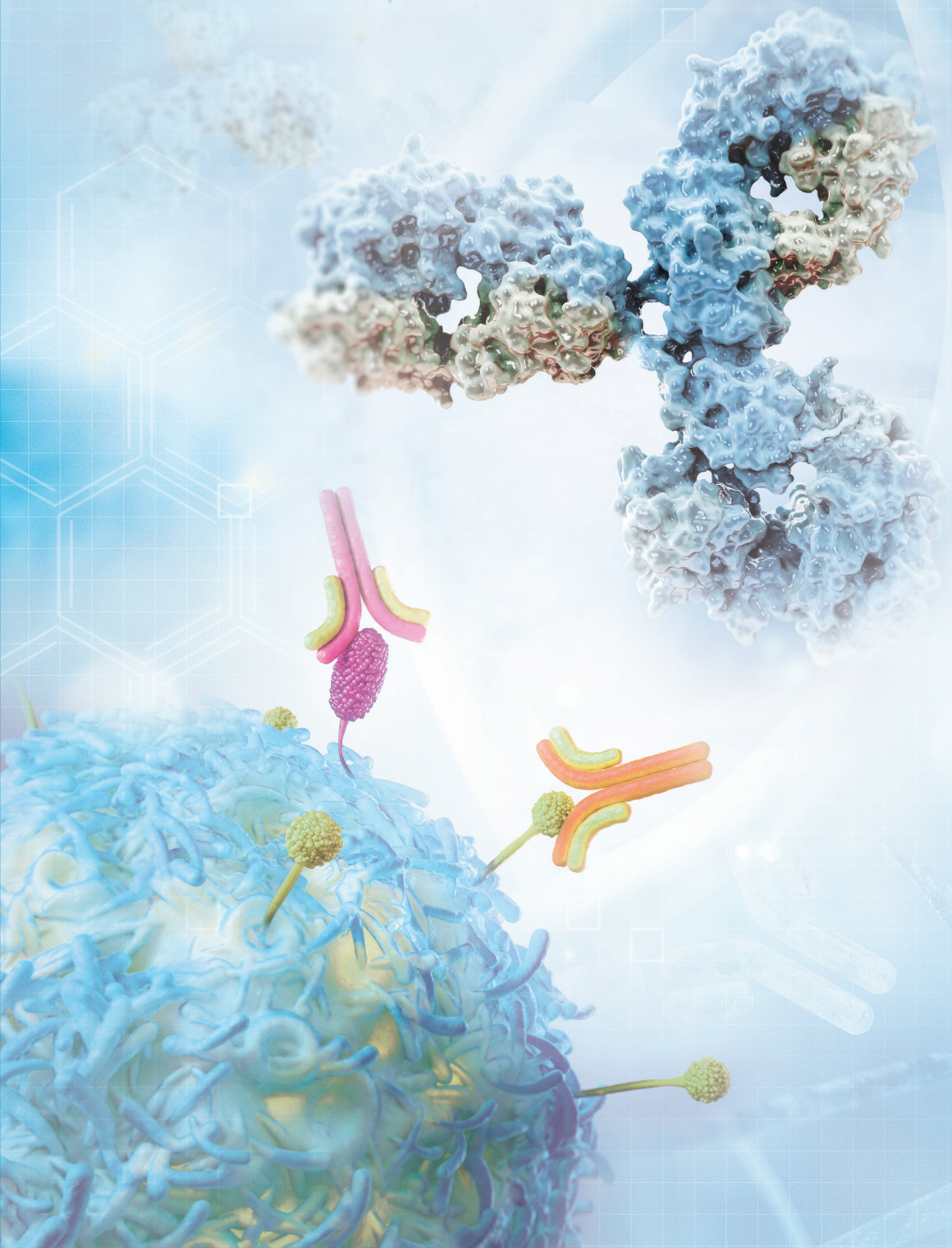
君实生物
TopAlliance

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



2022
INTERIM REPORT

* For identification purpose only

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Chief Executive Officer and General Manager)*
Mr. Li Cong *(Co-Chief Executive Officer)*
Dr. Feng Hui
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Zou Jianjun[1]

NON-EXECUTIVE DIRECTORS
Dr. Wu Hai
Mr. Tang Yi
Mr. Lin Lijun

INDEPENDENT NON-EXECUTIVE DIRECTORS
Dr. Chen Lieping
Dr. Roy Steven Herbst
Mr. Qian Zhi
Mr. Zhang Chun
Dr. Feng Xiaoyuan

SUPERVISORS
Mr. Wu Yu *(Chairman of the Board of Supervisors)*
Ms. Wang Pingping
Ms. Huo Yilian

AUDIT COMMITTEE
Mr. Zhang Chun *(Chairman)*
Mr. Tang Yi
Mr. Qian Zhi

NOMINATION COMMITTEE
Dr. Feng Xiaoyuan *(Chairman)*
Mr. Xiong Jun
Mr. Qian Zhi

REMUNERATION AND APPRAISAL COMMITTEE
Mr. Zhang Chun *(Chairman)*
Mr. Xiong Jun
Dr. Li Ning
Mr. Qian Zhi
Dr. Feng Xiaoyuan

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

AUTHORIZED REPRESENTATIVES
Ms. Chen Yingge
Ms. Lai Siu Kuen

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
5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong

NUMBER OF SHARES (AS AT THE DATE OF THIS REPORT)
912,601,900 Shares
(including 219,295,700 H Shares and 693,306,200 A Shares)

BOARD LOT OF H SHARES
200 H Shares

CORPORATE INFORMATION

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road,
Hong Kong

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

COMPANY'S WEBSITE

www.junshipharma.com

INVESTOR RELATIONS

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

[1] Appointed with effect from 29 June 2022

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- As at 30 June 2022, total revenue of the Group reached approximately RMB946 million for the Reporting Period. In particular, the sales revenue of TUOYI® (toripalimab) was approximately RMB298 million, representing an increase of approximately 195% compared to the second half of 2021. The sales revenue of TUOYI® still reached approximately RMB188 million during the second quarter of 2022, representing an increase of approximately 70% compared to the first quarter of 2022 in spite of the rebound in COVID-19 infections in Shanghai City and Jilin Province.

- Total R&D expenses were approximately RMB1,062 million for the Reporting Period, representing an increase of approximately 12% compared to the corresponding period in 2021. The increase in R&D expenses was mainly due to (i) continuous advancement of R&D process leading to increasing clinical research expense; and (ii) talent reserve of the R&D team.

- Loss of the Group was RMB998 million during the Reporting Period, representing an increase of RMB1,009 million compared to the corresponding period in 2021, which was mainly attributable to the decline of revenue from out-licensing.

- Net cash from financing activities was approximately RMB535 million for the Reporting Period. As at 30 June 2022, the bank balances and cash of the Group was approximately RMB3,407 million with no significant fluctuation compared to 31 December 2021.

BUSINESS HIGHLIGHTS

As of the end of the Reporting Period, focusing on the "unmet clinical needs", we have made original, innovative and breakthrough progress in innovative therapies and discovery, R&D, production and commercialization of innovative drugs, which have filled various gaps domestically and are leading in related fields globally. The following achievements and milestones were attained:

- Our innovative R&D field has expanded from monoclonal antibodies to the development of various drug modalities, including small molecules 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. Our product pipelines cover five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. In particular, a total of three drugs (toripalimab, etesevimab and adalimumab) are being commercialized in China or abroad, around 30 drug candidates are undergoing clinical trials (amongst which, ongericimab, VV116, bevacizumab and PARP inhibitor are undergoing Phase III clinical trials) and over 20 drug candidates are at pre-clinical drug development stage.

  – In February 2022, the dosing of the first patient was completed in the Phase III clinical trial of TUOYI® in combination with standard chemotherapy as the adjuvant treatment after radical resection of gastric or esophagogastric junction adenocarcinoma (JUPITER-15 study, NCT05180734).

HIGHLIGHTS

- In February 2022, the Investigational New Drug ("**IND**") application for JS112 (Aurora A inhibitor) was approved by the NMPA.

- In March 2022, the marketing of JUNMAIKANG (君邁康)® (adalimumab) for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis was approved by the NMPA.

- In March 2022, the results of three Phase I clinical studies of VV116 (JT001) were published in *Acta Pharmacologica Sinica*, a renowned journal in the pharmaceutical field, which showed that VV116 exhibited satisfactory safety and tolerability in healthy subjects, was rapidly absorbed orally, and could be administered orally under fasting or normal diet conditions.

- In March 2022, the IND application for JS107 (recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE conjugate) was approved by the NMPA.

- In March 2022, the IND application for JS001sc (a toripalimab subcutaneous injection formulation) was approved by the NMPA.

- In April 2022, the IND application of TAB009/JS009 (recombinant humanized anti-CD112R monoclonal antibody injection) for the treatment of advanced solid tumors was approved by the FDA.

- In April 2022, the results of the pre-clinical in vivo efficacy study of VV116 (JT001) as a potent inhibitor of respiratory syncytial virus was published online in *Signal Transduction and Targeted Therapy* (STTT, IF: 38.104), a journal under *Nature*.

- In April 2022, TUOYI® was granted orphan-drug designation by the FDA for the treatment of small cell lung cancer ("**SCLC**"), which was the fifth FDA orphan-drug designation obtained by TUOYI®. Previously, TUOYI® was granted orphan-drug designations by the FDA for the treatment of mucosal melanoma, nasopharyngeal carcinoma ("**NPC**"), soft tissue sarcoma and esophageal cancer, respectively.

- In May 2022, the IND application for JS105 (PI3K-α inhibitor) jointly developed by the Company and Risen (Suzhou) Biosciences Co., Ltd.* (潤佳（蘇州）醫藥科技有限公司) ("**Risen Biosciences**") was approved by the NMPA.

- In May 2022, the IND application for JS203 (recombinant humanized anti-CD20 and CD3 bispecific antibody) was accepted by the NMPA and approved in July 2022.

- In May 2022, a Phase III registration clinical study (NCT05341609) of VV116 (JT001) versus nirmatrelvir tablet/ritonavir tablet (namely PAXLOVID) for the early treatment of mild to moderate coronavirus disease 2019 ("**COVID-19**") reached its pre-specified primary endpoints and secondary efficacy endpoints. The VV116 (JT001) group achieved a shorter median time to sustained clinical recovery and attained statistical superiority, providing strong evidence that such therapy could accelerate the remission of COVID-19 symptoms.

HIGHLIGHTS

- In May 2022, the supplemental new drug application ("**sNDA**") for TUOYI® in combination with paclitaxel and cisplatin for the first-line treatment of patients with unresectable locally advanced/recurrent or distant metastatic esophageal squamous cell carcinoma ("**ESCC**") was approved by the NMPA, which was also the fifth indication of TUOYI® approved by the NMPA.

- In June 2022, the IND application for JS116 (small molecule irreversible covalent inhibitor of $KRAS^{G12C}$) was approved by the NMPA.

- In June 2022, the IND application for JS113 (fourth-generation EGFR inhibitor) was approved by the NMPA.

- The National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance ("**NRDL**") (2021 Edition)* (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2021)版》) was officially implemented on 1 January 2022, and TUOYI® continued to be included in Category B in the NRDL. Two indications for the treatment of patients with recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy, as well as 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 were added, which filled the gaps in immunotherapy for patients with advanced NPC and non-selective patients with advanced UC in the latest edition of the NRDL, and became the only anti-PD-1 monoclonal antibody used in the treatment of melanoma and NPC in the NRDL.

- External collaborations

  - In January 2022, based on the exclusive license and commercialization agreement ("**Exclusive License and Commercialization Agreement**") we entered into with Coherus BioSciences, Inc. ("**Coherus**") in February 2021, Coherus initiated the procedure for exercising the option of the recombinant humanized anti-TIGIT monoclonal antibody(TAB006/JS006), one of the option programs, in order to be licensed to develop TAB006/JS006 or any product containing TAB006/JS006 in the United States and Canada (the "**Coherus Territory**") for the treatment or prevention of human diseases. Coherus made an one-off exercise payment of US$35 million to us, and will pay up to an aggregate of US$255 million upon reaching the corresponding milestones, plus 18% royalty on the annual net sales of any product that contains TAB006/JS006 in the Coherus Territory.

  - In March 2022, we entered into the licensing and cooperation agreement ("**Licensing and Cooperation Agreement**") with Wigen Biomedicine Technology (Shanghai) Co., Ltd. ("**Wigen Biomedicine**") to obtain the licenses of four small molecule anti-tumor drugs, namely JS120 (second-generation irreversible IDH1 inhibitor), JS121 (SHP2 inhibitor), JS122 (second-generation irreversible FGFR2 selective inhibitor) and JS123 (ATR inhibitor), thus further enriching our pipeline layout in the field of cancer treatment.

  - In June 2022, we have entered into cooperation with Sun Yat-sen University Cancer Center (Sun Yat-sen University Affiliated Cancer Hospital* (中山大學附屬腫瘤醫院) and Sun Yat-sen University Cancer Institute* (中山大學腫瘤研究所)) (the "**Cancer Center**"), and we obtained three patent applications including the "Application of a Bacterium in Preparation of a Synergist of an Immune Checkpoint Inhibitor" and their related technologies and rights by way of exclusive license.

HIGHLIGHTS

- Other business operations

  – In April 2022, the resolutions in relation to the proposed issuance of no more than 70 million A Shares to target subscribers under the general mandate was passed by the Shareholders at the 2022 first extraordinary general meeting of the Company ("**EGM**"). The proceeds are expected to be no more than RMB3.969 billion, which will be used for R&D projects of innovative drugs and our technology headquarters and R&D base project. The issuance is still subject to the approval of the Shanghai Stock Exchange and the approval of registration from the China Securities Regulatory Commission.

  – In May 2022, the NMPA approved for the production base in Lingang, Shanghai (the "**Shanghai Lingang Production Base**") of Shanghai Junshi Biotechnology Co., Ltd.* (上海君實生物工程有限公司) ("**Junshi Biotechnology**"), our wholly-owned subsidiary, to be responsible for the production of commercial batches of TUOYI® in parallel with the Company's Wujiang production base in Suzhou. The Shanghai Lingang Production Base was constructed in accordance with the CGMP standard, with a production capacity of 30,000L in the first phase of the project. By virtue of economies of scale, the expansion of production capacity brought about by the Shanghai Lingang Production Base will enable the Company to gain the advantage of having more competitive production costs.

