specifically blocks the function of XPO1, inhibits the nuclear export of a variety of tumor suppressor proteins including p53, and strengthens the function of tumor suppressor proteins. JS110 inhibits the growth and induces death of a variety of tumor cells in vitro. In animal tumor models, JS110 monotherapy or combination therapy can inhibit the growth of a variety of blood and solid tumors. Due to its unique mechanism of action, the development of JS110 is expected to bring new treatments to patients with advanced tumors. In February 2021, the IND application for JS110 was accepted by the NMPA, and received IND approval in April 2021. The Company has the world-wide exclusive production rights, licensed production rights and sales rights for JS110.

EGFR exon20 insertion and other uncommon mutation inhibitor (code: JS111)

JS111 is a small molecule inhibitor that effectively inhibits uncommon EGFR (epidermal growth factor receptor) mutations. The uncommon EGFR mutations account for about 10% among all EGFR mutations, including EGFR exon20 insertion, T790M point mutation and complex mutations, as well as sequence repeat mutations and other point mutations between exon 18 and 21 represented by G719X. Due to the limited clinical benefits from existing EGFR-TKI, chemotherapy and immunotherapy for patients with EGFR exon20 insertion or other uncommon EGFR mutations in NSCLC, patients have urgent demand for clinical treatments. Pre-clinical data showed that JS111 maintains the activity of inhibition for the common EGFR mutations such as T790M and selection of wild-type EGFR, while overcoming the insensitivity of the third-generation EGFR inhibitor for exon20 insertion and other uncommon EGFR mutations. The development of JS111 is expected to bring new treatments for cancer patients with EGFR exon20 insertion mutation and other uncommon EGFR mutations. In February 2021, the IND application for JS111 was accepted by the NMPA, and received IND approval in April 2021. In July 2021, the dosing of the first patient was completed in the Phase I/II clinical trial (NCT04993391) of JS111. The study aims to evaluate the safety, tolerability, pharmacokinetics and preliminary efficacy of JS111 in the treatment of patients with locally advanced or metastatic NSCLC in the dose escalation stage, dose expansion stage and efficacy expansion stage. The Company has the world-wide exclusive production rights, licensed production rights and sales rights for JS111.

Pegylated uricase derivative (code: JS103)

JS103 is a pegylated uricase derivative developed independently by us that is mainly used for the treatment of hyperuricemia with or without gout. JS103 catalyses the oxidation of uric acid to form an allantoin with significantly higher solubility than that of uric acid, thereby achieving the effect of reducing blood uric acid. Hyperuricemia is a metabolic disorder syndrome caused by excessive production of uric acid or obstruction of uric acid excretion due to purine metabolic disorder, as a result of which uric acid exceeds the critical limits in blood. Gout is a crystal-associated arthropathy caused by the deposition of monosodium urate, which is directly related to hyperuricemia. According to the Guidelines for the Diagnosis and Treatment of Hyperuricemia and Gout in China (2019) (《中國高尿酸血症與痛風診療指南(2019)》), the overall prevalence of hyperuricemia and gout in China is 13.3% and 1.1%, respectively. Gout and associated diseases caused by hyperuricemia are among the most common chronic diseases in China. Therefore, the development of JS103 is expected to bring more treatment options to patients. In March 2021, the IND application for JS103 was accepted by the NMPA, and received IND approval in May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Recombinant humanized anti-IL-17A monoclonal antibody (code: JS005)

JS005 is a specific anti-IL-17A monoclonal antibody developed independently by us. In preclinical studies, JS005 has shown efficacy and safety comparable to those of marketed anti-IL-17 monoclonal antibodies. Preclinical study data fully shows that JS005 has a clear target, definite efficacy, good safety, stable production process, and controllable product quality. As of the date of this report, the Phase I clinical study of JS005 has completed, while a randomized, double-blind, multi-center, placebo-controlled, Phase Ib/II clinical study aiming to evaluate the safety, tolerability, efficacy and pharmacokinetics of multiple doses of JS005 in patients with moderate to severe psoriasis is underway.

Recombinant IL-21 – a nanobody fusion protein of anti-human serum albumin (HSA) (code: JS014)

The active ingredient of JS014 is recombinant IL-21 – a nanobody fusion protein of anti-human serum albumin (HSA), of which the half-life can be significantly prolonged through fusing anti HSA nanobodies. JS014 is able to specifically combine human IL-21R with high affinity and activate T-lymphocyte. The prolongation of half-life can expand the distribution of the drug in the tumor microenvironment, and enhance the activity of tumor infiltrating lymphocytes in the tumor microenvironment, thereby improving the ability of immune system to kill tumor cell. In addition, the use of JS014 and immune checkpoint monoclonal antibodies jointly shows a strong synergistic antitumor effect. In June 2019, the Company executed a License Agreement with Anwita Biosciences, Inc. The Company received the entitlement to develop and commercialize JS014 in the greater China territories (including mainland China, the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan region). In June 2021, the IND application for JS014 was accepted by the NMPA.

Other collaboration projects

In July 2021, the Company and Immorna entered into an agreement in relation to jointly forming a company, which will be owned 50% by each party (for further details, please refer to the announcements of the Company dated 19 July 2021 and 23 July 2021). The jointly formed company will mainly engage in the R&D, clinical research, application for approval, production and commercialization of product development projects in the fields of tumors, infectious diseases, rare diseases and other diseases agreed by both parties on the mRNA technology platform globally. The establishment of the jointly formed company can complement each party's technological advantages to capitalize on the strengths of the mRNA general platform technology in cancer immunotherapy, infectious disease prevention and other fields in a more efficient manner, and continuously explore new directions of application.

MANAGEMENT DISCUSSION AND ANALYSIS

Our manufacturing facilities

We have two production bases. With GMP certification, Wujiang production base in Suzhou ("**Wujiang Production Base**") has a 4,500L fermentation capacity, and 3,000L of which can be used in commercial production of the Company's products and production of clinical trial drugs. During the Reporting Period, the Wujiang Production Base has added a fermentation capacity of 1,500L so as to support the drug substance production of adalimumab and the production of drug candidates for use in clinical trials. Lingang production base in Shanghai ("**Lingang Production Base**") was constructed in accordance with the CGMP standard. The first phase of the project, with a production capacity of 30,000L (15*2,000L) was put into trial production at the end of 2019, which supported the supply of drugs and drug substances in the overseas clinical trial of JS016 project during the early stage of development. At present, the Lingang Production Base is conducting technology transfer of TUOYI® (toripalimab). By virtue of economies of scale, the expansion of production capacity in the Lingang Production Base provided the Company with a more competitive production cost and expedited the launch of new drugs by supporting more clinical trials. Based on the current R&D progress of product pipeline, we plan to further expand our production facilities for the provision of sufficient production capacity to match our gradually increasing and maturing drug candidates and support our continued business expansion in the future.

From design to construction, the Shanghai Lingang Production Base aims at achieving full digitalization, and will integrate production automation and digital management into actual production, striving to achieve four transformations as a digital "smart" factory:

- through the digitalization of production lines, workshops and factories, "black production" will be transformed into "transparent production";
- through networking, "data lags behind the product" will be transformed into "data keeps in pace with the product";
- through data analysis and control, "experience determines quality" will be transformed into "process guarantees quality"; and
- through the overall digitalization of "man, machine, material, method and environment", "manual drug quality management" will be transformed into "systemic guarantee of drug quality", so as to ensure drug safety from the source.

MANAGEMENT DISCUSSION AND ANALYSIS

Other corporate development

- In terms of innovative drug R&D, we continued to increase our R&D investment with R&D expenses amounting to RMB947 million during the Reporting Period, representing an increase of 34% as compared with the same period last year, which strongly supported the R&D for our innovative drugs projects. As at the end of the Reporting Period, the Group owned 86 granted patents, of which 66 were domestic patents and 20 were overseas patents. These patents cover the protein structure of new drugs, preparation process, usage, preparation formula, etc., providing sufficient and long-life-cycle patent protection for our products.

- In order to optimize the capital structure, focus more on the development of the principal business, improve operating efficiency, increase our investment in technology R&D, and better serve technological innovation, an aggregate of 36,549,200 new H Shares have been successfully allotted and issued by the Company in June 2021 at the placing price of HK$70.18 per H Share to not less than six placees. The net proceeds from the Placing are approximately RMB2,106 million. The proceeds from the Placing are intended to be used toward the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, and business development, and general corporate purposes.

- From February 2021, the A Shares and H Shares of the Company have been included in Northbound Trading under Shanghai-Hong Kong Stock Connect and the Stock Connect Southbound Trading, respectively. From March 2021, the Company's A Shares have been included in the STAR 50 index and the FTSE Global Equity Index, while the Company's H shares have been included in the Hang Seng Composite Index, the Hang Seng SmallCap Index, the Hang Seng Healthcare Index, the Hang Seng Stock Connect Hong Kong Index and the Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index. Since September 2021, the A Shares of the Company will be included in the MSCI China A Onshore Index.

FUTURE AND OUTLOOK

With strong R&D capabilities, we are at the forefront of medical innovation. In the aspect of R&D of drugs, with the focus on the development of macromolecular drugs, we will continue to track and conduct exploratory research on potential targets suitable for the development of macromolecular drugs on the basis of accelerating the R&D and commercialization progress of pipelines. Meanwhile, we will invest appropriate resources in the field of small molecule R&D to explore and develop new drug targets, and carry out exploratory research in the field of cell therapy and so on. Based on independent R&D, we will further expand the product pipeline through licensing and other methods to stay on the front line of R&D of innovative drugs. As for production, we plan to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further improve the competitiveness of our production costs. In the aspect of commercialization, we will continue to improve the establishment of marketing and commercialization teams. The Company is committed to becoming an innovative biopharmaceutical company with global competitiveness, integrating R&D, production and commercialization, and benefiting patients with world-class and trustworthy biological drugs with original innovation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Revenue

As at 30 June 2021, total revenue reached RMB2,114 million, representing an increase of 268% compared to RMB575 million of the corresponding period in 2020, including sales of pharmaceutical products, out-licensing income and service income. The milestone and royalty payments received from out-licensing mainly came from the research collaboration and license agreement entered into between the Company and Lilly in May 2020, where the Company granted Lilly a license to conduct research, development and commercialization of a recombinant fully human anti-SARS-CoV-2 monoclonal antibody (an innovative drug for the treatment and prevention of COVID-19). The upfront payment received from out-licensing mainly came from the license and commercialization agreement entered into between the Company and Coherus in February 2021, where the Company granted Coherus an exclusive license, with the right to sublicense, to develop, manufacture, commercialize, sell and otherwise exploit the monoclonal antibody known as JS001 and any successor anti-PD-1 monospecific antibody and any product that contains JS001 in the treatment or prevention of diseases and disorders in humans in the Coherus Territory.

2. R&D Expenses

R&D expenses mainly include clinical trial expenses, preclinical study costs, expenses of collaboration R&D projects, reagents and consumables, staff salary and welfare and depreciation and amortization. During the periods ended 30 June 2020 and 2021, R&D expenses amounted to RMB709 million and RMB947 million, respectively. The increase in R&D expenses was mainly due to (i) the increase in investment in clinical and pre-clinical R&D to support the clinical trials of several new indications of the Company as well as the promising progress of pivotal clinical trials; (ii) expansion of various R&D pipelines through in-house, collaboration and license-in R&D activities; and (iii) increases in staff salary and welfare as a result of expansion of the R&D team.