From the end of the Reporting Period to the date of this report, we have also made several significant progresses in the internationalization of several products, including:

– In July 2022, the FDA accepted for review the resubmission of the Biologics License Application (the "**BLA**") for toripalimab in combination with gemcitabine/cisplatin for the first-line treatment of patients with advanced recurrent or metastatic NPC and toripalimab monotherapy for second-line or above treatment of recurrent or metastatic NPC after platinum-containing chemotherapy. The FDA has set the Prescription Drug User Fee Act (PDUFA) action date on 23 December 2022. If approved, our partner Coherus plans to launch toripalimab in the United States in the first quarter of 2023, and toripalimab will be the first and only immuno-oncology agent for NPC in the United States.

– In July 2022, toripalimab was granted orphan-drug designation by the European Commission (the "**EC**") for the treatment of NPC based on a favorable opinion from the European Medicines Agency (the "**EMA**"). As of the date of this report, toripalimab has accumulated six orphan-drug designations granted by the European Union and drug regulatory agencies in the United States, involving the treatment of mucosal melanoma, NPC, soft tissue sarcoma, esophageal cancer and SCLC.

– In July 2022, the FDA approved the IND application of JS105 (PI3K-α inhibitor) in combination with fulvestrant for the treatment of hormone receptor (HR) positive, human epidermal growth factor receptor-2 (HER-2) negative as well as female (postmenopausal) and male patients with PIK3CA-mutated advanced or metastatic breast cancer.

– In August 2022, the IND application for JS110 (small molecule inhibitor of the nuclear export protein XPO1) was approved by the FDA.

HIGHLIGHTS

IFRS

	For the six months ended 30 June		
	2022	2021	Changes
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**946,049**	2,114,448	(55)
Gross Profit	**625,577**	1,650,506	(62)
Research and development expenses	**(1,062,242)**	(947,279)	12
Selling and distribution expenses	**(307,388)**	(422,619)	(27)
Administrative expenses	**(295,292)**	(295,513)	–
(Loss) profit for the period	**(998,360)**	10,533	(9,578)
Total comprehensive expense for the period	**(1,101,333)**	(4,210)	26,060
(Loss) earning per share			
– Basic (RMB yuan)	**(1.00)**	0.01	(10,100)
– Diluted (RMB yuan)	**(1.00)**	0.01	(10,100)

	At 30 June 2022	At 31 December 2021	Changes
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
Financial position			
Non-current assets	**5,276,998**	5,218,981	1
Current assets	**4,626,227**	5,831,739	(21)
Total assets	**9,903,225**	11,050,720	(10)
Non-current liabilities	**960,275**	701,903	37
Current liabilities	**1,396,388**	2,016,635	(31)
Total liabilities	**2,356,663**	2,718,538	(13)
Net assets	**7,546,562**	8,332,182	(9)

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, with five indications approved in China, including 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, 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 combination with cisplatin and gemcitabine as the first-line treatment for patients with locally recurrent or metastatic NPC, and in combination with paclitaxel and cisplatin for the first-line treatment for patients with unresectable locally advanced/recurrent or distant metastatic ESCC, respectively; ongericimab and UBP1213 were the first anti-PCSK9 monoclonal antibody and anti-BLyS monoclonal antibody, respectively, from a Chinese domestic company that had received IND approval from the NMPA; tifcemalimab, being the world's first-in-human anti-BTLA monoclonal antibody, was independently developed by the Company and has obtained IND approvals from the FDA and NMPA and is currently undergoing several Phase Ib/II clinical trials in China and the United States.

In the face of the pandemic, we have actively assumed the social responsibilities of Chinese pharmaceutical companies and collaborated with partners in utilizing our accumulated technology to rapidly develop innovative drugs for the prevention/treatment of COVID-19 since the beginning of the outbreak in 2020. In addition to etesevimab, the anti-SARS-CoV-2 monoclonal neutralizing antibody that has already been commercialized, our co-developed oral nucleoside anti-SARS-CoV-2 drug VV116 (JT001) has completed a Phase III registration clinical study of VV116 versus nirmatrelvir tablet/ritonavir tablet (namely PAXLOVID) for the early treatment of mild to moderate COVID-19 and reached its pre-specified primary endpoints and secondary efficacy endpoints. We will continuously contribute to the global fight against the pandemic as a representative from China with domestic innovation.

As we continue to expand our product pipeline and further explore drug combination therapies, our innovation field has continued to expand to cover R&D 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 the next-generation innovative therapies for cancer and autoimmune diseases. During the Reporting Period, we made various major achievements in the business operations as well as the development of drug candidates of the Company, which are summarized as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

The indication for ESCC of TUOYI® was approved, with domestic commercialization increasing quarter-on-quarter

In May 2022, the sNDA for TUOYI® in combination with paclitaxel and cisplatin for the first-line treatment for patients with unresectable locally advanced/recurrent or distant metastatic ESCC was approved by the NMPA, which was the fifth indication of TUOYI® approved by the NMPA. As of the end of the Reporting Period, TUOYI® has been sold in more than 4,000 medical institutions and nearly 2,000 specialty pharmacies and community pharmacies nationwide, which promoted the growth in sales at the hospital end. The new edition of the NRDL was officially implemented on 1 January 2022, and TUOYI® continued to be included in Category B in the NRDL. The scope of two indications for the treatment of patients with recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy as well as 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 were newly included, which filled the gaps in immunotherapy for patients with advanced NPC and non-selective patients with advanced UC in the NRDL, and became the only anti-PD-1 monoclonal antibody used in the treatment of melanoma and NPC in the NRDL. Meanwhile, through the urban commercial insurance across the country, out-of-pocket expenses on the indications of TUOYI® that have been included in the NRDL, including second-line treatment of melanoma, third-line treatment of NPC and second-line treatment of urothelial carcinoma, were entitled to supplementary reimbursement under the NRDL in 113 provinces/cities. The NPC indication for first-line treatment approved in November 2021 and the ESCC indication for first-line treatment approved in May 2022 have been included in the medical insurance catalogues in 20 provinces/cities, for which supplementary medical insurance could be obtained in 61 provinces/cities, thus reducing the burden on patients, and benefiting more patients.

As of the end of the Reporting Period, the Company has a commercialization team with over 1,100 members, and the domestic sales revenue of TUOYI® reached approximately RMB298 million in the first half of 2022. In particular, the sales revenue of TUOYI® in the first quarter of 2022 increased by approximately 212% as compared with the fourth quarter of 2021. Despite being affected by the pandemic in Shanghai, Jilin and other regions from April to May, the sales revenue in the second quarter of 2022 still increased by approximately 70% from the first quarter. The sales of TUOYI® in China have gradually recovered and started to enter a positive cycle, thus we are fully confident about the future commercialization of TUOYI®.

MANAGEMENT DISCUSSION AND ANALYSIS

Clinical trials of core drug candidates progressed steadily, and data of "globally new" drug tifcemalimab was first released at the ASCO annual meeting

Over 30 clinical studies covering more than 15 indications in respect of TUOYI® have been conducted in China, the United States and other countries. Among all pivotal registered clinical studies of TUOYI® 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 treatment/postoperative adjuvant treatment for lung cancer, liver cancer, gastric cancer, esophageal cancer and other indications to promote the application of cancer immunotherapy in the early treatment of cancer patients. In April 2022, TUOYI® was granted orphan-drug designation by the FDA for the treatment of SCLC, the fifth FDA orphan-drug designation obtained by TUOYI®. Previously, TUOYI® was granted orphan-drug designations by the FDA for the treatment of mucosal melanoma, NPC, soft tissue sarcoma and esophageal cancer, respectively. In July 2022, TUOYI® was granted orphan-drug designation by the EC for the treatment of NPC.

In July 2022, the FDA accepted for review the resubmission of the BLA for TUOYI® in combination with gemcitabine/cisplatin for the first-line treatment of patients with advanced recurrent or metastatic NPC and toripalimab monotherapy for second-line or above treatment of recurrent or metastatic NPC after platinum-containing chemotherapy. The FDA has set the Prescription Drug User Fee Act (PDUFA) action date on 23 December 2022. As previously notified by the FDA, the review timeline for the BLA resubmission would be six months, since onsite inspection in China is required. If approved, our partner Coherus plans to launch TUOYI® in the United States in the first quarter of 2023, and TUOYI® will be the first and only immuno-oncology agent for NPC in the United States.

In June 2022, the annual meeting of the American Society of Clinical Oncology (ASCO) was held online and physically in Chicago, the United States at which almost 40 results of multi-tumor studies in relation to the two tumor immunotherapy drugs independently developed by the Company, including the anti-PD-1 monoclonal antibody toripalimab and the anti-BTLA monoclonal antibody tifcemalimab, were released at the ASCO annual meeting. Toripalimab continued to demonstrate strong synergies with cornerstone drugs in diverse combination therapies, and the initial data of tifcemalimab in single-agent and dual-immunotherapy studies also gave us confidence in the development prospects of this "globally new" drug. At the annual meeting of the ASCO 2022, tifcemalimab debuted its early clinical results for single drug treatment of solid tumor and combination treatment of lymphoma through poster presentations (#230, #297). As a first-in-class drug, the initial data release of tifcemalimab was an important milestone event for BTLA-targeted drugs in the field of oncology.

MANAGEMENT DISCUSSION AND ANALYSIS

Three indications of JUNMAIKANG® received marketing approval, and several near-commercialization drug candidates were in the late stages of R&D

In March 2022, JUNMAIKANG® (adalimumab), which we jointly developed with Mabwell (Shanghai) Bioscience Co., Ltd.* (邁威（上海）生物科技股份有限公司) ("**Mabwell Bio**") and its subsidiaries for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis, received marketing approval from the NMPA, with the first prescription issued in May 2022. As our third commercialized product, JUNMAIKANG® has received support from the national "Major New Drug Development", a major scientific and technological project, during the "Twelfth Five-Year Plan", which would bring new treatment options for the majority of Chinese patients with autoimmune disease after its launch. In August 2022, the supplemental application of JUNMAIKANG® for the treatment of additional indications of Crohn's disease, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and pediatric Crohn's disease was accepted by the NMPA.

In May 2022, the oral nucleoside anti-SARS-CoV-2 drug VV116 (JT001) jointly developed by Shanghai JunTop Biosciences Co., Ltd.* (上海君拓生物醫藥科技有限公司) ("**JunTop Biosciences**"), a controlled subsidiary of the Company and its partner Suzhou Vigonvita Biomedical Co., Ltd.* (蘇州旺山旺水生物醫藥有限公司) ("**Vigonvita**") has completed a multi-center, single-blind, randomized, controlled Phase III clinical study (NCT05341609) on the efficacy and safety of VV116 versus nematevir tablets/ritonavir tablets (namely PAXLOVID) for the early treatment of patients with mild to moderate COVID-19. The research results showed that VV116 (JT001) for the early treatment of patients with mild to moderate COVID-19 with high risk of progression to severe condition, including death, reached its pre-specified primary endpoints and secondary efficacy endpoints. In terms of primary endpoints, the VV116 (JT001) group required a shorter median time to sustained clinical recovery and attained statistical superiority, providing strong evidence that such therapy could accelerate the remission of COVID-19 symptoms. In terms of secondary efficacy endpoints, neither the VV116 (JT001) group nor the PAXLOVID group experienced COVID-19 disease progression or death. At the same time, the research results also showed that the time to resolution of persistent clinical symptoms and the time taken to get the first negative result of SARS-CoV-2 nucleic acid test were similar between the two groups, with a statistical superiority trend in the VV116 (JT001) group compared to PAXLOVID. In terms of safety, VV116 (JT001) exhibited satisfactory safety and tolerability in human clinical trials, and the overall adverse event rate in the head-to-head Phase III study was lower than that of PAXLOVID, with good safety. Meanwhile, we also initiated an international multi-center, randomized, double-blind Phase III clinical study on the efficacy and safety of VV116 (JT001) versus standard treatment for moderate-to-severe COVID-19 patients, as well as an international multi-center, double-blind, randomized, placebo-controlled Phase III clinical study (NCT05242042) with Vigonvita. As of the date of this report, the above two clinical trials are still in progress.

As of the date of this report, Phase III clinical studies are conducted in relation to our independently developed recombinant humanized anti-PCSK9 monoclonal antibody ongericimab (JS002) with larger patient population (including non-familial and heterozygous familial hypercholesterolemia) for further verification of efficacy and safety. Furthermore, we have also conducted a Phase II clinical study in patients with homozygous familial hypercholesterolemia (rare disease). The study will provide valuable clinical research data for the clinical application of PCSK9 mAb in Chinese patients with homozygous familial hypercholesterolemia. The patient enrollment of Phase III clinical study of PARP inhibitor senaparib (JS109), which was jointly developed by the Company and IMPACT Therapeutics, Inc. ("**IMPACT Therapeutics**"), as the first-line maintenance treatment in platinum-sensitive advanced ovarian cancer patients has been completed, and is awaiting for clinical data evaluation. A Phase III clinical study of the VEGF inhibitor bevacizumab (JS501) is currently underway.

MANAGEMENT DISCUSSION AND ANALYSIS

Continued to carry out drug R&D collaboration with renowned scientific research institutions and enterprises domestically and overseas

In January 2022, pursuant to the Exclusive License and Commercialization Agreement, Coherus initiated the procedure to exercise one of the option programs, being the recombinant humanized anti-TIGIT monoclonal antibody (TAB006/JS006), in order to obtain the license for development of TAB006/JS006 or any products containing TAB006/JS006 for treatment or prevention of human diseases in the Coherus Territory. Coherus made an one-off exercise payment of US$35 million to the Company. Upon achieving corresponding milestone events, Coherus will pay the Company an aggregate of US$255 million for milestone payments, plus 18% royalty on the annual net sales of any product that contains TAB006/JS006 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 continuing to work closely with Coherus to establish the market position of TUOYI® in the Coherus Territory, and facilitate the development and commercialization of TAB006/JS006 as soon as possible, joining hands to provide global patients with better and more effective treatment options, and explore and solve unmet clinical needs.