3. Selling and Distribution Expenses

Selling and distribution expenses mainly include sales staff costs, marketing and promotion activities and travelling cost. During the periods ended 30 June 2020 and 2021, selling and distribution expenses amounted to RMB228 million and RMB423 million, respectively. The increase in selling and distribution expenses was mainly due to strengthened marketing and promotion activities and expansion of sales team to rapidly enhance hospital coverage and gain higher market shares for our products.

4. Administrative Expenses

Administrative expenses mainly include administrative staff costs, office administration expenses, and depreciation and amortization. During the periods ended 30 June 2020 and 2021, administrative expenses amounted to RMB144 million and RMB296 million, respectively. The increase in administrative expenses was mainly due to our business growth and organization expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Liquidity and Capital Resources

As at 30 June 2021, our bank balances and cash increased to RMB4,269 million as compared to RMB3,385 million as at 31 December 2020, which was mainly due to (i) funds raised from the Placing in June 2021; and (ii) cash inflow from growth in revenue.

The Group does not implement any hedging instruments currently, as a result, the Group does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure and risks. As at 30 June 2021, foreign currency bank balances are USD108 million, and HK$2,531 million which is mainly generated from the Placing in late June 2021.

6. Non-IFRS Measures

To supplement the Group's condensed consolidated financial statements which are prepared in accordance with the IFRS, the Company has provided adjusted total comprehensive expenses for the period (excluding effects from non-cash related items and one-off events which include but not limited to share-based payment expenses, net exchange losses, and listing expenses), as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the non-IFRS financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these non-IFRS financial measures in assessing the Group's financial performance by eliminating the impacts of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS financial results on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

Non-IFRS adjusted total comprehensive income (expenses) for the periods:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
IFRS total comprehensive expense for the period	**(4,210)**	(593,273)
Add:		
Listing expenses	**–**	817
Share-based payment expenses	**101,405**	3,222
Net exchange losses	**332**	469
Adjusted total comprehensive income (expense) for the period	**97,527**	(588,765)

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

No dividend was paid, declared or proposed during both periods. The Directors have determined that no dividend will be paid in respect of the Reporting Period.

EARNING (LOSS) PER SHARE

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earning (loss) per share	**10,534**	(597,899)

(a) Basic

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earning (loss) per share	**874,262,727**	784,146,500
Earning (loss) per share (RMB yuan)	**0.01**	(0.76)

(b) Diluted

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of diluted earning (loss) per share *(note a)*	**884,824,848**	784,146,500
Earning (loss) per share (RMB yuan)	**0.01**	(0.76)

Note:

(a) The Company granted share options on 14 May 2018 and granted Restricted Share Units ("RSUs") on 16 November 2020. The computation of diluted loss per share for the period ended 30 June 2020 do not assume the exercise of the Company's outstanding share options and RSUs as this would result in a decrease in loss per share. The calculation of weighted average number of ordinary shares is set out in note 9 to the condensed consolidated financial statements for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER FINANCIAL ASSETS

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Current assets		
Financial assets measured at fair value through profit or loss	**17**	17
Non-current assets		
Financial assets measured at fair value through profit or loss		
– Unlisted equity investments in partnership *(Note a)*	**118,386**	77,030
– Unlisted equity investments *(Note b)*	**43,634**	133,007
– Investment in preference shares *(Note c)*	**550,817**	146,688
	712,837	356,725
Financial assets measured at fair value through other comprehensive income *(Note d)*	**222,642**	–

Notes:

(a) The amount represents unlisted equity investments in limited partnership enterprise ("**Partnership Enterprise**"), which is specialised in making equity investment. According to the Partnership Enterprise agreement, the Group does not have any right on making operating, investing and financing decisions of the Partnership Enterprise.

(b) The amounts represent unlisted equity interest in entities established in the PRC which are mainly engaged in drug discovery. These investments are not held for trading but for long-term strategic purposes.

(c) The amounts represent investments in preference shares in unlisted entities established in the PRC, the United States and the Cayman Islands, which are mainly engaged in drug discovery.

(d) The amount represents equity investment in Coherus which is held for long-term strategic purpose. The management of the Group have elected to designate the investment in equity instruments as at financial assets measured at fair value through profit or loss as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising the performance potential in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

The Group allows a normal credit period of 60 days (2020: 35 to 65 days) to its trade customers.

The following is an analysis of trade receivables and trade receivables backed by bank bills by age (net of allowance for credit losses) presented based on invoice dates at the end of the Reporting Period.

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
0 to 30 days	**324,107**	573,437
31 to 90 days	**55,553**	27,876
91 to 180 days	**38,130**	61,103
Over 180 days	**19,180**	907
	436,970	663,323

TRADE PAYABLES

Payment terms with suppliers are mainly with credit term of 15 to 60 days (2020: 15 to 60 days) from the time when the goods and services are received from the suppliers. The following is an aging analysis of trade payables presented based on invoice date at the end of the Reporting Period:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
0 to 30 days	**155,927**	74,433
31 to 90 days	**4,881**	4,316
91 to 180 days	**4,169**	2,009
Over 180 days	**1,805**	9,948
	166,782	90,706

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

Unsecured Borrowings

As at 30 June 2021, we had unguaranteed and unsecured borrowings of RMB20 million from China Merchants Bank. The borrowings bear fixed interest rates of 3.75% per annum.

Secured Borrowings

We entered into a loan facility of up to RMB900 million from 12 September 2019 to 29 November 2022 with the Bank of Shanghai, and drew down RMB721 million of guaranteed and secured loan under such facility as of 30 June 2021. The loan facility bears a fixed interest rate of 5.23% per annum.

The loan is guaranteed by us and our subsidiary Suzhou Union Biopharm Biosciences Co. Ltd. ("**Suzhou Union Biopharm**"), and secured by mortgages over our property, plant and equipment and right-of-use assets situated in Shanghai Lingang and Wujiang Economic and Industrial Development Zone held by our subsidiaries Shanghai Junshi Biotechnology Co., Ltd. and Suzhou Union Biopharm.

The Group incurred borrowings for: i) ongoing clinical trials and preclinical studies for our drug candidates; and ii) construction of the Lingang Production Base and Wujiang Production Base.

As at 30 June 2021, the Group has pledged the following assets as security for the Group's bank borrowings:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Property, plant and equipment	**1,661,945**	1,716,673
Right-of-use assets	**57,080**	58,862
	1,719,025	1,775,535
The maturity profile of bank borrowings is as follows:		
– within one year	**465,489**	252,346
– within a period of more than one year but not exceeding two years	**275,556**	542,222
	741,045	794,568

All bank borrowings are denominated in RMB as at 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTRACTUAL COMMITMENTS

Capital and Other Commitments

As at 30 June 2021, the Group's capital expenditure in respect of the acquisition of property, plant and equipment and investment contracted for but not provided in the consolidated financial statements was RMB572 million, which increased by 8% from RMB528 million as at 31 December 2020, mainly due to the increased capital expenditure in investment.

Financing Plan

The Group is approved to apply a credit line with an amount up to RMB3,400 million in 2021, so as to support the production and operation of the Group and the quick development of project construction.

GEARING RATIO

Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%. As at 30 June 2021, the Group was in a net cash position and thus, gearing ratio is not applicable.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2021, we did not have significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTIGENT LIABILITIES

As at 30 June 2021, we did not have any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

OTHER INFORMATION

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the state of affairs of the Group at 30 June 2021 are set out in the condensed consolidated financial statements and the accompanying notes on pages 56 to 85.

The Directors do not recommend the distribution of any interim dividend for the Reporting Period.

DIRECTORS AND SUPERVISORS

BOARD OF DIRECTORS

As at the end of the Reporting Period, the Board comprised 14 Directors, consisting of 5 executive Directors, 4 non-executive Directors, and 5 independent non-executive Directors. During the Reporting Period and up to the date of this report, the composition of the Board changed as follows:

Executive Directors

Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Chief Executive Officer and General Manager)*
Dr. Feng Hui
Mr. Zhang Zhuobing
Dr. Yao Sheng

Non-executive Directors

Dr. Wu Hai
Mr. Tang Yi
Mr. Li Cong
Mr. Lin Lijun
Mr. Yi Qingqing – *Resigned with effect from 29 June 2021*

Independent Non-executive Directors

Dr. Chen Lieping
Mr. Qian Zhi
Mr. Zhang Chun
Dr. Roy Steven Herbst
Dr. Jiang Hualiang – *Resignation received on 30 August 2021, to be effective upon appointment of a new independent non-executive Director by the Shareholders at a general meeting of the Company*

OTHER INFORMATION

BOARD OF SUPERVISORS

As at the end of the Reporting Period, the Board of Supervisors comprised 3 Supervisors. The Supervisors were as follows:

Mr. Wu Yu *(Chairman of the Board of Supervisors)*
Ms. Wang Pingping
Ms. Huo Yilian – Appointed with effect from 29 June 2021
Mr. Liu Jun – Retired with effect from 29 June 2021
Ms. Li Ruolin – Retired with effect from 29 June 2021
Mr. Fu Cexiong – Retired with effect from 29 June 2021

Directors' and Supervisors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this report, none of the Directors, Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

Competing interest and other interest

None of the Directors or the Supervisors or any entity connected with them has any material interest, either directly or indirectly, in any contract, transaction or arrangement of significance to the Group's business to which the Company, any of its holding companies, any of its subsidiaries, fellow subsidiaries was a party subsisted at any time during the Reporting Period.

During the Reporting Period, none of the Directors and their respective associates had an interest in a business which causes or may cause any significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Changes of Information of the Directors and Supervisors

During the Reporting Period, save as disclosed below, the Directors and the Supervisors confirmed that there is no information which is discloseable pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

As at the date of this report, changes in information since the date of publication of the 2020 Annual Report which are required to be disclosed by the Directors of the Company pursuant to Rule 13.51B(1) of the Listing Rules are set out as below:

Updated Biographical Details of Directors

Name of Director	Details of Change	Effective Date
Dr. Jiang Hualiang	Resigned as an independent non-executive director of Alphamab Oncology, a company listed on the Main Board of the Hong Kong Stock Exchange on 12 December 2019	27 August 2021
	Resigned as an independent non-executive director of MicroPort CardioFlow Medtech Corporation, a company listed on the Main Board of the Hong Kong Stock Exchange on 4 February 2021	27 August 2021

OTHER INFORMATION

Name of Director	Details of Change	Effective Date
Mr. Lin Lijun	Resigned as a non-executive director of InnoCare Pharma Limited, a company listed on the Main Board of the Hong Kong Stock Exchange on 23 March 2020	31 March 2021
	Resigned as a non-executive director of Wenzhou Kangning Hospital Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange on 20 November 2015	30 April 2021
	Resigned as an independent director of Luoxin Pharmaceutical Group Stock Co., Ltd., a company listed on the Shenzhen Stock Exchange on 12 May 2020	19 May 2021
Mr. Yi Qingqing	Resigned as a non-executive Director of the Company	29 June 2021

OTHER INFORMATION

Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at 30 June 2021, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company

Name of Director/ Supervisor/ Chief Executive	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares[1]	Approximate percentage in relevant class of Shares[1]	Approximate percentage in total share capital[1]
Xiong Jun	Beneficial owner[2]	A Shares	88,072,968 (L)	12.74%	9.67%
		H Shares	2,600 (L)	0.00%	0.00%
	Parties acting in concert/ Interest in controlled corporations[2]	A Shares	129,978,568 (L)	18.80%	14.27%
Li Ning	Beneficial owner[3]	A Shares	1,560,000 (L)	0.23%	0.17%
Feng Hui	Beneficial owner[4]	A Shares	13,960,000 (L)	2.02%	1.53%
Zhang Zhuobing	Beneficial owner/ Interest of spouse[5]	A Shares	9,428,000 (L)	1.36%	1.04%
Yao Sheng	Beneficial owner[6]	A Shares	2,000,000 (L)	0.29%	0.22%
Li Cong	Beneficial owner	A Shares	3,657,600 (L)	0.53%	0.40%
Tang Yi	Beneficial owner	A Shares	7,774,500 (L)	1.12%	0.85%
	Interest in controlled corporations[7]	A Shares	196,370,736 (L)	28.40%	21.56%
		H Shares	2,600 (L)	0.00%	0.00%
Lin Lijun	Interest in controlled corporations[8]	A Shares	78,852,000 (L)	11.40%	8.66%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion[8]	H Shares	37,189,000 (L)	16.96%	4.08%

OTHER INFORMATION

Notes:

1. The letter "L" denotes the long position in the Shares, the letter "S" denotes short position in the Shares and the letter "P"denotes lending pool. As at 30 June 2021, the Company had 910,756,700 issued Shares, comprising 691,461,000 A Shares and 219,295,700 H Shares.

2. As at 30 June 2021, Mr. Xiong directly held 87,072,968 A Shares and 2,600 H Shares. He was also granted 820,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

   Pursuant to (i) a concert party agreement dated 25 December 2017 entered into among Mr. Xiong Jun, Mr. Xiong Fengxiang, Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)* ("**Suzhou Ruiyuan**"), Suzhou Benyu Tianyuan Biological Technology Partnership (LP)* ("**Suzhou Benyu**"), Shanghai Baoying Asset Management Co., Ltd.* ("**Shanghai Baoying**"), Meng Xiaojun, Gao Shufang, Zhuhai Huapu Investment Management Co., Ltd.* and Zhao Yun (the "**2017 Concert Party Agreement**"), Mr. Xiong Jun was deemed to be interested in an aggregate of 108,297,768 A Shares held by the other parties to the 2017 Concert Party Agreement as at 30 June 2021 under the SFO (including the 41,060,000 A Shares directly held by Mr. Xiong Fengxiang, the father of Mr. Xiong Jun); and (ii) a concert party agreement dated 26 July 2019 entered into between Mr. Xiong Jun and Ms. Zhou Yuqing (the "**2019 Concert Party Agreement**"), Mr. Xiong Jun was further deemed to be interested in the 21,680,800 A Shares held by the other party to the 2019 Concert Party Agreement as at 30 June 2021 under the SFO.

   As at 30 June 2021, Mr. Xiong Jun (i) was an executive director and was directly interested in 20% of the equity share capital of Shanghai Baoying, which directly held 4,372,144 A Shares; Shanghai Baoying was also a party to the 2017 Concert Party Agreement; (ii) was the chairman of the board of directors and was directly interested in 40% of the equity share capital of Shenzhen Qianhai Yuanben Equity Investment Fund Management Co., Ltd.* ("**Shenzhen Yuanben**"), which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan, which in turn directly held 4,600,000 and 43,584,000 A Shares, respectively, and were each a party to the 2017 Concert Party Agreement. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Mr. Xiong Jun was deemed to be interested in an aggregate of such 52,556,144 A Shares under the SFO.

3. As at 30 June 2021, Dr. Li Ning was granted 1,560,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

4. As at 30 June 2021, Mr. Feng Hui directly held 13,140,000 A Shares. He was also granted 820,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

5. As at 30 June 2021, Mr. Zhang Zhuobing's spouse, Ms. Liu Xiaoling, directly held 8,608,000 A Shares. Mr. Zhang was also granted 820,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

6. As at 30 June 2021, Dr. Yao Sheng was granted 2,000,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

7. As at 30 June 2021, Mr. Tang Yi directly held 7,774,500 A Shares. Mr. Tang Yi was a director of and directly interested in 60% of the equity share capital of Shenzhen Yuanben, which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Therefore, he was deemed to be interested in Shares in which Suzhou Benyu and Suzhou Ruiyuan were interested (including Shares and Restricted Shares that they are deemed to be interested in pursuant to the 2017 Concert Party Agreement) under the SFO.

OTHER INFORMATION

8. As at 30 June 2021, Shanghai Tanying Investment Partnership ("**Shanghai Tanying**") was directly interested in 76,590,000 A Shares. Shanghai Tanzheng Investment Partnership ("**Shanghai Tanzheng**") directly held 2,262,000 A Shares. Mr. Lin Lijun was a director and wholly interested in Shanghai Loyal Valley Investment Management Co., Ltd. (formerly Shanghai Shengge Asset Management Co., Ltd.) ("**Loyal Valley**"), which was the general partner of Shanghai Tanying and Shanghai Tanzheng. Mr. Lin Lijun was also the general partner of Shanghai Shengdao Investment Partnership, which was the general partner of Shanghai Lejin Investment Partnership, which in turn held 99.99% interest in Shanghai Tanying. Therefore, Mr. Lin Lijun was deemed to be interested in the Shares held by Shanghai Tanying and Shanghai Tanzheng under the SFO.

   As at 30 June 2021, Loyal Valley Capital Advantage Fund LP ("**LVC Fund I**"), Loyal Valley Capital Advantage Fund II LP ("**LVC Fund II**") and LVC Renaissance Fund LP ("**LVC Renaissance Fund**", together with LVC Fund I and LVC Fund II, the "**LVC Funds**") directly held 10,106,000 H Shares, 12,127,000 H Shares and 14,956,000 H Shares, respectively. Loyal Valley Capital Advantage Fund GP Limited ("**LVC Fund I GP**") was the general partner of LVC Fund I, Loyal Valley Capital Advantage Fund II Limited ("**LVC Fund II GP**") was the general partner of LVC Fund II and LVC Renaissance Limited ("**LVC Renaissance GP**") was the general partner of LVC Renaissance Fund. Each of LVC Fund I GP, LVC Fund II GP and LVC Renaissance GP was wholly-owned by LVC Holdings Limited, which was wholly-owned by LVC Innovate Limited (previously known as LVC Bytes Limited), which was in turn wholly-owned by Jovial Champion Investments Limited, which was wholly-owned by Vistra Trust (Singapore) Pte. Limited, which was controlled by Mr. Lin Lijun. Also, LVC Renaissance Fund was owned as to (i) 20.13% by Golden Valley Global Limited, which was wholly-owned by Shanghai Lehong Investment Partnership ("**Shanghai Lehong**"). Shanghai Tanying (a controlled corporation of Mr. Lin Lijun) held 99.99% interest in Shanghai Lehong and Loyal Valley (a corporation wholly-owned by Mr. Lin Lijun) was the general partner of Shanghai Lehong; and (ii) 33.28% by Loyal Valley Innovation Capital (HK) Limited, which was wholly-owned by Mr. Lin Lijun. Therefore, Mr. Lin Lijun was deemed to be interested in an aggregate of 37,189,000 H Shares held by the LVC Funds under the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors, Supervisors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code.

Interests in Associated Corporations

None of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of associated corporations (within the meaning of Part XV of SFO) of the Company.

OTHER INFORMATION

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

As at 30 June 2021, to the best knowledge of the Directors, the following persons/entities (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total share capital[2]
Xiong Fengxiang[3] [4]	Beneficial owner	A Shares	41,060,000 (L)	5.94%	4.51%
	Parties acting in Concert	A Shares	155,310,736 (L)	22.46%	17.05%
Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)*	Beneficial owner	A Shares	43,584,000 (L)	6.30%	4.79%
蘇州瑞源盛本生物醫藥管理合夥企業(有限合夥)[4]	Parties acting in Concert	A Shares	152,786,736 (L)	22.10%	16.78%
Suzhou Benyu Tianyuan Biological Technology Partnership (LP)*	Beneficial owner	A Shares	4,600,000 (L)	0.67%	0.51%
蘇州本裕天源生物科技合夥企業(有限合夥) [4]	Parties acting in Concert	A Shares	191,770,736 (L)	27.73%	21.06%
Shanghai Baoying Asset Management Co., Ltd.*	Beneficial owner	A Shares	4,372,144 (L)	0.63%	0.48%
上海寶盈資產管理有限公司[4]	Parties acting in Concert	A Shares	191,998,592 (L)	27.77%	21.08%
Meng Xiaojun	Beneficial owner	A Shares	4,288,400 (L)	0.62%	0.48%
孟曉君[4]	Parties acting in Concert	A Shares	192,082,336 (L)	27.78%	21.09%
Gao Shufang	Beneficial owner	A Shares	3,789,720 (L)	0.55%	0.42%
高淑芳[4]	Parties acting in Concert	A Shares	192,581,016 (L)	27.85%	21.15%
Zhuhai Huapu Investment Management Co., Ltd.*	Beneficial owner	A Shares	3,719,504 (L)	0.54%	0.41%
珠海華樸投資管理有限公司[4]	Parties acting in Concert	A Shares	192,651,232(L)	27.86%	21.15%
Zhao Yun	Beneficial owner	A Shares	2,884,000 (L)	0.42%	0.32%
趙雲[4]	Parties acting in Concert	A Shares	193,486,736 (L)	27.98%	21.24%
Zhou Yuqing	Beneficial owner	A Shares	21,680,800 (L)	3.14%	2.38%
周玉清[5]	Parties acting in Concert		88,072,968 (L)	12.74%	9.67%
Shanghai Tanying Investment Partnership[6]	Beneficial owner	A Shares	76,590,000 (L)	11.08%	8.41%
Shanghai Lejin Investment Partnership[6]	Interest of controlled corporation	A Shares	76,590,000 (L)	11.08%	8.41%
Shanghai Shengdao Investment Partnership[6]	Interest of controlled corporation	A Shares	76,590,000 (L)	11.08%	8.41%
Shanghai Loyal Valley Investment Management Co., Ltd.[6]	Interest of controlled corporation	A Shares	78,852,000 (L)	11.40%	8.66%

OTHER INFORMATION

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total share capital[2]
Gong Ruilin 龔瑞琳	Interest of spouse/ Interest of controlled corporation[6][8]	A Shares	78,852,000 (L)	11.40%	8.66%
	Interest of spouse[7][8]	H Shares	37,189,000 (L)	16.96%	4.08%
Loyal Valley Capital Advantage Fund II LP[7][9]	Beneficial owner	H Shares	12,127,000 (L)	5.53%	1.33%
Loyal Valley Capital Advantage Fund II Limited[7]	Interest of controlled corporation	H Shares	12,127,000 (L)	5.53%	1.33%
LVC Renaissance Fund LP[7]	Beneficial owner	H Shares	14,956,000 (L)	6.82%	1.64%
LVC Renaissance Limited[7]	Interest of controlled corporation	H Shares	14,956,000 (L)	6.82%	1.64%
LVC Holdings Limited[7]	Interest of controlled corporation	H Shares	22,233,000 (L)	10.14%	2.44%
LVC Management Holdings Limited[7]	Interest of controlled corporation	H Shares	22,233,000 (L)	10.14%	2.44%
LVC Bytes Limited (now known as LVC Innovate Limited) [7]	Interest of controlled corporation	H Shares	37,189,000 (L)	16.96%	4.08%
Jovial Champion Investments Limited[7]	Interest of controlled corporation	H Shares	37,189,000 (L)	16.96%	4.08%
Vistra Trust (Singapore) Pte. Limited[7]	Trustee	H Shares	37,189,000 (L)	16.96%	4.08%
Highbury Investment Pte Ltd[9]	Beneficial owner	H Shares	12,218,889 (L)	5.57%	1.34%
	Interest of controlled corporation	H Shares	12,127,000 (L)	5.53%	1.33%
GIC (Ventures) Pte. Ltd.[9]	Interest of controlled corporation	H Shares	24,345,889 (L)	11.10%	2.67%
GIC Special Investments Private Limited[9]	Investment manager	H Shares	24,345,889 (L)	11.10%	2.67%
GIC Private Limited[9]	Interest of controlled corporation	H Shares	24,345,889 (L)	11.10%	2.67%
	Investment manager	H Shares	715,511(L)	0.33%	0.08%
Hillhouse Capital Advisors, Ltd.[10]	Investment manager	H Shares	11,400,000 (L)	5.20%	1.25%

Notes:

1. The letter "L" denotes the long position in the Shares, the letter "S" denotes short position in the Shares and the letter "P" denotes lending pool.