In March 2022, we entered into the License and Collaboration Agreement with Wigen Biomedicine to introduce four small molecule anti-tumor drugs, namely JS120 (second-generation irreversible IDH1 inhibitor), JS121 (SHP2 inhibitor), JS122 (second-generation irreversible FGFR2 selective inhibitor) and JS123 (ATR inhibitor), thus further enriching our pipeline layout in the cancer therapeutic area.

In June 2022, we entered into cooperation with the Cancer Center, and obtained three patent applications including the "Application of a Bacterium in Preparation of a Synergist of an Immune Checkpoint Inhibitor" and their related technologies and rights by way of exclusive license. The technology was expected to significantly enhance the efficacy of an immune checkpoint inhibitor against multiple cancers and its safety, prolong the overall survival time of cancer patients, improve the response rate of cancer immunotherapy population, expand the population of cancer patients benefiting from cancer immunotherapy through protective anti-tumor immunity response stimulated by endogenous intestinal bacteria using human endogenous intestinal bacteria single-bacterium preparations combined with an immune checkpoint inhibitor, and produce synergistic effects with our other tumor immunotherapy products.

Going forward, we will continue to explore global opportunities for our drug candidates with appropriate R&D plans, clinical development and commercialization activities.

Significant increase in production capacity

In terms of capacity expansion, in May 2022, the NMPA granted approval for the Shanghai Lingang Production Base to be responsible for the production of commercial batches of TUOYI® in parallel with the Company's Wujiang production base in Suzhou. The Shanghai Lingang Production Base was constructed in accordance with the CGMP standard, with a production capacity of 30,000L in the first phase of the project. By virtue of economies of scale, the expansion of production capacity brought about by the Shanghai Lingang Production Base will enable the Company to gain the advantage of having more competitive production costs and support more drug candidates in the course of R&D. In line with the current R&D progress of product pipeline, the Company planned to further upgrade its production facilities for the provision of sufficient production capacity to match the Company's gradually increasing and maturing drug candidates and support the continued business expansion of the Company in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Retained and expanded talent pool

As at the end of the Reporting Period, the Group had expanded to have a total of 3,153 employees, among which 1,009 employees were responsible for R&D of drugs. We attach importance to the attraction and development of various outstanding talent. We further improve our compensation system by establishing salary ranks and bands, combining competitiveness, motivation and fairness. We have also implemented an optimized performance management system across the Group, using scientific management measures to achieve the implementation of corporate strategic objectives and the continuous growth of employees' capabilities, and distinguishing between employees with high and low performance in the process, rewarding outstanding employees and disciplining the under-performing employees, thus forming a virtuous circle for the continuous output of organizational performance. In addition, we are also gradually improving promotion channels and policies within the enterprise to open up career development paths for high-performing and high-potential employees. At the same time, we also care about the working environment of our employees and continue to provide them with numerous employee benefits, including holiday care and a variety of employee activities throughout the year to enrich their work experience. We believe that our comprehensive and excellent talent team can provide inexhaustible impetus to support the Group in continuously advancing numerous innovative drugs from R&D to commercialization.

Product pipeline

Our products concentrate on self-developed biological products with original innovation. At the same time, through co-development, formation of joint enterprises, license-in and other means, we obtained the licenses of drugs 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 five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. As of the date of this report, a total of three drugs (toripalimab, etesevimab and adalimumab) are being commercialized, and around 30 drug candidates are undergoing clinical trials (amongst which, PARP inhibitor, ongericimab, bevacizumab and VV116 are undergoing Phase III pivotal registered clinical trials) and over 20 drug candidates are at pre-clinical drug development stage.

R&D Progress of Toripalimab

Therapeutic Area	Medicine Code	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)		NMPA approved in February 2021, BLA accepted by the FDA				China	FDA BTD, ODD, PR; EC ODD
		NCT03113266	Urothelial carcinoma (second-line treatment, monotherapy)		NMPA approved in April 2021				China	
		NCT03581786	Nasopharyngeal carcinoma (first-line treatment, combo with chemo)		NMPA approved in November 2021, BLA accepted by the FDA				International multi-center	FDA BTD, ODD, PR; EC ODD
		NCT03829969	Esophageal squamous cell carcinoma (first-line treatment, combo with chemo)		NMPA approved in May 2022				China	FDA ODD
		NCT03856411	EGFR negative non-small cell lung cancer (first-line treatment, combo with chemo)		NDA accepted by the NMPA				China	
		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 (perioperative treatment)		Pivotal registered clinical trial				China	
		NCT04012606	Small cell lung cancer (first-line treatment, combo with chemo)		Pivotal registered clinical trial				China	Completed subjects enrollment; FDA ODD
		NCT04848753	Esophageal squamous cell carcinoma (perioperative treatment)		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	Completed subjects enrollment
		NCT03859128	Hepatocellular carcinoma (postoperative adjuvant treatment)		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	
		NCT05180734	Adenocarcinoma of the stomach or gastroesophageal junction (postoperative adjuvant treatment)		Pivotal registered clinical trial				International multi-center	
		/	Mucosal melanoma (combo with axitinib)						United States	FDA FTD, ODD; NMPA BTD
		NCT03474640	Sarcoma						United States	FDA ODD

FTD: Fast Track Designation
ODD: Orphan-Drug Designation
PR: Priority Review

R&D Pipelines Covering Various Therapeutic Areas

君实生物 TopAlliance

Pre Clinical			Phase I			Phase II	Phase III	Approved
JS011 Undisclosed Tumors	**JS120** IDH1 Tumors	**JS209** CD112R+TIGIT Tumors	**JS001sc** PD-1 Tumors	**JS019** CD39 Tumors	**JS112** Aurora A Small cell lung cancer	**Tifcemalimab** BTLA Lung cancer, melanoma, etc.	**JS109** PARP Ovarian cancer	**Toripalimab** PD-1 Tumors
JS013 CD93 Tumors	**JS121** SHP2 Tumors	**JS211** PD-L1+Undisclosed Tumors	**JS003** PD-L1 Tumors	**JS101** Pan-CDK Breast cancer, etc.	**JS113** EGFR 4th Gen Non-small cell lung cancer	**JS005** IL-17A Psoriatic, spondylitis	**Bevacizumab** VEGF Non-small cell lung cancer	**Adalimumab** TNF-α Rheumatoid arthritis, etc.
JS015 DKK1 Tumors	**JS122** FGFR2 Tumors	**JS008** Undisclosed	**JS006(TAB006)** TIGIT Tumors	**JS105** PI3K-α Breast cancer, renal cell carcinoma	**JS116** KRAS Tumors		**Ongericimab** PCSK9 Hyperlipidemia	**Etesevimab*** S protein COVID-19
JS018 IL-2 Tumors	**JS123** ATR Tumors	**JS401** Undisclosed (RNAi) Metabolic diseases	**JS007** CTLA-4 Lung cancer, melanoma	**JS107** Claudin18.2 ADC Gastrointestinal cancer	**JS201** PD-1+TGF-β Tumors		**JT001(VV116)** RdRp COVID-19	
JS104 Pan-CDK Breast cancer, etc.	**JS205** EGFR+cMET Tumors	**JS010** CGRP Migraine	**JS009(TAB009)** CD112R/PVRIG Tumors	**JS108** Trop2 ADC Triple negative breast cancer	**JS203** CD3+CD20 Tumors			
JS114 Nectin4 ADC Tumors	**JS206** IL-2+PD-1 Tumors	**JT003(VV993)** 3CL protease COVID-19	**JS012** Claudin 18.2 Gastric cancer	**JS110** XPO1 Multiple myeloma, etc.	**JS103** Uricase Hyperuricacidemia			
JS115 BCMA ADC Multiple myeloma	**JS207** PD-1+VEGF Tumors	**JT109** Vaccine Zika virus	**JS014** IL-21 Tumors	**JS111** EGFR exon 20 Non-small cell lung cancer	**UBP1213sc** BLyS Systemic lupus erythematosus			
					JS026 S protein COVID-19			

Oncology
Metabolism
Immunology
Neurologic
Infectious disease
Approved
JunTop Biosciences pipeline

* Received Emergency Use Authorization from FDA

Clinical Trials Approved by the FDA

Therapeutic Areas	Name of Drug	Target	Indications	Pre Clinical	Phase I	Phase II	Phase III	NDA	Overseas Interests Partner
Oncology	Toripalimab (JS001)	PD-1	NPC, liver cancer, intrahepatic cholangiocarcinoma, esophageal cancer, head and neck squamous cell carcinoma, gastric cancer, etc.	BLA has been accepted by the FDA					Coherus (United States and Canada)
	Tifcemalimab (TAB004/JS004)	BTLA	Lung cancer, melanoma, lymphoma etc.						
	JS006 (TAB006)	TIGIT	Tumors						Coherus (United States and Canada)
	JS009 (TAB009)	CD112R/ PVRIG	Tumors						
	JS105	PI3K- α	Breast cancer, renal cell carcinoma						
	JS110	XPO1	Multiple myeloma etc.						
Anti-infection	Etesevimab (JS016)	S protein	COVID-19	EUA has been obtained in more than 15 countries and regions worldwide					Eli Lilly and Company (Except for the Greater China region)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Products At The Stage Of Commercialization

TUOYI® (toripalimab) (code: TAB001/JS001)

- Milestones and achievements of commercialization

Our self-developed TUOYI® (toripalimab) is the first domestic anti-PD-1 monoclonal antibody successfully launched in China, addressing various malignant tumors. It was granted the "China Patent Gold Award", the highest award in the patent field nationally, and 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. As of the date of this report, five indications for toripalimab have been approved in China: treatment for unresectable or metastatic melanoma after failure of standard systemic therapy (December 2018); treatment for recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy (February 2021); treatment for locally advanced or metastatic urothelial carcinoma that failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy (April 2021); first-line treatment in combination with cisplatin and gemcitabine for patients with locally recurrent or metastatic NPC (November 2021); first-line treatment in combination with paclitaxel and cisplatin for patients with unresectable locally advanced/recurrent or distant metastatic ESCC (May 2022). In December 2021, sNDA for TUOYI® in combination with chemotherapy for the first-line treatment of advanced NSCLC without EGFR/ALK mutation was accepted by the NMPA. In addition, TUOYI® has been recommended by the Guidelines of the Chinese Society of Clinical Oncology ("**CSCO**") for the Diagnosis and Treatment of Melanoma* (《中國臨床腫瘤學會黑色素瘤診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of Head and Neck Tumors* (《CSCO 頭頸部腫瘤診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of NPC* (《Diagnosis and Treatment of UC* (《CSCO 鼻咽癌診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of UC* (《CSCO 尿路上皮癌診療指南》), the Clinical Application Guidelines for Immune Checkpoint Inhibitors* (《CSCO 免疫檢查點抑制劑臨床應用指南》), Guidelines of CSCO for the Diagnosis and Treatment of Esophageal Cancer* (《CSCO食管癌診療指南》) and others.

On 1 January 2022, the new edition of the NRDL was officially implemented. TUOYI® continued to be included in Category B of the NRDL. Two indications for the treatment of patients with recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy, as well as locally advanced or metastatic UC after failure of at least two lines of platinum-containing chemotherapy or progressed within 12 months neoadjuvant or adjuvant platinum-containing chemotherapy were added, which filled the gaps in immunotherapy for patients with advanced NPC and non-selective patients with advanced UC in the NRDL, and became the only anti-PD-1 monoclonal antibody used in the treatment of melanoma and NPC in the NRDL. As of the date of this report, TUOYI® has been sold in more than 4,000 medical institutions and nearly 2,000 specialty pharmacies and community pharmacies nationwide, which promoted the growth in sales at the hospital end and strengthen the brand construction of TUOYI®. At the same time, through the urban commercial insurance across the country, out-of-pocket expenses on the indications of TUOYI® that has been included in the NRDL, including second-line treatment of melanoma, third-line treatment of NPC and second-line treatment of urothelial carcinoma, were entitled to supplementary reimbursement under the NRDL in 113 provinces/cities. The NPC indication for first-line treatment approved in November 2021 and the ESCC indication for first-line treatment approved in May 2022 have been included in the medical insurance catalogues in 20 provinces/cities, for which supplementary medical insurance could be obtained in 61 provinces/cities, thus reducing the burden on patients, and benefiting more patients.

MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the Company has a commercialization team with more than 1,100 members, and the domestic sales revenue of TUOYI® reached RMB298 million. In particular, the sales revenue of TUOYI® in the first quarter of 2022 increased by approximately 212% as compared with the fourth quarter of 2021. Despite being affected by the pandemic in Shanghai, Jilin and other regions from April to May, the sales revenue in the second quarter of 2022 increased by approximately 70% from the first quarter. The sales of TUOYI® in China have gradually recovered and started to enter a positive cycle, thus we are fully confident about the future commercialization of TUOYI®.

- Milestones and achievements of clinical development

Over 30 clinical studies covering more than 15 indications in respect of TUOYI® have been conducted in China, the United States, Southeast Asia, Europe and other regions, involving indications such as lung cancer, nasopharyngeal cancer, esophageal cancer, gastric cancer, bladder cancer, breast cancer, liver cancer, renal cancer and skin cancer. Among the pivotal registered clinical studies, the Company has actively deployed perioperative treatment/postoperative adjuvant treatment for lung cancer, liver cancer, gastric cancer, esophageal cancer and other indications in addition to the extensive layout of TUOYI® for the first-line treatment of multiple tumor types, to promote the application of cancer immunotherapy in the early treatment of cancer patients.