2. As at 30 June 2021, the Company had 910,756,700 issued Shares, comprising 691,461,000 A Shares and 219,295,700 H Shares.

3. As at 30 June 2021, Mr. Xiong Fengxiang directly held 41,060,000 A Shares. Pursuant to the 2017 Concert Party Agreement, Mr. Xiong Fengxiang was deemed to be interested in an aggregate of 155,310,736 A Shares held by the other parties to the 2017 Concert Party Agreement under the SFO (including the 87,252,968 A Shares directly held by and the 820,000 Restricted Shares granted pursuant to the 2020 Restricted A Share Incentive Scheme to Mr. Xiong Jun, son of Mr. Xiong Fengxiang).

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4. Each of them is a party to the 2017 Concert Party Agreement, and was therefore deemed to be interested in the A Shares in which the other parties to the 2017 Concert Party Agreement are interested under the SFO.

5. Ms. Zhou Yuqing is a party to the 2019 Concert Party Agreement, and was therefore deemed to be interested in the Shares in which Mr. Xiong Jun (who was the other party to the 2019 Concert Party Agreement) was interested under the SFO.

6. As at 30 June 2021, Shanghai Tanying Investment Partnership ("**Shanghai Tanying**") was directly interested in 76,590,000 A Shares. Loyal Valley was the general partner of Shanghai Tanying. Shanghai Shengdao Investment Partnership ("**Shanghai Shengdao**") was the general partner of Shanghai Lejin Investment Partnership ("**Shanghai Lejin**"), which in turn held 99.99% interest in Shanghai Tanying. Therefore, each of Loyal Valley, Shanghai Shengdao and Shanghai Lejin was deemed to be interested in the 76,590,000 A Shares held by Shanghai Tanying under the SFO. Loyal Valley was also the general partner of Shanghai Tanzheng Investment Partnership ("**Shanghai Tanzheng**"), which directly held 2,262,000 A Shares. Therefore, Loyal Valley was also deemed to be interested in the A Shares held by Shanghai Tanzheng under the SFO.

7. As at 30 June 2021, Loyal Valley Capital Advantage Fund LP ("**LVC Fund I**"), Loyal Valley Capital Advantage Fund II LP ("**LVC Fund II**") and LVC Renaissance Fund LP ("**LVC Renaissance Fund**", together with LVC Fund I and LVC Fund II, the "**LVC Funds**") directly held 10,106,000 H Shares, 12,127,000 H Shares and 14,956,000 H Shares, respectively. Loyal Valley Capital Advantage Fund GP Limited ("**LVC Fund I GP**") was the general partner of LVC Fund I and was deemed to be interested in the H Shares held by it. Loyal Valley Capital Advantage Fund II Limited ("**LVC Fund II GP**") was the general partner of LVC Fund II and was deemed to be interested in the H Shares held by it. LVC Renaissance Limited ("**LVC Renaissance GP**") was the general partner of LVC Renaissance Fund and was deemed to be interested in the H Shares held by it.

   Each of LVC Fund I GP and LVC Fund II GP was wholly-owned by LVC Holdings Limited, which was wholly-owned by LVC Management Holdings Limited. Therefore, each of LVC Holdings Limited and LVC Management Holdings Limited was deemed to be interested in the aggregate H Shares held by LVC Fund I and LVC Fund II.

   Each of LVC Fund I GP, LVC Fund II GP and LVC Renaissance GP was directly or indirectly wholly-owned by LVC Innovate Limited (previously known as LVC Bytes Limited), which was wholly-owned by Jovial Champion Investments Limited, which was in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited. Therefore, each of LVC Innovate Limited (previously known as LVC Bytes Limited), Jovial Champion Investments Limited and Vistra Trust (Singapore) Pte. Limited was deemed to be interested in the aggregate H Shares held by the LVC Funds under the SFO.

8. Ms. Gong Ruilin is the spouse of Mr. Lin Lijun. As at 30 June 2021, Shanghai Tanying was a controlled corporation of both Ms. Gong Ruilin and Mr. Lin Lijun. Therefore, Ms. Gong was deemed to be interest in the 76,590,000 A Shares held by Shanghai Tanying under the SFO. In addition, Ms. Gong was also deemed to be interested in another 2,262,000 A Shares held by Mr. Lin Lijun through his other controlled corporations.

9. As at 30 June 2021, Highbury Investment Pte Ltd ("**Highbury**") directly held 12,218,889 H Shares. Highbury also held 90.90% interest in LVC Fund II and was deemed to be interested in the 12,127,000 H Shares held by LVC Fund II. Highbury was wholly-owned by GIC (Ventures) Pte. Ltd. ("**GIC Ventures**"), which was wholly-owned by GIC Special Investments Private Limited ("**GIC SIPL**"), which was in turn wholly-owned by GIC Private Limited ("**GIC Private**"). Therefore, each of GIC Ventures, GIC SIPL and GIC Private was interested in the H Shares in which Highbury was interested under the SFO.

10. As at 30 June 2021, Hillhouse Capital Advisors, Ltd. controlled Gaoling Fund, L.P. and YHG Investment, L.P. and was therefore deemed to be interested in the 10,715,000 H Shares and 685,000 H Shares held by Gaoling Fund, L.P. and YHG Investment, L.P., respectively under the SFO.

OTHER INFORMATION

RISK FACTORS

1. Risks related to profitability

A long profit cycle is one of the most salient features of the biopharmaceutical industry. It typically takes a long time for a biopharmaceutical company at the R&D stage to grow before it becomes profitable. As an innovative biopharmaceutical business, the Company is currently in an important R&D investment phase, and our R&D investment is expected to increase significantly and consistently in line with the expansion of R&D pipeline and acceleration of domestic and overseas drug clinical trial activities. Our future profitability depends on how fast the drugs currently in development will be released and post-launch sales. On the other hand, heavy R&D investments and high marketing and operating costs will add uncertainties to the Company's profitability. Therefore, it is exposed to the risk of short-term unprofitability.

TUOYI® (toripalimab), the first commercialized product of the Company, has officially commenced sales since 2019. With the inclusion of TUOYI® (toripalimab) into the latest NRDL, successive completion of registered clinical trials for more indications of TUOYI® (toripalimab) and the accelerated development of other drug candidates, the variety of indications and more commercialized products will further improve the Company's financial position and help creating the conditions for the Company to turn around as soon as possible.

2. Risks related to sharp decline in performance or loss

During the Reporting Period, the R&D expenses of the Company amounted to RMB947 million, representing an increase of 34% compared to the corresponding period of 2020. The increase in R&D expenses was mainly due to the Company continuously expanding its product pipelines, accelerating the development of existing clinical projects, and continuing to explore the combination therapy of drugs in the clinical stage during the Reporting Period. The Company's selling expenses were RMB423 million during the Reporting Period, representing an increase of 85% compared to the corresponding period of 2020. With the substantial increase in the number of accessible hospitals and covered pharmacies of TUOYI® (toripalimab), more frontline sales personnel were added to the Company's commercialization team, and the commercialization and promotion efforts were strengthened, leading to a corresponding increase in selling expenses.

The Company is committed to the discovery, development and commercialization of innovative therapies. The Company actively deploys a product pipeline that covers various therapeutic areas. In the future, it will maintain a corresponding scale of investment in R&D for the pre-clinical research, global clinical trials and preparation for NDA of drug candidates and other drug development. Besides, the Company's NDA and registration works, post-launch marketing and promotion activities and other aspects will incur higher operation costs of the Company in the short term, which thereby may adversely affect the Company's daily operations and financial position. During the Reporting Period, there were no material adverse changes in the principal business and core competitiveness of the Company.

OTHER INFORMATION

3. Risks related to core competence

Classified as technical innovation, the R&D of new drugs is characterized by long R&D cycles, significant investment, high risks and low success rate. From laboratory research to obtaining approval, new drugs go through a lengthy process with complicated stages, including preclinical study, clinical trial, registration and marketing of new drugs and aftersales supervision. Any of the above stages is subject to the risk of failure. The Company will strengthen our forward-looking strategic research, and determine the direction of new drug R&D according to the needs of clinical drug use. The Company will also formulate reasonable new drug technology solutions, continuously increase the investment in R&D of new drugs, and launch R&D projects for new drugs with prudence. In particular, the Company implements phase-based assessment on drug candidates in the course of R&D. If it is found that the expected result cannot be achieved, the subsequent R&D of such product will be terminated immediately, so as to minimize the R&D risks of new drugs.

Among the anti-PD-1 monoclonal antibodies that have been approved for sales in China, four domestic anti-PD-1 monoclonal antibodies, including the Company's TUOYI® (toripalimab), have been included in the NRDL upon negotiations. In the future, the Company will face fierce market competition in terms of market shares, market promotion and access to distribution.

4. Risks related to operations

The Company's business operations require certain R&D technical services and raw materials supply. Currently, the relationship between the Company and existing suppliers are stable. If the price of R&D technical services or raw materials rises sharply, the Company's profitability may be adversely affected. At the same time, the Company's suppliers may not be able to keep up with the rapid development of the Company, resulting in a possibility of reducing or terminating the supply of the Company's R&D services or raw materials. If such R&D technical services or the supply of raw materials are disrupted, the Company's business operations may be adversely affected. Also, some of the Company's raw materials, equipment and consumables are imported. If there are significant changes in the international trade situation or cross-border relations, it may have a certain impact on the Company's production and drug development.

The adjustment to the 2020 NRDL has been completed. The Company's core product TUOYI® (toripalimab) has been included in Category B in the revised National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2020 Edition), and is the only anti-PD-1 monoclonal antibody used in the treatment of melanoma in the revised NRDL. The price drop after the inclusion into the drug list can effectively improve the accessibility and affordability of the Company's products, which is conducive to a significant increase in the sales of TUOYI® (toripalimab). However, if the increase in sales is less than expected, it may adversely affect the Company's revenue.

OTHER INFORMATION

5. Risks related to the industry

In view of the constant reforms in the medical and health system, the establishment of the new National Healthcare Security Administration, the implementation of a series of policies such as control on medical insurance fees, publication of the revised National Essential Medicine List, consistency evaluation, reform in drug approval, compliance regulations, commencement of centralized procurement of "4+7" drugs on a trial basis and "zero tariff" on imported drugs, encouragement of innovation and reduction in drug prices by pharmaceutical enterprises have become a general trend, the biopharmaceutical industry landscape is facing changes and challenges. If the Company fails to keep up with industry trends and discover and develop innovative drugs in the future, or if there are adverse changes in relevant policies, the Company's development may be negatively affected.

The Company always takes "innovation" as our goal of development. Except for UBP1211 and JS501 which are biosimilars, the other drug candidates are innovative drugs. In response to the above-mentioned industry and policy risks, the Company will adapt to changes in external policies, continue to improve our innovation capabilities and our ability to continuously discover and develop new products, increase our R&D investments, accelerate the process of innovative drugs entering clinical trial and the market, and respond to challenges with innovation. On this basis, the Company will further expand our production capacity, and reduce the unit cost of our products while maintaining the quality of our products, so as to address the possible price reduction of drugs in future. At the same time, we will adhere to comply with the relevant laws and regulations and adapt our business operations to the changes in regulatory policies to avoid possible policy risks.

6. Risks related to the macro environment

The COVID-19 pandemic adversely affected the normal operation of every industry. Although the Company's major business operations are not at the center of the pandemic, and TUOYI® (toripalimab), which has been approved for marketing, is not a type of drug directly affected by the pandemic, the progress of the Company's clinical trial projects has been delayed to a certain extent, and the R&D and commercialization of TUOYI® (toripalimab), our core product, is affected to some extent due to the factors such as healthcare resources tilting towards the prevention and control of the spread of COVID-19 and R&D of vaccination.

Future changes in the international, political, economic and market environment, especially the uncertainty of trade relations between China and the United States, may result in additional tariffs or other restrictions imposed on cross-border technology transfer, investment and trade, which may cause certain adverse effects on the Company's overseas business operations.

OTHER INFORMATION

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 18 to the condensed consolidated financial statements.

As at 30 June 2021, 910,756,700 Shares were in issue (comprising 691,461,000 A Shares and 219,295,700 H Shares).

PLACING OF H SHARES UNDER GENERAL MANDATE

On 23 June 2021, the Company completed the placing of an aggregate of 36,549,200 new H shares of the Company (the "**Placing Shares**") under general mandate pursuant to a placing agreement dated 16 June 2021 entered into by and among the Company, J.P. Morgan Securities plc (as sole placing agent), Guotai Junan Securities (Hong Kong) Limited and Caitong International Securities Co., Limited (as co-managers). The Placing Shares were issued to not less than six placees who are professional, institutional and/or other investors and who were independent of, and not connected with the Company and its connected persons (as defined in Hong Kong Listing Rules). The net proceeds from the Placing were approximately RMB2,106 million. The net proceeds from the Placing are intended to be used by the Group toward the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, and business development, and general corporate purposes. For further details of the Placing, please refer to the Company's announcements dated 16 June 2021 and 23 June 2021.

As at 30 June 2021, none of the net proceeds from the Placing has been utilized. The Company will gradually utilize the net proceeds from the Placing in accordance with such intended purposes based on the estimate of future market conditions and business operations of the Company, and will remain subject to change based on current and future development of market conditions and actual business needs.

The following table sets out the intended use and actual usage of the net proceeds from the Placing as at 30 June 2021:

Purpose of the proceeds	**Amount of proceeds utilised as at 30 June 2021** (Approx. RMB million)	**Amount of remaining proceeds as at 30 June 2021** (Approx. RMB million)	**Expected time of utilization**
R&D of drugs and pipeline expansion	Nil	N/A	Expected to be fully utilized by 30 June 2025
Expansion of the commercialization team	Nil	N/A	Expected to be fully utilized by 30 June 2025
Domestic and overseas investment, mergers and acquisitions & business development	Nil	N/A	Expected to be fully utilized by 30 June 2025
General corporate purpose	Nil	N/A	Expected to be fully utilized by 30 June 2025
	Nil	2,106	

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As disclosed in the paragraph headed "Placing of H Shares under General Mandate" above, the Company issued 36,549,200 new H Shares upon completion of the Placing on 23 June 2021.

On 15 June 2021, the Company issued 1,711,500 new A Shares pursuant to the exercise of pre-IPO share options granted under the pre-IPO share incentive scheme of the Company by eligible employees (further details of the pre-IPO share incentive scheme and the amendments thereto are set out in the Prospectus, supplemental circular dated 27 May 2019, circular dated 20 April 2020, and further details of the exercise of pre-IPO share options for the second exercise period under the pre-IPO share incentive scheme are set out in the Company's overseas regulatory announcements dated 17 December 2020 and 15 June 2021).

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.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. As at the date of this report, the Board comprises five executive Directors, four non-executive Directors and five independent non-executive Directors. The Board has adopted the code provisions (the "**Code Provisions**") of the CG Code as its corporate governance code. For the six months ended 30 June 2021, the Company has complied with the Code Provisions.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Hong Kong Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with each of the Directors and Supervisors, they have confirmed that they had complied with such code of conduct during the Reporting Period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's 2020 annual general meeting, 2021 first class meeting of A Shareholders and 2021 first class meeting of H Shareholders held on 29 June 2021, the shareholders of the Company (the "**Shareholders**") passed a special resolution in relation to the amendments of the Articles of Association. The amendments were in relation to the change of the Company's registered address in the PRC, its composition of the board of supervisors and update to its share capital. The amended Articles of Association became effective on 29 June 2021. For further details of the said amendments to the Articles of Association, please refer to the Company's circular dated 31 May 2021.

USE OF PROCEEDS FROM LISTING

Use of Proceeds from the H Share Listing

The total proceeds from the issue of new H Shares by the Company in its listing of H Shares on the Hong Kong Stock Exchange (after deducting the underwriting fees and related listing expenses) amounted to approximately RMB3,003 million and the balance of unutilized net proceeds was approximately RMB67 million as at 30 June 2021 (the "**Unutilized Proceeds**"). The net proceeds from the H Share Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus and subsequently the announcements of the Company dated 29 August 2019 (the "**2019 Announcement**") and 28 August 2020 regarding the changes in use of proceeds from the H Share Listing.

OTHER INFORMATION

Set out below is a summary of the Group's planned applications of the IPO Proceeds from the H Share Listing, the actual usage up to 30 June 2021 and the revised allocation of the use of the remaining Unutilized Proceeds:

Planned Usage	Planned use of proceeds as disclosed in the Prospectus RMB' 000	% of total proceeds	Planned use of proceeds as disclosed in the 2019 Annual Report (including amount already utilized as at 31 December 2019) RMB' 000	% of total proceeds	Planned use of proceeds as disclosed in the 2020 Interim Report (including amount already utilized as at 30 June 2020) RMB' 000	% of total proceeds	Utilized Proceeds as at 30 June 2021 RMB' 000	Unutilized Proceeds as at 30 June 2021 RMB' 000	Expected timeline for application of the Unutilized Proceeds (Note 3)
The R&D and commercialization of the Group's drug candidates	1,952,203	65%	2,162,440	72%	2,372,677	79%	2,310,544	62,133	Expected to be fully utilized by 31 December 2021
The R&D and commercialization of the Group's Core Product, JS001	1,201,356	40%	1,201,356	40%	1,291,457	43%	1,259,142	32,315	Expected to be fully utilized by 31 December 2021
The R&D of the Group's other drug candidates to fund clinical trials worldwide, including JS004, etc. (Note 1a)	480,542	16%	480,542	16%	600,678	20%	570,860	29,818	Expected to be fully utilized by 31 December 2021
The construction of, acquisition of facilities for and settlement of start-up costs on the Lingang Site and the Wujiang Site (Note 1b)	270,305	9%	480,542	16%	480,542	16%	480,542	–	Was fully utilized by 30 June 2021
The Group's investment in the health care and/or life science sector(s), including acquisition of companies, licensing-in and collaboration (Note 1c)	750,847	25%	540,610	18%	330,373	11%	325,802	4,571	Expected to be fully utilized by 31 December 2022
The Group's working capital and other general corporate purposes	300,339	10%	300,339	10%	300,339 (Note 2)	10%	334,547 (Note 2)	188	Expected to be fully utilized by 31 December 2021
	3,003,389	100%	3,003,389	100%	3,003,389	100%	2,970,893	66,892	

Notes:

1. As disclosed in the 2019 Announcement, in August 2019, adjustments were made on these items from the following original planned usage disclosed in the Prospectus:
   a. Adjusted from "The R&D of the Group's other drug candidates to fund clinical trials"
   b. Adjusted from "The construction of the Lingang Production Base and the Wujiang Production Base"
   c. Adjusted from "The Group's investment in and acquisition of companies in the pharmaceutical sector"
2. The sum of proceeds includes interests of RMB34 million generated from bank savings accounts in which the proceeds from the H Share Listing have been deposited.
3. The expected timeline was based on the Company's estimation of future market conditions and business operations, and remains subject to change based on actual market conditions and business needs.
4. Any discrepancies in this table between totals and sums of amounts listed herein are due to rounding.

OTHER INFORMATION

Use of Proceeds from The STAR Market Listing

As approved by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 940) (證監許可[2020] 940號文), the Company issued 87,130,000 ordinary Shares (A Shares) to the public in a public offering in July 2020 at the issue price of RMB55.50 per share. The gross proceeds amounted to RMB4,836 million. Net of issuance expenses of RMB339 million in accordance with the related requirements, the net proceeds amounted to RMB4,497 million. The net proceeds from the listing of A Shares have been used and will be used in accordance with the uses disclosed in the Company's A Share prospectus dated 8 July 2020.

Committed investment projects	Planned use of proceeds RMB'000	Utilized Proceeds as at 30 June 2021 RMB'000	Unutilized Proceeds as at 30 June 2021 RMB'000	Expected timeline for application of the Unutilized Proceeds
Research and development projects of innovative drugs	1,200,000	829,168	370,832	Expected to be fully utilized by 31 December 2023
Junshi Biotech Industrialization Lingang Project	700,000	700,000	–	Was fully utilized by 31 December 2020
Repayment of bank loans and replenishment of liquidity	800,000	602,807	197,193	Expected to be fully utilized by 31 December 2023
Surplus proceeds	1,796,978	510,032	1,286,946	Expected to be fully utilized by 31 December 2023
	4,496,978	2,642,007	1,854,971	

SUBSEQUENT EVENTS

Except as disclosed above, from the end of the Reporting Period and up to the date of this report, no other significant event has occurred.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Mr. Zhang Chun (chairman of the Audit Committee) and Mr. Qian Zhi, and one non-executive Director, namely Mr. Li Cong. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

The Audit Committee has reviewed, together with the management and external auditors, the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements for the Reporting Period.

AUDITOR

The interim financial report for the six months ended 30 June 2021 is unaudited, but have been reviewed by Deloitte Touche Tohmatsu.

All references above to other sections, reports or notes in this report form part of this report.