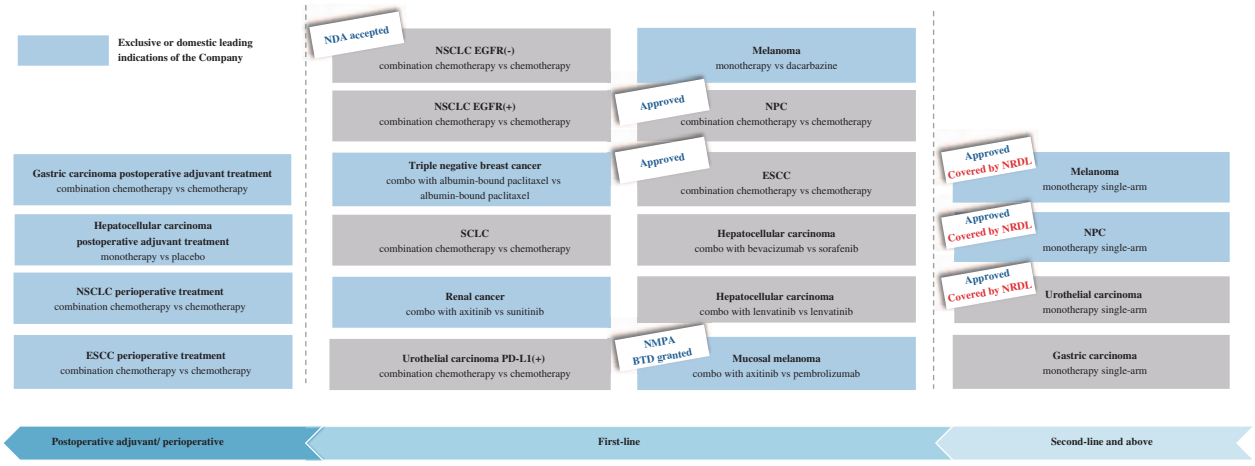
Progress of clinical trials in China:

– In February 2022, the dosing of the first patient was completed in the Phase III clinical trial of TUOYI® in combination with standard chemotherapy as the adjuvant treatment after radical resection of gastric or esophagogastric junction adenocarcinoma (JUPITER-15 study, NCT05180734).

– In May 2022, the sNDA for TUOYI® in combination with paclitaxel and cisplatin in the first-line treatment of patients with unresectable locally advanced/recurrent or distant metastatic ESCC was approved by the NMPA, which was also the fifth indication of TUOYI® approved by the NMPA. Results from studies showed that, compared with chemotherapy alone, TUOYI® in combination with platinum-containing chemotherapy showed a statistically significant increase in survival benefits, with median overall survival (mOS) significantly extended to 17 months, and extended by 6 months compared with the control group with chemotherapy alone. The risk of disease progression or death reduced by 42%, and patients benefited regardless of their PD-L1 expression. In terms of safety, no new safety signal was found when incorporating toripalimab with chemotherapy for treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Pivotal registration clinical trials layout of toripalimab



International progress:

– In April 2022, TUOYI® was granted orphan-drug designation by the FDA for the treatment of SCLC, the fifth FDA orphan-drug designation obtained by TUOYI®. Previously, TUOYI® was granted orphan-drug designations by the FDA for the treatment of mucosal melanoma, NPC, soft tissue sarcoma and esophageal cancer, respectively.

– In July 2022, the FDA accepted for review the resubmission of the BLA for TUOYI® in combination with gemcitabine/cisplatin for the first-line treatment of patients with advanced recurrent or metastatic NPC and toripalimab monotherapy for second-line or above treatment of recurrent or metastatic NPC after platinum-containing chemotherapy. The FDA has set the Prescription Drug User Fee Act (PDUFA) action date on 23 December 2022. If approved, our partner Coherus plans to launch TUOYI® in the United States in the first quarter of 2023, and TUOYI® will be the first and only immuno-oncology agent for NPC in the United States.

– In July 2022, TUOYI® was granted orphan-drug designation by the EC for the treatment of NPC based on a favorable opinion from the EMA.

MANAGEMENT DISCUSSION AND ANALYSIS

- Publication of academic results

From the beginning of the Reporting Period to the date of this report, the milestones achieved in clinical studies of TUOYI® have also been included in presentations of many international academic conferences and journals, details of which are as follows:

– In March 2022, the results of the JUPITER-06 study were published in Cancer Cell (IF: 38.585), an authoritative academic journal of Cell Press. Research results showed that, compared with the placebo in combination with chemotherapy, toripalimab in combination with TP chemotherapy (paclitaxel and cisplatin) for the first-line treatment of patients with advanced or metastatic ESCC can significantly improve the PFS and the OS of patients, and regardless of their PD-L1 expression, the combination regimen was effective and significantly improved the objective response rate and the disease control rate with manageable safety, offering a new first-line treatment regimen for the treatment of advanced ESCC.

– In March 2022, the latest data from the CHOICE-01 study was published by way of oral presentations at the ASCO Plenary Series 2022. The updated data further confirmed that compared with chemotherapy alone, toripalimab in combination with chemotherapy for the first-line treatment of advanced NSCLC without EGFR/ALK mutation can significantly extend the median PFS and reduce the risk of disease progression by 51%, which can also significantly extend the OS and reduce the risk of death by 31%, showing significant survival benefits.

– At the 113th annual meeting of the American Association for Cancer Research (AACR) in April 2022, the analysis results of the study endpoint (namely progression free survival and median overall survival of Phase III clinical research of TUOYI® in combination with chemotherapy for first-line treatment of recurrent or metastatic NPC (RM NPC) versus placebo (JUPITER-02 study) were updated and presented by way of poster presentations (No.: CT226). Research results showed that, compared with the placebo in combination with chemotherapy group, the median PFS of TUOYI® in combination with chemotherapy group was significantly extended, which was 21.4 months and 8.2 months, respectively, extended by 13.2 months. TUOYI® in combination with chemotherapy could reduce the risk of disease progression or death by 48%.

– In May 2022, *The Innovation*, a Cell Press partner journal, released the results of a Phase II clinical study of TUOYI® in combination with chemotherapy for the first-line treatment of biliary tract cancer (BTCs).

– In June 2022, more than 30 researches in relation to TUOYI® were selected at the annual meeting of the ASCO, particularly the use of TUOYI® in combination with standard therapy or "new target" drugs, with numerous highlights regarding the promotion of its applications from backline to first-line treatment or even perioperative treatment/postoperative adjuvant treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

JUNMAIKANG (君邁康®) (adalimumab) (code: UBP1211)

JUNMAIKANG® is an adalimumab jointly developed by us, Mabwell Bio and its subsidiary. In March 2022, JUNMAIKANG® for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis received marketing approval from the NMPA, with the first prescription issued in May 2022.

As our third commercialized product, JUNMAIKANG® has received support from the national "Major New Drug Development", a major scientific and technological project, during the "Twelfth Five-Year Plan", which would bring new treatment options for Chinese patients at large with autoimmune disease after its launch. In August 2022, supplemental application for five additional indications of JUNMAIKANG® for the treatment of Crohn's disease, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and pediatric Crohn's disease was accepted by the NMPA.

Our Drug Candidates At The Stage Of Clinical Trials

VV116 (code: JT001)

VV116 is a novel oral nucleoside anti-SARS-CoV-2 agent that inhibits SARS-CoV-2 replication. Preclinical studies have shown that VV116 exhibits significant anti-SARS-CoV-2 effects both in vivo and in vitro, showing antiviral activity against both the original SARS-CoV-2 strain and known important variants (Alpha, Beta, Delta and Omicron), as well as high oral bioavailability and good chemical stability. In September 2021, JunTop Biosciences partnered with Vigonvita to jointly undertake the clinical development and industrialisation of VV116 in the collaboration territory. VV116 is approved for the treatment of moderate to severe COVID-19 patients in Uzbekistan (not within the collaboration territory).

As at the date of this report, we have completed three Phase I clinical researches (NCT05227768, NCT05201690 and NCT05221138) on healthy Chinese subjects. The results of the research were published in Acta *Pharmacologica Sinica*, a renowned journal in the pharmaceutical field, which showed that VV116 exhibited satisfactory safety and tolerability in healthy subjects, rapidly absorbed orally, and could be administered orally under fasting or normal diet condition.

MANAGEMENT DISCUSSION AND ANALYSIS

We have completed a multi-center, single-blind, randomized, controlled Phase III clinical study (NCT05341609) to evaluate the efficacy and safety of VV116 versus nirmatrelvir tablet/ritonavir tablet (namely PAXLOVID) for early treatment of patients with mild to moderate COVID-19. The results of the clinical study showed that VV116 for the early treatment of patients with mild to moderate COVID-19 with a high risk of progression to severe condition, including death, reached its pre-specified primary endpoints and secondary efficacy endpoints. In terms of primary endpoints, the VV116 group achieved a shorter median time to sustained clinical recovery and attained statistical superiority. In terms of secondary efficacy endpoints, neither the VV116 group nor the PAXLOVID group experienced COVID-19 disease progression or death. At the same time, the research results also showed that the time to resolution of persistent clinical symptoms and the time taken to get the first negative result of SARS-CoV-2 nucleic acid test were similar between the two groups, with a statistical superiority trend in the VV116 group compared to PAXLOVID. In terms of safety, VV116 exhibited satisfactory safety and tolerability in human clinical trials, and the overall adverse event rate in the head-to-head Phase III study was lower than that of PAXLOVID, with good safety.

We also initiated an international multi-center, randomized, double-blind Phase III clinical study of the efficacy and safety of VV116 versus standard therapy for moderate-to-severe COVID-19 patients, as well as an international multi-center, double-blind, randomized, placebo-controlled Phase III clinical study (NCT05242042) for the treatment of patients with mild to moderate COVID-19 with Vigonvita. As of the date of this report, both of the above clinical trials were in progress.

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 studies, 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 similar imported products). It also effectively lowers serum total cholesterol (TC), non-high-density lipoprotein cholesterol (non- HDL-C), apolipoprotein B (ApoB) and Lp(a). We are conducting Phase III clinical studies with larger patient population (including non-familial and heterozygous familial hypercholesterolemia) for further verification of efficacy and safety. Furthermore, we have also conducted a Phase II clinical study in patients with homozygous familial hypercholesterolemia (rare disease). The study will provide valuable clinical research data for the clinical application of PCSK9 mAb in Chinese patients with homozygous familial hypercholesterolemia.

Tifcemalimab (code: TAB004/JS004)

Tifcemalimab 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 clinical trial in respect thereof has commenced. As of the date of this report, tifcemalimab has entered the dose-expansion stage in Phase Ib/II. We are conducting combination trials of tifcemalimab and TUOYI® against multiple types of tumors in China and the United States, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

At the annual meeting of the ASCO 2022, tifcemalimab debuted its early clinical results for the treatment of lymphoma and solid tumors by way of poster presentations. As a first-in-class drug, the initial data release of tifcemalimab was an important milestone event for BTLA-targeted drugs in the field of oncology. In a single-arm, open-label, multi-center, dose escalation Phase I study (NCT04477772) with Professor Zhu Jun from Peking University Cancer Hospital* (北京大學腫瘤醫院) and Professor Ma Jun from Harbin Institute of Hematology Oncology* (哈爾濱血液病腫瘤研究所) as the principal investigators, the safety and efficacy of tifcemalimab monotherapy or tifcemalimab in combination with toripalimab for the treatment of patients with relapsed or refractory (R/R) lymphoma was evaluated in human bodies for the first time. The research enrolled a total of 31 R/R patients (15 patients of Hodgkin's lymphoma and 16 patients of non-Hodgkin's lymphoma) who have previously received multiple lines of therapy. The median line of therapy was 4 (ranging from 1~10). 61.3% (19 patients) of patients previously received anti-PD-1/L1 antibody therapy. Research results showed that, among 25 patients available for evaluation under monotherapy, partial response (PR) was observed in one patient and stable disease (SD) was observed in seven patients, while among six patients available for evaluation under combination therapy (who have all progressed following anti-PD-1 antibody therapy), PR (ORR 50%) was observed in three patients and SD was observed in one patient. As of 26 April 2022 (median follow-up time of 31.9 weeks), the research recorded no dose-limiting toxicities (DLT). In the opinion of the researchers, tifcemalimab monotherapy or tifcemalimab in combination with toripalimab for the treatment of patients with R/R lymphoma showed good tolerability and demonstrated initial clinical efficacy. Preliminary biomarker analysis suggested that HVEM and PD-L1 expression may be associated with good clinical response. Tifcemalimab in combination with toripalimab for the treatment of R/R lymphoma is worthy of further development. Research in relation to the dose expansion phase under the combination therapy is currently underway.

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 anti-IL-17 monoclonal antibodies that have been marketed. Data from preclinical study 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 three Phase II clinical studies on moderate to severe psoriasis, ankylosing spondylitis and non-radiographic axial spondyloarthritis are in progress, among which, the enrollment of the two Phase II projects, namely moderate to severe psoriasis and ankylosing spondylitis, had been completed.

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

TAB006/JS006 is a recombinant humanized 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In January 2022, pursuant to the Exclusive License and Commercialization Agreement we entered into with Coherus in February 2021, Coherus has initiated to exercise one of its options, the option program of TAB006/JS006, to obtain a license to develop TAB006/JS006 and any product that contains TAB006/JS006 in the treatment or prevention of diseases and disorders in humans in the Coherus Territory. Coherus made a one-off exercise payment of US$35 million to us, and will pay up to an aggregate of US$255 million upon achieving the prescribed milestone events, plus 18% royalty on the annual net sales of products containing TAB006/JS006 in the Coherus Territory.

PARP inhibitor senaparib (code: JS109)

Senaparib is a novel agent targeting PARP (poly-ADP ribose polymerase) developed by IMPACT Therapeutics. In August 2020, the Company and IMPACT Therapeutics entered into an agreement to form a joint venture company. The joint venture company mainly engages in the R&D and commercialization of small molecule anti-tumor drugs including senaparib. IMPACT Therapeutics contributes by way of injection of senaparib, the PARP inhibitor, as an asset within the territories of mainland China, Hong Kong and Macau. The Company and IMPACT Therapeutics each owns 50% equity interest (please refer to the Company's announcements dated 20 August 2020 and 26 August 2020 for further details). The patient enrollment of Phase III study of senaparib as the first-line maintenance treatment in platinum-sensitive advanced ovarian cancer patients has been completed, and is pending for clinical data evaluation. In August 2022, the fixed-dose combination capsules of senaparib and temozolomide for the treatment of adult patients with SCLC was granted orphan-drug designation by the FDA.