By order of the Board
Shanghai Junshi Biosciences Co., Ltd.*
Mr. Xiong Jun
Chairman

30 August 2021

* *For identification purpose only*

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*
上海君實生物醫藥科技股份有限公司
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of 上海君實生物醫藥科技股份有限公司 Shanghai Junshi Biosciences Co., Ltd.* (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 85, which comprises the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2021

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	NOTES	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	**2,114,448**	574,932
Cost of sales and services		**(463,942)**	(90,496)
Gross profit		**1,650,506**	484,436
Other income	4	**44,877**	10,234
Other gains and losses	5	**118,919**	22,090
Reversal of impairment loss (impairment loss) in respect of trade and other receivables under expected credit loss model, net		**565**	(44)
Research and development expenses		**(947,279)**	(708,912)
Selling and distribution expenses		**(422,619)**	(228,170)
Administrative expenses		**(295,513)**	(144,014)
Share of losses of associates		**(11,569)**	(3,020)
Share of losses of a joint venture		**(1)**	–
Other expenses		**(16,008)**	(22,005)
Finance costs		**(22,553)**	(10,109)
Profit (loss) before tax		**99,325**	(599,514)
Income tax (expense) credit	6	**(88,792)**	1,615
Profit (loss) for the period	7	**10,533**	(597,899)
Other comprehensive (expense) income for the period			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial asset designated as at fair value through other comprehensive income ("FVTOCI")		**(11,479)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(3,264)**	4,626
Other comprehensive (expense) income for the period		**(14,743)**	4,626
Total comprehensive expense for the period		**(4,210)**	(593,273)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	NOTE	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		**10,534**	(597,899)
– Non-controlling interests		**(1)**	–
		10,533	(597,899)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		**(4,209)**	(593,273)
– Non-controlling interests		**(1)**	–
		(4,210)	(593,273)
Earning (loss) per share	*9*		
– Basic (RMB yuan)		**0.01**	(0.76)
– Diluted (RMB yuan)		**0.01**	(0.76)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**2,465,894**	2,348,155
Right-of-use assets	10	**233,283**	186,239
Intangible assets		**38,197**	31,019
Interests in associates	11	**208,665**	65,150
Interests in joint ventures		**1,020**	1,021
Deferred tax assets		**55,869**	26,113
Other assets, prepayments and other receivables	13	**504,389**	297,725
Other financial assets	15	**935,479**	356,725
		4,442,796	3,312,147
Current assets			
Inventories		**414,013**	343,425
Trade receivables	12	**436,970**	663,323
Other assets, prepayments and other receivables	13	**478,479**	306,954
Other financial assets	15	**17**	17
Restricted bank deposits	14	**1,262**	–
Bank balances and cash	14	**4,268,654**	3,384,998
		5,599,395	4,698,717
Current liabilities			
Trade and other payables	16	**1,021,643**	1,215,016
Bank borrowings	17	**465,489**	252,346
Lease liabilities		**26,437**	25,220
Tax liabilities		**8,219**	–
		1,521,788	1,492,582
Net current assets		**4,077,607**	3,206,135
Total assets less current liabilities		**8,520,403**	6,518,282

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Bank borrowings	*17*	**275,556**	542,222
Deferred income		**101,674**	103,809
Lease liabilities		**84,078**	30,991
		461,308	677,022
Net assets		**8,059,095**	5,841,260
Capital and reserves			
Share capital	*18*	**910,757**	872,496
Reserves		**7,148,342**	4,968,767
Equity attributable to owners of the Company		**8,059,099**	5,841,263
Non-controlling interests		**(4)**	(3)
Total equity		**8,059,095**	5,841,260

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Equity attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Restricted share units ("RSU") reserve RMB'000	Share option reserve RMB'000	Investment revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (Audited)	**872,496**	**8,574,352**	**25,565**	**32,777**	**–**	**(9,393)**	**(3,654,534)**	**5,841,263**	**(3)**	**5,841,260**
Profit (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**10,534**	**10,534**	**(1)**	**10,533**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(3,264)**	**–**	**(3,264)**	**–**	**(3,264)**
Fair value loss on financial asset designated as FVTOCI	**–**	**–**	**–**	**–**	**(11,479)**	**–**	**–**	**(11,479)**	**–**	**(11,479)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(11,479)**	**(3,264)**	**10,534**	**(4,209)**	**(1)**	**(4,210)**
Recognition of equity settled share-based payment expenses – share options	**–**	**–**	**–**	**2,499**	**–**	**–**	**–**	**2,499**	**–**	**2,499**
Exercise of share options	**1,712**	**30,242**	**–**	**(16,208)**	**–**	**–**	**–**	**15,746**	**–**	**15,746**
Recognition of equity settled share-based payment expenses – RSUs	**–**	**–**	**99,853**	**–**	**–**	**–**	**–**	**99,853**	**–**	**99,853**
New H shares issued (Note 18)	**36,549**	**2,097,832**	**–**	**–**	**–**	**–**	**–**	**2,134,381**	**–**	**2,134,381**
Transaction costs attributable to issuance of new H shares	**–**	**(30,434)**	**–**	**–**	**–**	**–**	**–**	**(30,434)**	**–**	**(30,434)**
At 30 June 2021 (Unaudited)	**910,757**	**10,671,992**	**125,418**	**19,068**	**(11,479)**	**(12,657)**	**(3,644,000)**	**8,059,099**	**(4)**	**8,059,095**
At 1 January 2020 (Audited)	784,147	4,143,394	–	37,338	–	12,535	(1,988,895)	2,988,519	(3)	2,988,516
Loss for the period	–	–	–	–	–	–	(597,899)	(597,899)	–	(597,899)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	4,626	–	4,626	–	4,626
Total comprehensive income (expense) for the period	–	–	–	–	–	4,626	(597,899)	(593,273)	–	(593,273)
Recognition of equity settled share-based payment expenses – share options	–	–	–	3,632	–	–	–	3,632	–	3,632
At 30 June 2020 (Unaudited)	784,147	4,143,394	–	40,970	–	17,161	(2,586,794)	2,398,878	(3)	2,398,875

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**48,315**	(525,943)
INVESTING ACTIVITIES		
Interest received	**18,783**	6,155
Payments for property, plant and equipment	**(491,655)**	(242,716)
Proceeds from disposal of property, plant and equipment	**1**	–
Payments for intangible assets	**(9,403)**	(1,044)
Payments for rental deposits	**(1,489)**	(2,304)
Refund of rental deposits	**1,416**	234
Acquisition of other financial assets	**(837,590)**	(10,000)
Disposal of other financial assets	**304,776**	106
Placement of restricted bank deposits	**(1,262)**	–
Withdrawal of restricted bank deposits	**–**	6,828
Repayment from a joint operation	**–**	9,443
Advance to a joint operation	**(2,700)**	(3,744)
Capital injection in interest in associates	**(155,084)**	–
Receipt of government grants	**–**	1,948
NET CASH USED IN INVESTING ACTIVITIES	**(1,174,207)**	(235,094)
FINANCING ACTIVITIES		
Proceeds on issuance of new H shares	**2,134,381**	–
Payments for transaction costs for the issuance of new H shares	**(28,393)**	–
Repayments for lease liabilities	**(17,516)**	(7,218)
Payments for transaction costs for the issuance of new shares on STAR (as defined in Note 1)	**–**	(2,319)
Proceeds from borrowings	**–**	323,570
Repayments of borrowings	**(53,333)**	(75,615)
Interest paid	**(22,743)**	(23,654)
Proceeds from exercise of share options	**15,746**	–
NET CASH FROM FINANCING ACTIVITIES	**2,028,142**	214,764

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**902,250**	(546,273)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**3,384,998**	1,214,026
Effect of foreign exchange rate changes	**(18,594)**	8,531
CASH AND CASH EQUIVALENTS AT 30 JUNE, REPRESENTED BY BANK BALANCES AND CASH	**4,268,654**	676,284

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL AND BASIS OF PREPARATION

Shanghai Junshi Biosciences Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 27 December 2012 and converted into a joint stock company with limited liability in May 2015. In August 2015, the Company's domestic shares became listed on the National Equities Exchange and Quotations ("NEEQ") (stock code: 833330). On 24 December 2018, the Company's H shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1877). The domestic shares were delisted from NEEQ since 8 May 2020, and were converted into A shares and listed on the Science and Technology Innovation Board ("STAR") on 15 July 2020 (stock code: 688180). Its ultimate controlling party is Mr. Xiong Jun, who is also the chairman and executive director of the Company. The respective addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the interim report.

The principal activities of the Company and its subsidiaries (the "Group") are mainly discovery, development and commercialisation of innovative drugs.

The condensed consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except the additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs") and application of certain accounting policies which became relevant to the Group as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Accounting policy newly applied by the Group

Financial instruments

Financial assets

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity instruments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income line item in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of pharmaceutical products and licensing income	**1,929,271**	501,650
Service income	**185,177**	73,282
	2,114,448	574,932

For the purposes of resource allocation and assessment, the Group's management reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures are presented.

During the period ended 30 June 2021, the Group entered into a license agreement with Coherus Biosciences, Inc. ("Coherus"), where the Group granted Coherus an exclusive right to sublicense, develop, manufacture, commercialise a potential therapeutic product in the United States of America (the "USA") and Canada. The Group recognised an upfront fee of USD150,000,000 (equivalent to RMB975,150,000) as licensing income during the period at a point in time when Coherus has the ability to use the license.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**18,783**	6,155
Government grants related to property, plant and equipment *(Note a)*	**534**	916
Other subsidies *(Note b)*	**25,560**	3,163
	44,877	10,234

Notes:

(a) Amounts represent subsidies from the PRC government specifically for the capital expenditure incurred for the acquisition of buildings situated on leasehold land in the PRC and machineries, which is recognised as income over the estimated useful life of the respective assets.

(b) Amounts mainly represent subsidies from PRC government for research and development activities, which are recognised as income upon meeting specific conditions and incentives which have no specific conditions attached to the grants.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value change of other financial assets measured at FVTPL and derivative financial instrument, net	**125,053**	24,177
Exchange losses, net	**(332)**	(469)
Gain (loss) on disposal of property, plant and equipment	**94**	(48)
Write-down of inventories	**(5,896)**	(1,570)
	118,919	22,090

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. INCOME TAX EXPENSE (CREDIT)

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Withholding tax	**118,548**	–
Deferred tax	**(29,756)**	(1,615)
	88,792	(1,615)

Under the law of the PRC Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the basic tax rate of the Company and its PRC subsidiaries is 25% for both periods.

The Company and its wholly-owned subsidiary, Shanghai Junshi Biotechnology Co., Ltd.* 上海君實生物工程有限公司 have been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Shanghai and relevant authorities on 18 November 2020 and 2 November 2018 for a term of three years from 2020 to 2023 and 2018 to 2021 respectively, and have been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profit derived by the Company and the subsidiary is subject to 15% EIT rate for the reporting period. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authorities in the PRC for every three years.

The US Tax Cuts and Jobs Act ("Act") reduces the US Federal Corporate Income Tax rate to a flat rate of 21% for both periods.

Top Alliance Biosciences Inc., a wholly-owned subsidiary of the Company, is subject to the US California Corporate Income Tax rate of 8.84% for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions for both periods.

In addition, the Company is subject to withholding tax on licensing income received from USA based customers amounting to RMB118,548,000 during the period ended 30 June 2021 (period ended 30 June 2020: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. PROFIT (LOSS) FOR THE PERIOD

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting) the following items:		
Amortisation for intangible assets	**2,225**	849
Depreciation for property, plant and equipment	**109,750**	43,467
Less: amounts included in the cost of inventories	**(46,774)**	(14,037)
amounts included in the cost or properties under construction	**(4,470)**	(10,420)
	58,506	19,010
Depreciation of right-of-use assets	**25,459**	12,771
Less: amounts included in the cost of properties under construction	**(1,748)**	(1,634)
	23,711	11,137
Expenses relating to short-term leases and low-value assets	**3,869**	3,336
Donation expenses (included in other expenses)	**16,008**	21,189
Cost of inventories recognised as expense		
– Cost of sales	**85,955**	47,415
– Research and development expenses	**130,724**	117,319
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**506,969**	318,851
– Retirement benefit scheme contributions	**35,505**	2,737
– Share-based payments	**102,352**	3,632
Less: amounts included in the cost of properties under construction	**(5,729)**	(20,897)
amounts included in the cost of inventories	**(72,164)**	(12,848)
	566,933	291,475

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. DIVIDENDS

No dividends were paid, declared or proposed during both periods. The directors of the Company have determined that no dividend will be paid in respect of both periods.