Recombinant humanized anti-CD112R monoclonal antibody (code: TAB009/JS009)

TAB009/JS009 is a recombinant humanized monoclonal antibody against human CD112R developed independently by us for the treatment of advanced malignant tumors. CD112R, also known as PVRIG (poliovirus receptor-related immunoglobulin domain-containing protein), is a new immune checkpoint pathway discovered by us. Dr. Yao Sheng, an executive Director, deputy general manager and core technical personnel of the Company, is one of the discoverers of this novel pathway. CD112R is a single-pass transmembrane protein of the PVR family, mainly expressed on T cells and NK cells, and is significantly upregulated upon activation. CD112R and TIGIT share a common ligand, CD112, which is expressed on the surface of antigen-presenting cells and certain tumor cells. CD112R can inhibit the antitumor effect of T cells and NK cells after ligand engagement. TAB009/JS009 binds specifically to CD112R with high affinity and effectively blocks the interaction between CD112R and its ligand CD112, thereby facilitating the activation and proliferation of T cells and NK cells and enhancing the immune system's ability to kill tumor cells. TIGIT is another immunosuppressive target of the PVR family. Its ligands include PVR and CD112, and its binding site for CD112 is different from that of CD112R. TAB009/JS009 in combination with the anti-TIGIT monoclonal antibody injection (TAB006/JS006) developed independently by us as well as TUOYI® is expected to further increase T cell activation and improve the efficacy of clinical treatment. We plan to actively explore drug combinations in the future to maximize the synergistic anti-tumor potential of our self-developed products. As of the date of this report, no product targeting CD112R has been approved for marketing globally. In April 2022 and August 2022, the IND application for TAB009/JS009 was approved by the FDA and the NMPA, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

PI3K-α inhibitor (code: JS105)

JS105 is an oral small molecule inhibitor targeting PI3K-α jointly developed by us and Risen Biosciences, and is primarily used in the treatment of female (postmenopausal) and male patients with hormone receptor (HR) positive, human epidermal growth factor receptor-2 (HER-2) negative, PIK3CA-mutated advanced breast cancer who are experiencing disease progression during or after treatment with endocrine-based regimens. Pre-clinical studies have shown that JS105 is effective in animal models of breast cancer, and has better efficacy for patients with other solid tumors such as cervical cancer, renal cancer, colorectal cancer and esophageal cancer. JS105 has also demonstrated good safety. In May 2022 and July 2022, the IND application of JS105 was approved by the NMPA and the FDA, respectively. As of the date of this report, there is only one PI3K-α inhibitor, Piqray® (Alpelisib, a product of Novartis), approved for the treatment of HR-positive, HER2-negative, PIK3CA-mutated advanced breast cancer in the world, and no PI3K- inhibitor has been approved for marketing in China.

Recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE conjugate (code: JS107)

JS107 is a recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE (Monomethyl auristatin E) conjugate for injection developed independently by us. It is an antibody-drug conjugate (ADCs) targeting tumor-related protein Claudin18.2, and is intended to be used for the treatment of advanced malignant tumors, such as gastric cancer and pancreatic cancer. JS107 can bind to Claudin18.2 on the surface of tumor cells, enter into tumor cells through endocytosis, and release the small molecule toxin MMAE, which has demonstrated strong lethality to tumor cells. JS107 also retained antibody-dependent cellular cytotoxicity (ADCC) and complement dependent cytotoxicity (CDC) effects, further killing tumor cells. Furthermore, due to the cell permeability of MMAE, JS107 can mediate indiscriminate killing of other tumor cells by way of its bystander effect, thereby improving the efficacy of treatment and inhibiting tumor recurrence. The pre-clinical in vivo pharmacodynamics showed that JS107 exhibits significant anti-tumor effect. In addition, JS107 is well-tolerated by animals and exhibits good safety. As of the date of this report, there is no product with similar target approved for marketing domestically and overseas. In March 2022, the IND application of JS107 was approved by the NMPA.

Aurora A inhibitor (code: JS112)

JS112 is an oral small molecule Aurora A inhibitor jointly developed by us and Wigen Biomedicine. As a member of serine/threonine protein kinases in the Aurora kinase family, Aurora A plays an important role in the process of cell mitosis. Studies show that the use of Aurora A inhibitor in combination with $KRAS^{G12C}$ inhibitor can overcome resistance to $KRAS^{G12C}$ inhibitor, and Aurora A inhibitor and RB1 gene deletion or inactivation have a synthetic lethal effect, and can be used to treat RB1-deleted or inactivated malignant tumors, such as SCLC and triple negative breast cancer. As of the date of this report, no Aurora A inhibitor has been approved for marketing globally. In February 2022, the IND application of JS112 was approved by the NMPA.

Fourth-Generation EGFR inhibitor (code: JS113)

JS113 is a first-in-class fourth-generation EGFR (epidermal growth factor receptor) inhibitor jointly developed by us and Wigen Biomedicine and is intended for the treatment of EGFR-mutant non-small cell lung cancer ("**NSCLC**") and other solid tumors. JS113 has a brand new molecular structure and unique bioactivity. Preclinical data shows that the drug has good inhibitory activity towards primary and acquired EGFR mutants (including the triple mutants Del19/T790M/C797S and L858R/T790M/C797S) that are insensitive to third-generation EGFR inhibitors, and certain alternative pathway targets and immunosuppressive targets that are resistant to TKI. At the same time, it is highly selective against wild-type EGFR. In June 2022, the IND application of JS113 was approved by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

$KRAS^{G12C}$ small-molecule irreversible covalent inhibitor (code: JS116)

JS116 is a $KRAS^{G12C}$ small-molecule irreversible covalent inhibitor with a whole new structure for the treatment of patients with $KRAS^{G12C}$-mutated NSCLC. There are different subtypes of KRAS mutations, of which $KRAS^{G12C}$ accounts for 44% of all KRAS mutations and is the most common in NSCLC. Pre-clinical studies have shown that JS116 has a wide therapeutic window, demonstrates good efficacy and safety, and is expected to become a safe and efficient targeted therapeutic drug. In November 2020, the Company entered into cooperation with Chengdu Huajian Future Science and Technology Co., Ltd.* (成都華健未來科技有限公司), pursuant to which the Company acquired the rights and interests of JS116 in the collaboration area (all countries and regions in Asia) through exclusive licensing, including but not limited to the rights of R&D, production (including sub-contracted production), clinical research and commercialization in the collaboration area. In June 2022, the IND application of JS116 was approved by the NMPA.

Recombinant humanized anti-CD20/CD3 bispecific antibody (code: JS203)

JS203 is a recombinant humanized anti-CD20/CD3 bispecific antibody developed by us, mainly for the treatment of relapsed/refractory B-cell non-hodgkin lymphoma. CD20 is a B lymphocyte restricted differentiation antigen and one of the most successful targets for B-cell lymphoma treatment. CD3 is an important marker on the surface of T cell. The main mechanism of T cell engaging bispecific antibodies is using CD3 as a mediator to activate T cells to specifically attack tumor cells. JS203 consists of anti-CD20 segment and anti-CD3 segment. By associating and activating T cells (binding to CD3) and lymphoma cells (binding to CD20), JS203 can enable T cells to kill lymphoma cells effectively. Pre-clinical in vivo pharmacodynamics shows that JS203 has significant anti-tumor effect. In addition, JS203 is well tolerated by animals. As of the date of this report, there is only one anti-CD20/CD3 bispecific antibody, Lunsumio® (mosunetuzumab, a product of Roche), that has been granted conditional marketing authorisation by the EC for the treatment of adult patients with relapsed or refractory (R/R) follicular lymphoma (FL) who have received at least two prior systemic therapies, and no product with similar target has been approved for marketing in China. In July 2022, the IND application of JS203 was approved by the NMPA.

Our Manufacturing Facilities

We have two production bases. Wujiang production base in Suzhou has been granted with GMP certification and has 4,500L (9*500L) fermentation capacity. Shanghai Lingang Production Base was constructed in accordance with the CGMP standard with a production capacity of 30,000L (15*2,000L) in the first phase of the project, which was put into trial production at the end of 2019, and supported the supply of drugs and drug substances in the overseas clinical trial of JS016 project during the early stage of development. In May 2022, the NMPA granted approval for Shanghai Lingang Production Base to produce commercial batches of TUOYI® jointly with Wujiang production base in Suzhou. By virtue of economies of scale, the expansion of production capacity brought about by the Shanghai Lingang Production Base will enable the Company to gain the advantage of having more competitive production costs and support the clinical trials of our drug candidates. Based on the current R&D progress of our 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Corporate Development

- As at the end of the Reporting Period, the Group owned 116 granted patents, of which 89 were domestic patents and 27 were overseas patents. These patents cover the molecular structure, preparation process, usage, preparation formula of new drugs, providing sufficient and long-life-cycle patent protection for our products.

- In March 2022, we entered into the licensing and cooperation agreement with Wigen Biomedicine to obtain the licenses of four small molecule anti-tumor drugs, namely JS120 (second-generation irreversible IDH1 inhibitor), JS121 (SHP2 inhibitor), JS122 (second-generation irreversible FGFR2 selective inhibitor) and JS123 (ATR inhibitor), thus further enriching our pipeline layout in the field of cancer treatment.

- In April 2022, the resolutions in relation to the proposed issuance of no more than 70 million A Shares to target subscribers under the general mandate were passed by the Shareholders at the EGM. The proceeds are expected to be no more than RMB3.969 billion, which will be used for R&D projects of innovative drugs and our technology headquarters and R&D base project. The issuance is still subject to the approval of the Shanghai Stock Exchange and the approval of registration from the China Securities Regulatory Commission.

- In June 2022, we reached a cooperation with the Cancer Center, and obtained three patent applications including the "Application of a Bacterium in Preparation of a Synergist of an Immune Checkpoint Inhibitor" and their related technologies and rights by way of exclusive license. The technology was expected to significantly enhance the efficacy of an immune checkpoint inhibitor against multiple cancers and its safety, prolong the overall survival time of cancer patients, improve the response rate of cancer immunotherapy population, expand the cancer patient population benefiting from cancer immunotherapy through protective anti-tumor immunity response stimulated by endogenous intestinal bacteria using human endogenous intestinal bacteria single-bacterium preparations combined with an immune checkpoint inhibitor, and produce synergistic effects with our other tumor immunotherapy products.

- After the close of market on 10 June 2022, the A Shares were included in the CSI 500 Index and the SSE 180 Index.

FUTURE AND PROSPECTS

With strong R&D capabilities, we are at the forefront of medical innovation. In respect 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 fields such as cell therapy. 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 respect of commercialization, we will continue to improve the establishment of our 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 2022, total revenue reached approximately RMB946 million, representing a decrease of approximately 55% compared to the corresponding period in 2021, which includes: (i) revenue from pharmaceutical products of approximately RMB308 million, decreased by approximately 2% compared to the corresponding period of 2021; and (ii) revenue from out-licensing of approximately RMB476 million, decreased by approximately 71% compared to the corresponding period of 2021, which was mainly due to a) all milestones events agreed upon in the research collaboration and license agreement entered into between the Company and Eli Lilly and Company have been completed in 2021; and b) the upfront payment agreed upon in the exclusive license and commercialization agreement entered into with Coherus was a one-off revenue and was recognized in 2021. Only the revenue of exercising the option of TAB006/JS006 program was recognized during the Reporting Period, and subsequent milestones events have not been attained.

2. R&D Expenses

R&D expenses mainly include clinical research and technical service expenses, staff salary and welfare, depreciation and amortization, share-based payment and other operating expenses.

During the Reporting Period, R&D expenses were approximately RMB1,062 million, which increased by approximately RMB115 million as compared with the corresponding period in 2021, representing an increase of approximately 12%. R&D expenses included clinical research and technical service expenses of approximately RMB745 million, staff salary and welfare expenses of approximately RMB217 million, depreciation and amortization expenses of approximately RMB51 million, share-based payment expenses of approximately RMB29 million and other operating expenses of approximately RMB20 million, which increased by approximately 9%, 28%, 39%, -2% and -31% as compared with the corresponding period in 2021, respectively.

The increase in R&D expenses was mainly due to (i) continuous advancement of R&D process leading to increasing clinical research expense; and (ii) talent reserve of the R&D team.

3. Selling and Distribution Expenses

Selling and distribution expenses mainly include expenses of the sales department, expenses for marketing and promotion activities and travelling, share-based payment expenses and other operating expenses.

During the Reporting Period, selling and distribution expenses amounted to approximately RMB307 million, which decreased by approximately RMB115 million as compared with the corresponding period in 2021, representing a decrease of approximately 27%. The decrease in selling and distribution expenses was mainly due to the effective implementation of cost control policy which led to the decrease of promotion expenses.

4. Administrative Expenses

Administrative expenses mainly include administrative staff cost, depreciation and amortization, office administration expenses, share-based payment expenses and other miscellaneous expenses.

During the Reporting Period, administrative expenses amounted to approximately RMB295 million, which decreased by approximately RMB221,000 as compared with the corresponding period of 2021, showing no significant fluctuation.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Liquidity and Capital Resources

As at 30 June 2022, bank balances and cash decreased to approximately RMB3,407 million from approximately RMB3,505 million as at 31 December 2021. The decrease in bank balances and cash mainly came from net cash outflow of approximately RMB458 million from operating activities and net cash outflow of approximately RMB230 million from investing activities, which was partially offset by net cash inflow of approximately RMB535 million from financing activities.

6. Non-IFRS Measures

To supplement the Group's 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 and net exchange losses), 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 expenses for the period:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
IFRS total comprehensive expense for the period	**(1,101,333)**	(4,210)
Add:		
Share-based payment expenses	**52,454**	101,405
Net exchange (gains) losses	**(30,002)**	332
Adjusted total comprehensive (expense) income for the period	**(1,078,881)**	97,527

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

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

(LOSS) EARNING PER SHARE

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

(Loss) profit

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earning per share	**(911,329)**	10,534

Number of shares

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss) earning per share	**910,828,061**	874,262,727
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 (loss) earning per share	**910,828,061**	884,824,848

MANAGEMENT DISCUSSION AND ANALYSIS

The computation of diluted loss per share for the six months ended 30 June 2022 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.

In June 2022, the Company issued 1,845,200 ordinary Shares (A Shares) to eligible persons. On 5 July 2022, the newly issued Shares were registered with the China Securities Depository and Clearing Corporation Limited Shanghai Branch.

The weighted average number of ordinary Shares for the purpose of basic earning per Share for the six months ended 30 June 2022 has been adjusted for the issuance of Shares upon the exercise of share options on 24 June 2022.

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.

OTHER FINANCIAL ASSETS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Financial assets measured at FVTPL		
– Unlisted equity investments in partnership	**163,684**	155,218
– Unlisted equity investments	**8,754**	46,664
– Investments in preference shares	**566,660**	551,651
– Warrant	**20,000**	20,000
	759,098	773,533
Financial asset designated as at FVTOCI *(Note)*	**121,087**	253,575
	880,185	1,027,108

Note: The amount represents equity investment in Coherus, whose shares are listed on the National Association of Securities Dealers Automated Quotations of the United States of America. The investment is not held for trading; instead, it is held for long-term strategic purpose. The management of the Group has elected to designate these investments 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 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 (31 December 2021: 60 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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0 to 30 days	**210,225**	1,285,217
31 to 90 days	**–**	26
91 to 180 days	**–**	–
Over 180 days	**–**	7,690
	210,225	1,292,933

TRADE PAYABLES

Payment terms with suppliers are mainly with credit term of 0 to 90 days (31 December 2021: 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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0 to 30 days	**158,756**	143,117
31 to 60 days	**49,099**	32,625
61 to 180 days	**31,763**	13,473
Over 180 days	**16,130**	6,990
	255,748	196,205

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

Unsecured Borrowings

As at 30 June 2022, we had unguaranteed and unsecured borrowings of approximately RMB195 million from China Minsheng Banking Corp., Ltd. and Industrial Bank Co., Ltd.. The borrowings bear fixed interest rates ranging from 1.90% to 1.95% per annum.

Secured Borrowings

We entered into a secured borrowing of RMB500 million from 30 July 2021 to 28 July 2028 with Industrial and Commercial Bank of China. The borrowing bears a floating interest rate of Loan Prime Rate ("**LPR**") minus 0.75% per annum. The borrowing is secured by our property, plant and equipment and right-of-use assets situated in Shanghai Lingang held by our subsidiary Junshi Biotechnology.

We entered into a loan facility of up to RMB480 million from 13 May 2022 to 12 May 2030 with the Industrial and Commercial Bank of China, and drew down approximately RMB225 million of guaranteed and secured loan under such facility as of 30 June 2022. The loan facility bears a floating interest rate of LPR minus 0.85% per annum. The loan is guaranteed by the Company and secured by our property, plant and equipment in Wujiang Economic and Industrial Development Zone held by our subsidiary Suzhou Junmeng Biopharm Co., Ltd.* (蘇州君盟生物醫藥科技有限公司) ("**Suzhou Junmeng**").

The Group incurred borrowings for: i) ongoing clinical trials and preclinical studies for our drug candidates; ii) construction of the Lingang Production Bases; and iii) innovative therapeutic monoclonal antibody industrialization project.

As at 30 June 2022, the Group has mortgaged the following assets as security for the Group's bank borrowings:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	**695,235**	664,538
Right-of-use assets	**50,682**	55,611
	745,917	720,149
The maturity profile of bank borrowings is as follows:		
– within one year	**219,915**	10,596
– within a period of more than one year but not exceeding two years	**49,698**	30,000
– within a period of more than two years but not exceeding five years	**324,556**	220,000
– within a period of more than five years	**321,532**	240,000
	915,701	500,596

All bank borrowings are denominated in RMB as at 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTRACTUAL COMMITMENTS

Capital and Other Commitments

As at 30 June 2022, 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 RMB683 million, which increased by 3% from RMB664 million as at 31 December 2021, due to the increased capital expenditure in acquisition of property, plant and equipment.

Financing Plan

The Group expects to receive no more than RMB3.97 billion by issuance of no more than 70 million A Shares to target subscribers, so as to support the R&D projects of innovative drugs of the Group and our technology headquarters and R&D base project. The Group expects to obtain a credit limit of RMB4,470 million to support the Group's production operations and rapid project construction in 2022.

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 2022, the Group was in a net cash position and thus, gearing ratio is not applicable.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this interim report, the Group does not have other significant investments, material acquisitions or disposals.

CONTIGENT LIABILITIES

As at 30 June 2022, we did not have any material contingent liabilities.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim 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 2022 are set out in the condensed consolidated financial statements and the accompanying notes on pages 54 to 91.

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 15 Directors, consisting of 7 executive Directors, 3 non-executive Directors, and 5 independent non-executive Directors. During the Reporting Period and up to the date of this interim 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)*
Mr. Li Cong *(Co-Chief Executive Officer)*
Dr. Feng Hui
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Zou Jianjun – *appointed as an executive Director on 29 June 2022*

Non-executive Directors
Dr. Wu Hai
Mr. Tang Yi
Mr. Lin Lijun

Independent Non-executive Directors
Dr. Chen Lieping
Dr. Roy Steven Herbst
Mr. Qian Zhi
Mr. Zhang Chun
Dr. Feng Xiaoyuan

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

Directors' and Supervisors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this interim 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, 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.

OTHER INFORMATION

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

As at 30 June 2022, 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	88,574,018 (L)	12.78%	9.71%
		H Shares	2,600 (L)	0.00%	0.00%
	Parties acting in concert/ Interest in controlled corporations[2]	A Shares	129,978,568 (L)	18.75%	14.24%
Li Ning	Beneficial owner[3]	A Shares	1,560,000 (L)	0.23%	0.17%
Li Cong	Beneficial owner	A Shares	3,657,600 (L)	0.53%	0.40%
Feng Hui	Beneficial owner[4]	A Shares	13,960,000 (L)	2.01%	1.53%
Zhang Zhuobing	Beneficial owner/ Interest of spouse[5]	A Shares	9,428,000 (L)	1.36%	1.03%
Yao Sheng	Beneficial owner[6]	A Shares	2,000,000 (L)	0.29%	0.22%
Tang Yi	Beneficial owner	A Shares	7,774,500 (L)	1.12%	0.85%
	Interest in controlled corporations[7]	A Shares	196,871,786 (L)	28.40%	21.57%
		H Shares	2,600 (L)	0.00%	0.00%
Lin Lijun	Interest in controlled corporations [8]	A Shares	78,852,000 (L)	11.37%	8.64%
	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 the date of this report, the Company had 912,601,900 issued Shares, comprising 693,306,200 A Shares and 219,295,700 H Shares.

2. As at 30 June 2022, Mr. Xiong Jun directly held 88,574,018 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 31 December 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 31 December 2021 under the SFO.

   As at 30 June 2022, 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 2022, Dr. Li Ning was granted 1,560,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

4. As at 30 June 2022, Dr. 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 2022, 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 2022, Dr. Yao Sheng was granted 2,000,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

7. As at 30 June 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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)	5.92%	4.50%
	Parties acting in concert	A Shares	155,811,786 (L)	22.47%	17.07%
Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)* 蘇州瑞源盛本生物醫藥管理合夥企業（有限合夥）[4]	Beneficial owner	A Shares	43,584,000 (L)	6.29%	4.78%
	Parties acting in concert	A Shares	153,287,786 (L)	22.11%	16.80%
Suzhou Benyu Tianyuan Biological Technology Partnership (LP)* 蘇州本裕天源生物科技合夥企業（有限合夥）[4]	Beneficial owner	A Shares	4,600,000 (L)	0.66%	0.50%
	Parties acting in concert	A Shares	192,271,786 (L)	27.73%	21.07%
Shanghai Baoying Asset Management Co., Ltd.* 上海寶盈資產管理有限公司[4]	Beneficial owner	A Shares	4,372,144 (L)	0.63%	0.48%
	Parties acting in concert	A Shares	192,499,642 (L)	27.77%	21.09%
Meng Xiaojun 孟曉君[4]	Beneficial owner	A Shares	4,288,400 (L)	0.62%	0.47%
	Parties acting in concert	A Shares	192,583,386 (L)	27.78%	21.10%
Gao Shufang 高淑芳[4]	Beneficial owner	A Shares	3,789,720 (L)	0.55%	0.42%
	Parties acting in concert	A Shares	193,082,066 (L)	27.85%	21.16%
Zhuhai Huapu Investment Management Co., Ltd.* 珠海華樸投資管理有限公司[4]	Beneficial owner	A Shares	3,719,504 (L)	0.54%	0.41%
	Parties acting in concert	A Shares	193,152,282 (L)	27.86%	21.17%
Zhao Yun 趙雲[4]	Beneficial owner	A Shares	2,884,000 (L)	0.42%	0.32%
	Parties acting in concert	A Shares	193,987,786 (L)	27.98%	21.26%
Zhou Yuqing 周玉清[5]	Beneficial owner	A Shares	21,680,800 (L)	3.13%	2.38%
	Parties acting in concert	A Shares	88,574,018 (L)	12.78%	9.71%
Shanghai Tanying Investment Partnership[6]	Beneficial owner	A Shares	76,590,000 (L)	11.05%	8.39%
Shanghai Lejin Investment Partnership[6]	Interest of controlled corporation	A Shares	76,590,000 (L)	11.05%	8.39%
Shanghai Shengdao Investment Partnership[6]	Interest of controlled corporation	A Shares	76,590,000 (L)	11.05%	8.39%
Shanghai Loyal Valley Investment Management Co., Ltd.[6]	Interest of controlled corporation	A Shares	78,852,000 (L)	11.37%	8.64%
Gong Ruilin 龔瑞琳	Interest of spouse/Interest of controlled corporation[6][8]	A Shares	78,852,000 (L)	11.37%	8.64%
	Interest of spouse[7][8]	H Shares	37,189,000 (L)	16.96%	4.08%
Loyal Valley Capital Advantage Fund LP[7][9]	Beneficial owner	H Shares	10,106,000 (L)	4.61%	1.11%
Loyal Valley Capital Advantage Fund GP Limited[7]	Interest of controlled corporation	H Shares	10,106,000 (L)	4.61%	1.11%

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]
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	7,490,489 (L)	3.42%	0.82%
	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	19,617,489 (L)	8.95%	2.15%
GIC Special Investments Private Limited[9]	Investment manager	H Shares	19,617,489 (L)	8.95%	2.15%
GIC Private Limited[9]	Investment manager	H Shares	690,000 (L)	0.31%	0.08%
	Interest of controlled corporation	H Shares	18,817,489 (L)	8.58%	2.06%
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 the date of this report, the Company had 912,601,900 issued Shares, comprising 693,306,200 A Shares and 219,295,700 H Shares.

3. As at 30 June 2022, 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 155,811,786 A Shares held by the other parties to the 2017 Concert Party Agreement under the SFO (including the 88,574,018 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).

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.

OTHER INFORMATION

6. As at 30 June 2022, 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 2022, 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 2022, Shanghai Tanying was a controlled corporation of both Ms. Gong Ruilin and Mr. Lin Lijun. Therefore, Ms. Gong was deemed to be interested 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 2022, Highbury Investment Pte Ltd ("**Highbury**") directly held 7,490,489 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 2022, 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 pending profitability

A long profit cycle is one of the most salient features of the biopharmaceutical industry. It typically takes a relatively long period for a biopharmaceutical company at the R&D stage to grow before it becomes profitable. As an innovative biopharmaceutical company, 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 the pace of the launch and the conditions of post-launch sales of drugs that we are currently developing. On the other hand, heavy R&D investments and high marketing and operating costs will add uncertainties to the Company's profitability. Therefore, the Company is exposed to the risk of not being able to become profitable in the short term.

TUOYI®, the first commercialized product of the Company, has officially been sold since 2019. With the inclusion of TUOYI® into the latest edition of the NRDL, successive completion of registrational clinical trials for more indications of TUOYI® 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 create conditions for the profitability of the Company to turn around as soon as possible.

2. Risks related to significant decline in performance or loss

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 large amount of expenses, which may result in greater losses for the Company in the short run, thereby adversely affecting 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.

3. Risks related to core competitiveness

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 prudently launch R&D projects for new drugs. In particular, the Company implements phase-based assessment on drug candidates in the course of R&D. If it is found that the expected results 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.

OTHER INFORMATION

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 increased significantly, 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, such that they may have to reduce or terminate the supply of the Company's R&D services or raw materials. If such R&D technical services or the supply of raw materials were disrupted, the Company's business operations may be adversely affected. Furthermore, some of the Company's raw materials, equipment and consumables are directly or indirectly imported. If there are significant changes in the international trade situation or cross-border relations, the Company's production and drug development may be affected to a certain extent.

Adjustments to the 2021 NRDL have been completed. The Company's core product TUOYI® continues to be included in Category B of the latest edition of the NRDL, and is the only anti-PD-1 monoclonal antibody used in the treatment of melanoma and NPC in the latest edition of the NRDL. The reduction in price after being included 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 toripalimab. However, if the increase in sales is less than expected, it may adversely affect the Company's revenue. Among the anti-PD-1 monoclonal antibodies that have been approved for sales in China, four domestic anti-PD-1 monoclonal antibodies, including TUOYI®, have been included in the NRDL upon negotiations. In the future, the Company will face intensive market competition in terms of market shares, market promotion and access to distribution.

5. Risks related to the industry

In view of the constant reforms in the medical and health system, the implementation of a series of policies such as control on medical insurance fees, publication of the new edition of the National Essential Medicine List* 《(國家基本藥物目錄》), 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, encouraging pharmaceutical enterprises to be innovative and reduce prices of drugs have become a general trend, and the industry landscape is about to be reshaped. If the Company fails to keep up with industry trends and continue with its innovation in the future, or if there are adverse changes in relevant industry policies, the Company's development may be adversely affected.

The Company's development goal has always been "innovation". Except for UBP1211 and JS501 which are biosimilars, the other drug candidates are innovative drugs. In response to the above industry and policy risks, the Company will adapt to changes its 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 phase 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 comply with relevant laws and regulations and adapt our business operations to the changes in regulatory policies to avoid possible policy risks.

OTHER INFORMATION

6. Risks related to the macro environment

The COVID-19 pandemic adversely affected the normal operation of every industry. The progress of the Company's clinical trial projects has been delayed to a certain extent, and the R&D and commercialization of toripalimab, our core product, is affected to a certain extent due to certain factors such as healthcare resources being shifted towards the prevention and control of the spread of COVID-19, resources needed for pandemic prevention and control, as well as public anxiety about the pandemic.

Future changes in the international, political, economic and market environment, especially the uncertainty of trade relations between China and the United States, as well as the additional tariffs or other restrictions that may be imposed by China and the United States on cross-border technology transfer, investment and trade, may have a certain adverse impact on the Company's overseas business operations.