9. EARNING (LOSS) PER SHARE

The calculation of the basic earning (loss) per share attributable to the owners of the Company is based on the following data:

Profit (loss)

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earning (loss) per share	**10,534**	(597,899)

Number of shares

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earning (loss) per share	**874,262,727**	784,146,500
Effect of dilutive potential ordinary shares		
Share options	**3,296,627**	–
RSUs	**7,265,494**	–
Weighted average number of ordinary shares for the purpose of diluted earning (loss) per share	**884,824,848**	784,146,500

The weighted average number of ordinary shares for the purpose of basic earning per share for the six months ended 30 June 2021 has been adjusted for the issuance of shares upon the exercise of share options on 15 June 2021 and issuance of new H shares on 23 June 2021.

The computation of diluted loss per share for the six months ended 30 June 2020 does not assume the exercise of the Company's outstanding share options and RSUs as this would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group incurred RMB229,507,000 (2020: RMB241,648,000) for acquisition of equipment under installation and construction of the manufacturing plants in the PRC in order to upgrade its manufacturing capacities and construction in progress.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 10 years. The Group is required to make fixed monthly payments on the usage of the assets during the contract period. On lease commencement, the Group recognised right-of-use assets of RMB75,688,000 (2020: RMB31,968,000) and lease liabilities of RMB75,688,000 (2020: RMB31,968,000).

11. INTERESTS IN ASSOCIATES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Cost of investments in associates	**225,930**	70,846
Share of post-acquisition losses	**(17,265)**	(5,696)
	208,665	65,150

During the period ended 30 June 2021, the Group has made capital injection in aggregate of RMB155,084,000 to the associates, Anwita Biosciences, Inc. ("Anwita"), Shanghai Junpai Yingshi Bio Pharmaceutical Co., Ltd.* (上海君派英實藥業有限公司) and Suzhou Junjing Biosciences Co., Ltd.* (蘇州君境生物醫藥科技有限公司).

12. TRADE RECEIVABLES

The Group allows a normal credit period of 60 days (2020: 35 to 65 days) to its trade customers.

The following is an analysis of trade receivables and trade receivables backed by bank bills by age (net of allowance for credit losses) presented based on invoice dates at the end of the reporting period.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	**324,107**	573,437
31 to 90 days	**55,553**	27,876
91 to 180 days	**38,130**	61,103
Over 180 days	**19,180**	907
	436,970	663,323

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For the six months ended 30 June 2021

13. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Deposits		
– current	**11,276**	24,523
– non-current	**12,998**	12,754
Prepayments		
– current *(Note a)*	**421,321**	265,524
– non-current *(Note b)*	**359,391**	130,674
Amount due from a partner of a joint operation *(Note c)*		
– current	**3,876**	1,176
Other receivables	**–**	2,715
Value added tax recoverable *(Note d)*		
– current	**42,371**	13,948
– non-current	**132,000**	154,297
	983,233	605,611
Less: Allowance for credit losses	**(365)**	(932)
	982,868	604,679
Analysed as		
– current	**478,479**	306,954
– non-current	**504,389**	297,725
	982,868	604,679

Notes:

(a) Prepayments mainly include upfront fee paid for research and development services for the clinical and non-clinical study of the drugs. Prepayments also include other prepaid operating expenses and prepayments for purchase of raw materials.

(b) Amount represents prepayments for construction in progress and acquisition of property, plant and equipment.

(c) The amount is unsecured, non-interest bearing and repayable on demand.

(d) Included in value added tax recoverable are RMB42,371,000 (2020: RMB13,948,000) value added tax recoverable presented as current assets as at 30 June 2021 since they are expected to be deducted from future value added tax payable arising on the Group's revenue which are expected to be generated within the next twelve months from the end of 30 June 2021. The remaining value added tax recoverable of RMB132,000,000 (2020: RMB154,297,000) are expected to be recovered after twelve months from the end of reporting period and therefore presented as non-current assets at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits represent the deposit restricted for the settlement to the supplier for acquisition of equipment. The restricted bank deposits will be released on 28 February 2022.

Bank balances and cash of the Group comprised cash and short-term bank deposits with an original maturity of three months or less. Bank balances carrying interest at market rates which ranged from 0.01% to 3.3% per annum as at 30 June 2021 (2020: 0.01% to 3.3% per annum).

15. OTHER FINANCIAL ASSETS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Current assets		
Financial assets measured at FVTPL	**17**	17
Non-current assets		
Financial assets measured at FVTPL		
– Unlisted equity investments in partnership	**118,386**	77,030
– Unlisted equity investments	**43,634**	133,007
– Investments in preference shares	**550,817**	146,688
	712,837	356,725
Financial asset designated as at FVTOCI *(Note)*	**222,642**	–
	935,479	356,725

Note: The amount represents equity investment in Coherus.

The investment is not held for trading; instead, it is held for long-term strategic purpose. The management of the Group have elected to designate the investment in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holing the investment for long-term purposes and realising the performance potential in the long run.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables	**166,782**	90,706
Accrued expenses in respect of		
– construction cost of properties under construction	**84,767**	106,018
– research and development expenses *(Note a)*	**156,874**	215,933
– selling and distribution expenses	**10,754**	31,656
– payments to licensor *(Note b)*	**271,363**	210,552
– payment to collaboration parties *(Note c)*	**39,627**	30,149
– others	**1,053**	48,330
Salary and bonus payables	**139,578**	205,026
Accrual for healthcare program	**–**	64,354
Customers' deposits	**59,116**	–
Other tax payables	**15,771**	19,620
Capital contribution payable to an investment in preference shares	**–**	68,199
Non-refundable deposit received from sub-license agreement	**–**	32,625
Other payables	**75,958**	91,848
	1,021,643	1,215,016

Notes:

(a) Amounts included service fees payable to outsourced service providers including contract research organisations and clinical trial centres.

(b) Amount represents sub-license income accrual to licensor at the end of the reporting period, which is repayable upon 30 days after receipt of invoice.

(c) Amount represents payable to collaboration parties for co-development of certain pharmaceutical products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. TRADE AND OTHER PAYABLES (Continued)

Payment terms with suppliers are mainly with credit term of 15 to 60 days (2020: 15 to 60 days) from the time when the goods and services are received from the suppliers. The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	**155,927**	74,433
31 to 60 days	**4,881**	4,316
61 to 180 days	**4,169**	2,009
Over 180 days	**1,805**	9,948
	166,782	90,706

17. BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank borrowings		
– secured	**721,045**	774,568
– unsecured	**20,000**	20,000
	741,045	794,568
The maturity profile of bank borrowings is as follows:		
– within one year	**465,489**	252,346
– within a period of more than one year but not exceeding two years	**275,556**	542,222
	741,045	794,568
Less: amount due within one year shown under current liabilities	**(465,489)**	(252,346)
Amount shown under non-current liabilities	**275,556**	542,222

The bank borrowings carry fixed interest rate ranged from 3.75% to 5.23% per annum (2020: ranged from 3.75% to 5.23% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18. SHARE CAPITAL

	Total number of shares	Amount RMB'000
Registered, issued and fully paid at RMB1.0 per share:		
At 1 January 2020 (Audited) and 30 June 2020 (Unaudited)	784,146,500	784,147
At 1 January 2021 (Audited)	872,496,000	872,496
Exercise of share options *(Note 19)*	1,711,500	1,712
New H shares issued *(Note a)*	36,549,200	36,549
At 30 June 2021 (Unaudited)	910,756,700	910,757

Note:

(a) On 23 June 2021, the Company issued 36,549,200 new H shares at HK$70.18 (equivalent to RMB58.40) per share for a total gross proceeds of HK$2,565,023,000 (equivalent to RMB2,134,381,000). The proceeds of RMB36,549,200 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of RMB2,097,831,800 were credited to the share premium account of the Company.

All the new shares rank pari passu with the existing shares of the same class in all respects.

19. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

On 12 March 2018, the Company entered into share incentive agreement ("Share Incentive Agreement") with eligible employees pursuant to which the Company agreed to grant up to 6,023,000 share options, with exercise price of RMB9.2 per share. The Company's share incentive scheme (the "Scheme") was adopted subsequently pursuant to a resolution passed on 14 May 2018, for the primary purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. Eligible persons including but not limited to the Group's shareholders, directors, supervisors, senior management and employees. The options are vested as follows:

On 1st anniversary of the first trading day following the end of the 12 months from 12 March 2018	25% vest
On 2nd anniversary of the first trading day following the end of the 24 months from 12 March 2018	further 35% vest
On 3rd anniversary of the first trading day following the end of the 36 months from 12 March 2018	remaining 40% vest

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Scheme (Continued)

Subject to the respective terms of issue, options may be exercised at the expiry date. If the employees choose not to exercise the options on the expiry date, the options will expire at the end of the date and no longer exercisable.

Other than the amendments to the Share Option Scheme ("Amended Share Option Scheme") mentioned in Group's annual consolidated financial statements for the year ended 31 December 2019, on 11 May 2020, resolutions of amendments to the Scheme ("Second Amended Share Option Scheme") was passed in the Annual General Meeting of the Company and was approved by the board of directors. The expiry date of each unvested tranche was extended for additional 9 months and 4 days to the Second Amended Share Option Scheme. The change of fair value of the share options at the date of modification resulting from the Amended Share Option Scheme and Second Amended Share Option Scheme is immaterial and not taken into account. The amount of share-based payment expenses recognised continues to be measured based on the grant date fair value and amortised over the original vesting period under the Share Option Scheme.

As at 30 June 2021, the number of options which remain outstanding under the Share Option Scheme was 1,934,000 (31 December 2020: 3,666,700) which, if exercise in full, representing 0.21% (31 December 2020: 0.42%) of the shares of the Company in issue at that date.