7. Finance risks

During the Reporting Period, the exchange rate risks of the Company is mainly derived from assets and liabilities held by the Company and its subsidiaries, which are denominated in foreign currencies other than the bookkeeping base currency. The exchange rate risks exposed by the Company are mainly related to items denominated in HKD, USD, Euros, CHF and GBP. Continuous significant fluctuation in exchange rates of foreign currencies and RMB held by the Company in the future will bring continuous exchange gains and losses to the Company, thereby affecting the operating performance of the Company.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 21 to the condensed consolidated financial statements.

As at the date of this report, 912,601,900 Shares were in issue (comprising 693,306,200 A Shares and 219,295,700 H Shares).

OTHER INFORMATION

PLACING OF H SHARES UNDER GENERAL MANDATE

On 23 June 2021, the Company completed the placing (the "**Placing**") of an aggregate of 36,549,200 new H Shares (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 (as co- managers) 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 the Hong Kong Listing Rules). The net cash inflow from the Placing was approximately RMB2,104 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 2022, approximately RMB1,863 million of the net proceeds from the Placing has been utilized. The Company will gradually utilize the remaining 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 2022:

Purpose of the proceeds	**Intended use of the net proceeds** (Approx. RMB million)	**Unutilized proceeds as at 31 December 2021** (Approx. RMB million)	**Proceeds utilized during the Reporting Period** (Approx. RMB million)	**Proceeds utilized as at 30 June 2022** (Approx. RMB million)	**Unutilized proceeds as at 30 June 2022** (Approx. RMB million)	**Expected timeline for application of the unutilized proceeds**
R&D of drugs and pipeline expansion	815	219	30	626	189	Expected to be fully utilized by 30 June 2025
Expansion of the commercialization team	1	1	–	–	1	Expected to be fully utilized by 30 June 2025
Domestic and overseas investment, mergers and acquisitions & business development	285	224	224	285	–	Was fully utilized by 30 June 2022
General corporate purpose	1,003	230(Note 2)	197(Note 2)	952	40(Note 2)	Expected to be fully utilized by 30 June 2025
	2,104(Note 1)	674	452	1,863(Note 1)	230(Note 1)	

Notes:

1. The difference between (i) the sum of proceeds utilized and the unutilized proceeds and (ii) the net proceeds from the Placing represents foreign exchange losses and interests generated from bank saving accounts.

2. The difference between (i) the sum of proceeds utilized during the Reporting Period and unutilized proceeds as at 30 June 2022 and (ii) unutilized proceeds as at 31 December 2021 represents foreign exchange losses and interests generated from bank saving accounts.

3. Any discrepancies in this table between totals and sums of amounts listed herein are due to rounding.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 5 July 2022, the Company issued 1,845,200 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 Company's prospectus dated 11 December 2018, supplemental circular dated 27 May 2019, circular dated 20 April 2020, and further details of the exercise of pre-IPO share options for the third exercise period under the pre-IPO share incentive scheme are set out in the Company's overseas regulatory announcements dated 16 December 2021 and 5 July 2022).

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.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix 14 of the Hong Kong Listing Rules. The Board is of the view that, during the Reporting Period, the Company has complied with all code provisions as set out in the CG Code.

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 of the Company, they have confirmed that they had complied with such code of conduct during the Reporting Period.

OTHER INFORMATION

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 ("**H Share Listing**") 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 RMB2 million as at 30 June 2022 (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.

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	Unutilized proceeds as at 31 December 2021 RMB'000	Proceeds utilized during the Reporting Period RMB'000	Utilized Proceeds as at 30 June 2022 RMB'000	Unutilized Proceeds as at 30 June 2022 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%	10,883	9,293	2,371,087	1,590	Expected to be fully utilized by 31 December 2022
The R&D and commercialization of the Group's Core Product, JS001	1,201,356	40%	1,201,356	40%	1,291,457	43%	4,447	4,447	1,291,457	–	Was fully utilized by 30 June 2022
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%	6,436	4,846	599,088	1,590	Expected to be fully utilized by 31 December 2022
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 31 December 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%	571	–	329,802	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	10%	301 [Note 2]	5	334,576 [Note 2]	296 [Note 2]	Expected to be fully utilized by 31 December 2022
	3,003,389	100%	3,003,389	100%	3,003,389	100%	11,755	9,298	3,035,465	2,457	

OTHER INFORMATION

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 approximately RMB35 million generated from bank savings accounts in which the IPO proceeds 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.

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 approximately RMB4,836 million. After deducting issuance expenses of approximately RMB339 million in accordance with the related requirements, the net proceeds amounted to approximately 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	Unutilized proceeds as at 31 December 2021 RMB'000	Proceeds utilized during the Reporting Period RMB'000	Utilized Proceeds as at 30 June 2022 RMB'000	Unutilized Proceeds as at 30 June 2022 RMB'000	Expected timeline for application of the Unutilized Proceeds
Research and development projects of innovative drugs	1,200,000	110,182	71,722	1,161,539	38,461	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	15,970	25,607	809,638(Note 1)	–	Was fully utilized by 30 June 2022
Surplus proceeds	1,796,978	1,244,292	525,501	1,078,187(Note 2)	749,090(Note 2)	Expected to be fully utilized by 31 December 2023
	4,496,978	1,370,444	622,830	3,749,364	787,551	

Notes:

1. The utilized proceeds include interests of approximately RMB10 million generated from bank savings accounts in which the net proceeds from the listing of A Shares have been deposited.

2. The difference between the sum of utilized proceeds and the net proceeds from the listing of A Shares represents foreign exchange losses and interest income generated from bank savings accounts.

OTHER INFORMATION

SUBSEQUENT EVENTS

- In July 2022, the FDA accepted for review the resubmission of the BLA for toripalimab in combination with gemcitabine/cisplatin for the first-line treatment of patients with advanced recurrent or metastatic NPC and toripalimab monotherapy for second-line or above treatment of recurrent or metastatic NPC after platinum-containing chemotherapy. The FDA has set the Prescription Drug User Fee Act (PDUFA) action date on 23 December 2022. If approved, our partner Coherus plans to launch toripalimab in the United States in the first quarter of 2023, and toripalimab will be the first and only immuno-oncology agent for NPC in the United States.

- In July 2022, toripalimab was granted orphan drug designation by the EC for the treatment of NPC based on a favorable opinion from the EMA. As of the date of this report, toripalimab has accumulated six orphan drug designations granted by the European Union and drug regulatory agencies in the United States, involving the treatment of mucosal melanoma, NPC, soft tissue sarcoma, esophageal cancer and SCLC.

- In July 2022, the FDA approved the IND application of JS105 (PI3K-α inhibitor) in combination with fulvestrant for the treatment of hormone receptor (HR) positive, human epidermal growth factor receptor-2 (HER-2) negative as well as female (postmenopausal) and male patients with PIK3CA-mutated advanced or metastatic breast cancer.

- In August 2022, the IND application for JS015 (recombinant humanized anti-DKK1 monoclonal antibody) has been accepted by the NMPA.

- In August 2022, the IND application for TAB009/JS009 (recombinant humanized anti-CD112R monoclonal antibody injection) was approved by the NMPA.

- In August 2022, the IND application for JS110 (small molecule inhibitor of the nuclear export protein XPO1) was approved by the FDA.

- In August 2022, Hang Seng Indexes Company Limited announced the inclusion of the Company's A Shares as a constituent of the Hang Seng (China A) Corporate Sustainability Benchmark Index with effect from 5 September 2022. The index selects the top 10% companies in terms of environment, social and governance ("**ESG**") from eligible candidates, reflecting the Company's outstanding performance in the three ESG categories and showing that the Company's ESG practice is recognized by reputed index compilers.

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. Tang Yi. 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 condensed consolidated financial statements for the Reporting Period.

OTHER INFORMATION

AUDITOR

The interim financial report for the six months ended 30 June 2022 is unaudited, but has been reviewed by Deloitte Touche Tohmatsu.

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

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

30 August 2022

* *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 54 to 91, which comprises the condensed consolidated statement of financial position as of 30 June 2022 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 2022

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	NOTES	For the six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	**946,049**	2,114,448
Cost of sales and services		**(320,472)**	(463,942)
Gross profit		**625,577**	1,650,506
Other income	4	**35,147**	44,877
Other gains and losses	5	**68,302**	118,919
Reversal of impairment loss in respect of trade and other receivables under expected credit loss model, net		**41**	565
Research and development expenses		**(1,062,242)**	(947,279)
Selling and distribution expenses		**(307,388)**	(422,619)
Administrative expenses		**(295,292)**	(295,513)
Share of losses of associates		**(27,735)**	(11,569)
Share of losses of joint ventures		**(514)**	(1)
Other expenses		**(11,109)**	(16,008)
Finance costs		**(13,699)**	(22,553)
(Loss) profit before tax		**(988,912)**	99,325
Income tax expense	6	**(9,448)**	(88,792)
(Loss) profit for the period	7	**(998,360)**	10,533
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")		**(132,488)**	(11,479)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**29,515**	(3,264)
Other comprehensive expense for the period		**(102,973)**	(14,743)
Total comprehensive expense for the period		**(1,101,333)**	(4,210)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	NOTES	For the six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
(Loss) profit for the period attributable to:			
– Owners of the Company		**(911,329)**	10,534
– Non-controlling interests		**(87,031)**	(1)
		(998,360)	10,533
Total comprehensive expense for the period attributable to:			
– Owners of the Company		**(1,014,302)**	(4,209)
– Non-controlling interests		**(87,031)**	(1)
		(1,101,333)	(4,210)
(Loss) earning per share	*9*		
– Basic (RMB yuan)		**(1.00)**	0.01
– Diluted (RMB yuan)		**(1.00)**	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTES	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**2,811,054**	2,727,809
Right-of-use assets	10	**396,792**	341,983
Intangible assets	11	**102,683**	40,251
Interests in associates	12	**439,048**	441,736
Interests in joint ventures	13	**110,542**	16,056
Deferred tax assets	14	**125,872**	88,550
Other assets, prepayments and other receivables	16	**409,248**	533,914
Other financial assets	18	**880,185**	1,027,108
Restricted bank deposits	17	**1,574**	1,574
		5,276,998	5,218,981
Current assets			
Inventories		**539,355**	484,601
Trade receivables	15	**210,225**	1,292,933
Other assets, prepayments and other receivables	16	**410,075**	549,141
Restricted bank deposits	17	**59,513**	459
Bank balances and cash	17	**3,407,059**	3,504,605
		4,626,227	5,831,739
Current liabilities			
Trade and other payables	19	**1,126,169**	1,907,523
Borrowings	20	**219,915**	10,596
Deferred income		**1,080**	3,683
Lease liabilities		**49,224**	34,472
Tax liabilities		**–**	60,361
		1,396,388	2,016,635
Net current assets		**3,229,839**	3,815,104
Total assets less current liabilities		**8,506,837**	9,034,085

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTES	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current liabilities			
Borrowings	*20*	**695,786**	490,000
Deferred income		**121,264**	118,776
Lease liabilities		**143,225**	93,127
		960,275	701,903
Net assets		**7,546,562**	8,332,182
Capital and reserves			
Share capital	*21*	**912,602**	910,757
Reserves		**6,233,217**	7,050,146
Equity attributable to owners of the Company		**7,145,819**	7,960,903
Non-controlling interests		**400,743**	371,279
Total equity		**7,546,562**	8,332,182

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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	Other reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (Audited)	910,757	10,671,992	217,874	19,068	514,094	19,454	(19,245)	(4,373,091)	7,960,903	371,279	8,332,182
Loss for the period	–	–	–	–	–	–	–	(911,329)	(911,329)	(87,031)	(998,360)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	29,515	–	29,515	–	29,515
Fair value loss on financial asset designated as at FVTOCI	–	–	–	–	–	(132,488)	–	–	(132,488)	–	(132,488)
Total comprehensive (expense) income for the period	–	–	–	–	–	(132,488)	29,515	(911,329)	(1,014,302)	(87,031)	(1,101,333)
Capital contribution to a subsidiary *(Note a)*	–	–	–	–	258,875	–	–	–	258,875	121,125	380,000
Acquisition of shares from a non-controlling interest *(Note b)*	–	–	–	–	(132,620)	–	–	–	(132,620)	(53,630)	(186,250)
Acquisition of a subsidiary *(Note 26)*	–	–	–	–	–	–	–	–	–	49,000	49,000
Exercise of share options	1,845	34,199	–	(19,068)	–	–	–	–	16,976	–	16,976
Recognition of equity settled share-based payment expenses – RSU	–	–	55,987	–	–	–	–	–	55,987	–	55,987
At 30 June 2022 (Unaudited)	912,602	10,706,191	273,861	–	640,349	(113,034)	10,270	(5,284,420)	7,145,819	400,743	7,546,562

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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	Other reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total 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 at 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 option	–	–	–	2,499	–	–	–	–	2,499	–	2,499
Exercise of share options *(Note 22)*	1,712	30,242	–	(16,208)	–	–	–	–	15,746	–	15,746
Recognition of equity settled share-based payment expenses – RSU	–	–	99,853	–	–	–	–	–	99,853	–	99,853
New H shares issued *(Note 21)*	36,549	2,097,832	–	–	–	–	–	–	2,134,381	–	2,134,381
Transaction costs attributable to issue 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

Notes:

(a) Pursuant to board resolution dated 16 December 2021, the Company proposed to increase the registered capital of Shanghai JunTop Biosciences Co., Ltd. (上海君拓生物醫藥科技有限公司)* ("JunTop Biosciences"), a then wholly-owned subsidiary. External investors ("Round A Investors') proposed to subscribe for the newly increased registered capital of JunTop Biosciences at the price of RMB1,275,000,000. Upon the completion on the subscription, the Company and Round A Investors will hold 68.125% and 31.875% equity interest in JunTop Biosciences respectively. As of 31 December 2021, capital amounting to RMB895,000,000 has been paid up to JunTop Biosciences by Round A Investors. During the interim period, the remaining capital amounting to RMB380,000,000 was injected to JunTop Biosciences.