The table below discloses movement of the Company's share options held by the Group's employees (details as modified by the Second Amended Share Option Scheme/Amended Share Option Scheme):

For the period ended 30 June 2021

						Number of share options			
Date of grant	Exercise price	Vesting date (before Second Amended Option Scheme)	Vesting date (after Second Amended Option Scheme)	Expiry date (before Second Amended Option Scheme)	Expiry date (after Second Amended Option Scheme)	Outstanding at 1 January 2021	Exercised during the period	Forfeited during the period	**Outstanding at 30 June 2021**
	RMB					(Audited)			**(Unaudited)**
14 May 2018	9.20	12 March 2020	16 December 2020	12 March 2021	15 December 2021	1,711,500	(1,711,500)	–	**–**
14 May 2018	9.20	12 March 2021	16 December 2021	12 March 2022	15 December 2022	1,955,200	–	(21,200)	**1,934,000**
						3,666,700	(1,711,500)	(21,200)	**1,934,000**
Exercisable at the end of the period									**–**
Weighted average exercise price (RMB)						9.20	9.20	9.20	**9.20**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Scheme (Continued)

The table below discloses movement of the Company's share options held by the Group's employees (details as modified by the Second Amended Scheme):

For the period ended 30 June 2020

						Number of share options		
Date of grant	Exercise price RMB	Vesting date (before the Second Amended Scheme)	Vesting date (after the Second Amended Scheme)	Expiry date (before the Second Amended Scheme)	Expiry date (after the Second Amended Scheme)	Outstanding at 1 January 2020 (Audited)	Forfeited during the period	Outstanding at 30 June 2020 (Unaudited)
14 May 2018	9.20	12 March 2019	12 March 2019	12 March 2020	15 December 2020	1,303,250	(55,250)	1,248,000
14 May 2018	9.20	12 March 2020	16 December 2020	12 March 2021	15 December 2021	1,824,550	(77,350)	1,747,200
14 May 2018	9.20	12 March 2021	16 December 2021	12 March 2022	15 December 2022	2,085,200	(88,400)	1,996,800
						5,213,000	(221,000)	4,992,000
Exercisable at the end of the period								1,248,000
Weighted average exercise price (RMB)						9.20	9.20	9.20

Restricted A Share Incentive Scheme

Pursuant to a resolution passed on 16 November 2020, the Company adopted the Restricted A Share Incentive Scheme (the "Restricted A Share Scheme") for the purpose of attract and retain the Group's personnel and to ensure the Group's development strategy and business goals. Eligible persons including but not limited to the Group's directors, senior management and employees. Under the Restricted A Share Scheme, 28,519,000 RSUs are granted to eligible persons. The RSUs are vested as follows:

On 1st anniversary of the first trading day following the end of the 12 months from 16 November 2020	40% vest
On 2nd anniversary of the first trading day following the end of the 24 months from 16 November 2020	further 30% vest
On 3rd anniversary of the first trading day following the end of the 36 months from 16 November 2020	remaining 30% vest

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Restricted A Share Incentive Scheme (Continued)

Movement in the number of RSUs granted under the Restricted A Share Scheme is as follows:

Date of grant	Vesting date	Expiry Date	Number of RSUs Outstanding at 1 January 2021 and 30 June 2021
16 November 2020	16 November 2021	15 November 2022	11,407,600
16 November 2020	16 November 2022	15 November 2023	8,555,700
16 November 2020	16 November 2023	15 November 2024	8,555,700
Total			28,519,000

The exercise price of the RSUs is RMB55.50 per unit.

20. CAPITAL AND OTHER COMMITMENTS

At the end of the reporting period, the Group had the following capital and other commitments:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
– acquisition of property, plant and equipment	494,960	387,582
Other commitments in respect of:		
– investment in a joint venture	15,000	15,000
– investments in associates	62,000	125,000
	77,000	140,000

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21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	Fair value as at 30 June 2021 RMB'000 (Unaudited)	Fair value as at 31 December 2020 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets measured at FVTPL (current)					
Funds	**17**	17	Level 2	Fair value determined based on fair value of underlying debt instruments using discounted cash flow method based on the return from the underlying instruments and quoted market price of underlying equity investment	N/A
Financial assets measured at FVTPL (non-current)					
Unlisted equity investment	**1,952**	1,952	Level 3	Market comparison approach – in this approach, fair value was determined with reference to discount rate and Enterprise Value-to-Sales ratio ("EV/S ratio").	Discount rate of 27% (31 December 2020: 27%) and EV/S multiple of 8.69 (31 December 2020: 8.69), taking into account management's experience and knowledge of market conditions
Unlisted equity investment	**3,772**	3,772	Level 3	Market comparison approach – in this approach, fair value was determined with reference to discount rate and Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple").	Discount rate of 27% (31 December 2020: 27%) and P/R&D multiple of 2.80 (31 December 2020: 2.80), taking into account management's experience and knowledge of market conditions
Investment in preference shares (31 December 2020: unlisted equity investment) *(Note a)*	**181,767**	89,373	Level 2 (31 December 2020: Level 3)	2021: Recent transaction price (31 December 2020: Market comparison approach-in this approach, fair value was determined with reference discount rate and to P/R&D multiple)	N/A (31 December 2020: Discount rate of 26% and P/R&D multiple of 17.52, taking into account management's experience and knowledge of market conditions *(Note b)*)
Unlisted equity investment	**37,910**	37,910	Level 2	Recent transaction price	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	Fair value as at 30 June 2021 RMB'000 (Unaudited)	Fair value as at 31 December 2020 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investment in preference shares	**79,392**	65,244	Level 3 (31 December 2020: Level 2)	Market comparison approach – in this approach, fair value was determined with reference to discount rate and P/R&D multiple (31 December 2020: Recent transaction price)	Discount rate of 25% and P/R&D multiple of 6.74, taking into account management's experience and knowledge of market conditions *(Note c)* (31 December 2020: N/A)
Investment in preference shares	**111,688**	68,199	Level 3 (31 December 2020: Level 2)	Market comparison approach – in this approach, fair value was determined with reference to discount rate and P/R&D multiple (31 December 2020: Recent transaction price)	Discount rate of 21% and P/R&D multiple of 3.53 taking into account management's experience and knowledge of market conditions *(Note d)* (31 December 2020: N/A)
Investment in preference shares	**177,970**	13,245	Level 2	Recent transaction price	N/A
Unlisted equity investments in partnership	**32,000**	–	Level 2	Recent transaction price	N/A
Unlisted equity investments in partnership	**86,386**	77,030	Level 3	The fair value is determined based on the share of fair value of the underlying net assets held by the investee	The fair value of the underlying net assets of the investee *(Note e)*
	712,837	356,725			
Financial assets measured at FVTOCI					
Listed equity investment	**222,642**	–	Level 1	Quoted bid price in an active market	N/A
	935,496	356,742			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

There were no transfers between Level 1 and Level 2 during both periods.

Notes:

a. During the period ended 30 June 2021, the Group's investment in the unlisted equity investment was redesignated as investment in preference shares.

b. A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the P/R&D multiple was 5% higher/lower to 18.40/16.64 while all other variables constant, the carrying amount of the unlisted equity investment would increase by RMB4,469,000 or decrease by RMB4,469,000 as at 31 December 2020. For sensitivity analysis of discount rate, the management of the Group considers that the impact is immaterial, and such relevant information is not disclosed.

c. A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the P/R&D multiple was 5% higher/lower to 7.08/6.41 while all other variables constant, the carrying amount of the unlisted equity investment would increase by RMB3,970,000 or decrease by RMB3,970,000 as at 30 June 2021. For sensitivity analysis of discount rate, the management of the Group considers that the impact is immaterial, and such relevant information is not disclosed.

d. A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment, and vice versa. If the P/R&D multiple was 5% higher/lower to 3.71/3.36 while all other variables constant, the carrying amount of the unlisted equity investment would increase by RMB5,584,000 or decrease by RMB5,584,000 as at 30 June 2021. For sensitivity analysis of discount rate, the management of the Group considers that the impact is immaterial, and such relevant information is not disclosed.

e. A slight increase in the fair value of the underlying net assets of the investee would result in a slight increase in the fair value measurement of unlisted equity investment in partnership. If the fair value of the underlying net assets of the investee increase/decrease by 5%, the carrying amount of the unlisted equity investment in partnership would increase by RMB4,319,000 or decrease by RMB4,319,000 as at 30 June 2021.

For the sensitivity analysis of other significant unobservable inputs of other investments, the management of the Group considers that the impacts are immaterial, and such relevant information is not disclosed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements

	Unlisted equity investment RMB'000	Investment in preference shares RMB'000	Unlisted equity investment in partnership RMB'000	Total RMB'000
At 1 January 2021 (Audited)	**95,097**	**–**	**77,030**	**172,127**
Fair value change during the period	**–**	**57,637**	**13,346**	**70,983**
Disposal	**–**	**–**	**(3,990)**	**(3,990)**
Transfer into Level 3 due to change of valuation technique	**–**	**133,443**	**–**	**133,443**
Transfer into Level 2 due to change of valuation technique	**(89,373)**	**–**	**–**	**(89,373)**
At 30 June 2021 (Unaudited)	**5,724**	**191,080**	**86,386**	**283,190**
At 1 January 2020 (Audited)	18,000	–	–	18,000
Fair value change during the period	24,177	–	–	24,177
Disposed	(106)	–	–	(106)
Transfer into Level 3 due to change of valuation technique	51,345	–	–	51,345
At 30 June 2020 (Unaudited)	93,416	–	–	93,416

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

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amount of financial assets and liabilities measured at amortised cost in the condensed consolidated financial statements approximates the fair value based on the discounted cash flow analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22. RELATED PARTIES DISCLOSURES

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group had also entered into the following transactions with related parties:

(a) Research and development expenses incurred

	For the six months ended 30 June	
Name of related parties	**2021**	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Anwita	**18,233**	–
Shanghai Ruotuo Biotechnology Co., Ltd. ("SHRT") *(Note)*	**6,226**	–
	24,459	–

Note: SHRT is a wholly-owned subsidiary of Anwita, an associate of the Group.

(b) Compensation of directors and key management personnel

The remuneration of directors of the Company and other members of key management during both periods were as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits and performance bonus	**54,665**	29,988
Share-based payment expenses	**27,192**	11
Post-employment benefits	**564**	184
	82,421	30,183

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23. EVENT AFTER REPORTING PERIOD

On 19 July 2021, the Group entered into an agreement to form a company jointly with Immorna (Hangzhou) Biotechnology Co., Ltd which will be recognised as an associate. The Group will contribute RMB50,000,000 in cash, representing 50% of the registered capital of the associate. The principal business of the associate is to engage in the research and development, clinical research, application for approval, production and commercialisation of product development projects in tumours and diseases. The associate has not yet been established as at the date of issuance of these interim financial statements.

DEFINITIONS

A Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in Renminbi and have been issued and listed on the STAR Market since 15 July 2020
A Shareholder(s)	holder(s) of A Share(s)
Articles of Association	articles of association of the Company
Audit Committee	the audit committee of the Company
Board of Supervisors	the Company's board of Supervisors
Board or Board of Directors	the Company's board of Directors
CG Code	Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules
Companies Ordinance	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	Shanghai Junshi Biosciences Co., Ltd.* 上海君實生物醫藥科技股份有限公司
Director(s)	director(s) of the Company
FDA	the United States Food and Drug Administration
Group	the Company and its subsidiaries
H Share(s)	overseas-listed share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on Hong Kong Stock Exchange
H Share Listing	the listing of the Company's H Shares on the Hong Kong Stock Exchange on 24 December 2018
H Shareholder(s)	holder(s) of H Share(s)
HKD or HK$	Hong Kong dollars, the official currency of Hong Kong

DEFINITIONS

Hong Kong	Hong Kong Special Administrative Region of PRC
Hong Kong Listing Rules or Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules
NDA	new drug application
NMPA	National Medical Products Administration of China
Nomination Committee	the nomination committee of the Company
PRC or China	the People's Republic of China
Prospectus	the prospectus of the Company in respect of its H Share Listing dated 11 December 2018
R&D	research and development
Remuneration and Appraisal Committee	the remuneration and appraisal committee of the Company
Reporting Period	the six months ended 30 June 2021
RMB	Renminbi
SFO	the Securities and Futures Ordinance, Charter 571 of the laws of Hong Kong
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and A Shares
Shareholder(s)	holder(s) of the Share(s)
STAR Market	the STAR Market of the Shanghai Stock Exchange

DEFINITIONS

STAR Market Listing	the listing of the Company's A Shares on the STAR Market on 15 July 2020
Stock Exchange or Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	The strategic committee of the Company
USD	United States dollars
%	per cent

In this report, the terms "associate", "close associate", "connected person", "connected transaction", "controlling shareholder", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese are translations of the Chinese names. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

* *For identification purpose only*