(b) Pursuant to the sales and purchase agreement dated 17 May 2022, the Company acquired shares of the subsidiary, JunTop Biosciences from non-controlling interests with a total consideration of RMB186,250,000. Upon the completion of transaction, the interest in JunTop Biosciences held by the Company was increased from 68.125% to 71.85%.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	NOTES	For the six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**(847,167)**	244,156
Increase in inventories		**(68,590)**	(76,485)
Decrease in trade receivables, other assets, prepayments and other receivables		**1,310,322**	80,177
Decrease in trade and other payables		**(744,817)**	(87,605)
Decrease in deferred income		**(115)**	(1,600)
Income tax paid		**(107,131)**	(110,328)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(457,498)**	48,315
INVESTING ACTIVITIES			
Interest received		**23,752**	18,783
Payments for property, plant and equipment		**(143,360)**	(491,655)
Proceeds from disposal of property, plant and equipment		**1**	1
Payments for rental deposits		**(1,181)**	(1,489)
Refund of rental deposits		**1,301**	1,416
Acquisition of other financial assets		**(99,484)**	(837,590)
Disposal of other financial assets		**91,245**	304,776
Payments for other intangible assets		**(8,099)**	(9,403)
Placement of restricted bank deposits		**–**	(1,262)
Withdrawal of restricted bank deposits		**459**	–
Repayment from a joint operation		**3,170**	–
Advance to a joint operation		**(3,900)**	(2,700)
Capital injection in interest in associates	*12*	**(1,000)**	(155,084)
Net cash inflow on acquisition of a subsidiary	*26*	**2,220**	–
Acquisition of interest in joint ventures	*13*	**(95,000)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(229,876)**	(1,174,207)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	NOTES	For the six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
FINANCING ACTIVITIES			
Proceeds on issuance of new H shares		–	2,134,381
Payments for transaction costs for the issuance of new H Shares		(612)	(28,393)
Repayments for lease liabilities		(17,211)	(17,516)
Proceeds from borrowings		420,111	–
Repayments of borrowings		(5,000)	(53,333)
Interest paid		(13,705)	(22,743)
Proceeds from exercise of share options		16,976	15,746
Payment for acquisition of non-controlling interests		(186,250)	–
Placement of restricted bank deposits		(59,513)	–
Capital contribution to a subsidiary by non-controlling shareholders		380,000	–
NET CASH FROM FINANCING ACTIVITIES		534,796	2,028,142
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(152,578)	902,250
CASH AND CASH EQUIVALENTS AT 1 JANUARY		3,504,605	3,384,998
Effect of foreign exchange rate changes		55,032	(18,594)
CASH AND CASH EQUIVALENTS AT 30 JUNE, REPRESENTED BY BANK BALANCES AND CASH		3,407,059	4,268,654

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 (stock code: 1877). The domestic shares of the Company were delisted from NEEQ since 8 May 2020, and were converted into A shares and listed on the STAR Market of the Shanghai Stock Exchange on 15 July 2020 (stock code: 688180). 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 ("IAS") 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.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to International Financial Reporting Standards ("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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of pharmaceutical products	**308,254**	313,578
Licensing income	**476,474**	1,615,693
Service income	**161,321**	185,177
	946,049	2,114,448

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 2022, the Group recognised an option exercise payment from Coherus BioSciences, Inc. ("Coherus") of USD35,000,000 (equivalent to RMB221,508,000) (2021: 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 upon exercise of option.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. OTHER INCOME

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**26,908**	18,783
Government grants related to property, plant and equipment *(Note a)*	**726**	534
Other subsidies *(Note b)*	**7,513**	25,560
	35,147	44,877

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value change of other financial assets measured at fair value through profits or loss ("FVTPL"), net	**(22,674)**	125,053
Exchange gains (losses), net	**30,002**	(332)
(Loss) gain on disposal of property, plant and equipment	**(80)**	94
Gain on deemed disposal of an associate *(Note 26)*	**28,847**	–
Other gain *(Note)*	**32,200**	–
Others	**7**	(5,896)
	68,302	118,919

Note:

During the period ended 30 June 2022, the Group has transferred developing research and development pipelines to an associate and recognised a gain of RMB32,200,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
United States Corporate Income Tax ("CIT")	**46,770**	118,548
Deferred tax	**(37,322)**	(29,756)
	9,448	88,792

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 subsidiaries, Suzhou Union Biopharm Co., Ltd.* (蘇州眾合生物醫藥科技有限公司) and 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, the Department of Science and technology of Jiangsu Province and relevant authorities on 18 November 2020, 30 November 2021 and 23 December 2021 for a term of three years from 2020 to 2022, 2021 to 2023 and 2021 to 2023 respectively, and has been registered with the local tax authorities for enjoying the reduced 15% Enterprise Income Tax ("EIT") rate. Accordingly, the profit derived by the Company and the subsidiaries 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.

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

In addition, the Company is subject to CIT on licensing income received from United States based customers amounting to RMB46,770,000 during the period ended 30 June 2022 (six months ended 30 June 2021: RMB118,548,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation for intangible assets	**4,002**	2,225
Depreciation for property, plant and equipment	**120,401**	109,750
Less: amounts included in the cost of inventories	**(27,980)**	(46,774)
amounts included in the cost of properties under construction	**(4,923)**	(4,470)
	87,498	58,506
Depreciation of right-of-use assets	**27,293**	25,459
Less: amounts included in the cost of properties under construction	**(3,569)**	(1,748)
	23,724	23,711
Expenses relating to short-term leases and low-value assets	**1,413**	3,869
Donation expenses (included in other expenses)	**11,109**	16,008
Cost of inventories recognised as expense		
– Cost of sales	**123,297**	85,955
– Research and development expenses	**149,137**	130,724
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**547,980**	506,969
– Retirement benefit scheme contributions	**45,866**	35,505
– Share-based payments	**55,988**	102,352
Less: amounts included in the cost of properties under construction	**(9,572)**	(5,729)
amounts included in the cost of inventories	**(42,544)**	(72,164)
	597,718	566,933

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

9. (LOSS) EARNING PER SHARE

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

(Loss) profit

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earning per share	**(911,329)**	10,534

Number of shares

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss) earning per share	**910,828,061**	874,262,727
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 (loss) earning per share	**910,828,061**	884,824,848

The computation of diluted loss per share for the six months ended 30 June 2022 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.

In June 2022, the Company issued 1,845,200 ordinary shares (A Shares) to eligible persons. On 5 July 2022, the shares newly issued were registered in China Securities Depository and Clearing Corporation Limited Shanghai Branch.

The weighted average number of ordinary shares for the purpose of basic earning per share for the six months ended 30 June 2022 has been adjusted for the issuance of shares upon the exercise of share options on 24 June 2022.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

During the current interim period, the Group incurred RMB210,442,000 (six months ended 30 June 2021: RMB229,507,000) 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 9 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 RMB82,102,000 (six months ended 30 June 2021: RMB75,688,000) and lease liabilities of RMB82,102,000 (six months ended 30 June 2021: RMB75,688,000).

11. INTANGIBLE ASSETS

During the current interim period, the Group acquired intangible assets amounted to RMB57,733,000 through the acquisition of a subsidiary as stated in Note 26.

12. INTERESTS IN ASSOCIATES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cost of investments in associates	**516,130**	495,930
Share of post-acquisition losses	**(77,082)**	(54,194)
	439,048	441,736

During the period ended 30 June 2022, the Group invested into an associate Suzhou Junjing Biosciences Co., Ltd.* (蘇州君境生物醫藥科技有限公司) ("Suzhou Junjing") with the investment cost amounted to RMB12,000,000. Subsequent to the initial investment, the Group acquired additional 1% equity interest in an associate Suzhou Junjing by capital injection of RMB2,000,000. Upon completion of acquisition, Suzhou Junjing has become a subsidiary of the Group. The carrying amount of the Group's interest in the associate immediately before the deemed disposal was RMB20,153,000. The details are set out in Note 26.

During the period ended 30 June 2022, the Group invested into an associate Junshi Risen (Shanghai) Pharmaceutical Technology Co., Ltd.* (君實潤佳（上海）醫藥科技有限公司) by transferring the developing research and development pipelines to the associate with the investment cost amounted to RMB32,200,000.

During the period ended 30 June 2022, the Group made an investment of RMB1,000,000 to the associate Hainan Junshi Phase I Equity Investment Fund Partnership (Limited Partnership)* (海南君實一期股權投資基金合夥企業（有限合夥)) ("Junshi Phase I Fund").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. INTERESTS IN JOINT VENTURES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cost of investments in joint ventures	111,000	16,000
Share of post-acquisition (losses) profits	(458)	56
	110,542	16,056

On 28 February 2022, the Group acquired 50% interest in Shanghai Lijing Biosciences Technology Limited (上海禮境生物醫藥科技有限公司) ("Shanghai Lijing") at a total consideration of RMB80,000,000. The principal activities of Shanghai Lijing are engaged in technical services, technological development, drug production, wholesale of drugs and commissioned production of drugs.

During the period ended 30 June 2022, the Group has made a capital injection of RMB15,000,000 to the joint venture Suzhou Kebo Ruijun Biosciences Co., Ltd.* (蘇州科博瑞君生物醫藥科技有限公司).

14. DEFERRED TAX ASSETS

As at 30 June 2022, deferred tax assets of RMB125,872,000 (31 December 2021: RMB88,550,000) mainly in relation to unused tax losses has been recognised in the Group's condensed consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. TRADE RECEIVABLES

The Group allows a normal credit period of 60 days (31 December 2021: 60 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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0 to 30 days	210,225	1,285,217
31 to 90 days	–	26
91 to 180 days	–	–
Over 180 days	–	7,690
	210,225	1,292,933

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Deposits		
– current	**15,925**	13,780
– non-current	**16,258**	16,796
Prepayments		
– current *(Note a)*	**336,938**	397,383
– non-current *(Note b)*	**315,787**	351,534
Amount due from a partner of a joint operation *(Note c)*		
– current	**5,706**	4,976
Deposits in relation to use right of lands *(Note d)*		
– current	**7,719**	7,719
– non-current	**11,579**	11,579
Value added tax ("VAT") recoverable *(Note e)*		
– current	**44,334**	125,873
– non-current	**65,624**	154,005
	819,870	1,083,645
Less: Allowance for credit losses	**(547)**	(590)
	819,323	1,083,055
Analysed as		
– current	**410,075**	549,141
– non-current	**409,248**	533,914
	819,323	1,083,055

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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) In November 2021, the Group paid a refundable and interest-bearing deposit amounting to RMB19,298,000 to Shanghai Zhangjiang Science City Construction Management Office for acquiring the use right of land located in Shanghai. 40% of the deposit of RMB7,719,000 will be refunded upon the initiation of the construction of the facility. The remaining 60% of the deposit of RMB11,579,000 will be refunded upon completion of the construction.

RMB7,719,000 (31 December 2021: RMB7,719,000) is expected to be recovered within the next twelve months from the end of the reporting period and therefore presented as current assets as at 30 June 2022.

(e) Included in VAT recoverable are RMB44,334,000 (31 December 2021: RMB125,873,000) value added tax recoverable presented as current assets as at 30 June 2022 since they are expected to be deducted from future VAT payable arising on the Group's revenue which are expected to be generated within the next twelve months from the end of 30 June 2022. The remaining VAT recoverable of RMB65,624,000 (31 December 2021: RMB154,005,000) 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.

17. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits represent the deposit restricted for the bank borrowings and issuance of letter of credit to a supplier. The restricted bank deposits amounted to RMB30,000,000 and RMB29,513,000 will be released in December 2022 and June 2023 (31 December 2021: nil), respectively. The restricted bank deposits amounted to RMB1,574,000 (31 December 2021: RMB459,000 and RMB1,574,000) will be released in September 2031 (31 December 2021: January 2022 and September 2023 respectively).

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 3.66% per annum as at 30 June 2022 (31 December 2021: 0.01% to 3.66% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. OTHER FINANCIAL ASSETS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Financial assets measured at FVTPL		
– Unlisted equity investments in partnership	**163,684**	155,218
– Unlisted equity investments	**8,754**	46,664
– Investments in preference shares	**566,660**	551,651
– Warrant	**20,000**	20,000
	759,098	773,533
Financial asset designated as at FVTOCI *(Note)*	**121,087**	253,575
	880,185	1,027,108

Note: The amount represents equity investment in Coherus whose shares are listed on the National Association of Securities Dealers Automated Quotations of the United States of America. 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 these investments 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 holding 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 2022

19. TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	**255,748**	196,205
Accrued expenses in respect of		
– construction cost of properties under construction	**90,568**	89,874
– research and development expenses *(Note a)*	**421,957**	227,709
– selling and distribution expenses	**37,091**	64,569
– others	**7,494**	54,149
Payment to licensor *(Note b)*	**69,097**	932,509
Payments to collaboration parties under collaboration agreements *(Note c)*	**41,240**	15,742
Salary and bonus payables	**113,161**	213,777
Other tax payables	**20,545**	20,579
Payable for transaction costs for the issue of H shares	**145**	757
Other payables	**69,123**	91,653
	1,126,169	1,907,523

Notes:

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

(b) Amount represents the accrual on license income payable to a licensor at the end of the reporting period, which is repayable upon 30 days after issuance of invoice.

(c) Amounts represent payables to collaboration parties for co-development of certain pharmaceutical products.

Payment terms with suppliers are mainly with credit term of 0 to 90 days (31 December 2021: 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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0 to 30 days	**158,756**	143,117
31 to 60 days	**49,099**	32,625
61 to 180 days	**31,763**	13,473
Over 180 days	**16,130**	6,990
	255,748	196,205

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bank borrowings		
– secured	**721,073**	500,596
– unsecured	**194,628**	–
	915,701	500,596
The maturity profile of bank borrowings is as follows:		
– within one year	**219,915**	10,596
– within a period of more than one year but not exceeding two years	**49,698**	30,000
– within a period of more than two years but not exceeding five years	**324,556**	220,000
– within a period of more than five years	**321,532**	240,000
	915,701	500,596
Less: amount due within one year shown under current liabilities	**(219,915)**	(10,596)
Amount shown under non-current liabilities	**695,786**	490,000

As at 30 June 2022, the Group's bank borrowing of RMB495,537,000 (31 December 2021: RMB500,596,000) is carried at an interest rate of Loan Prime Rate ("LPR") minus 0.75% per annum.

As at 30 June 2022, the Group's bank borrowing of RMB225,536,000 (31 December 2021: nil) is carried at an interest rate of LPR minus 0.85% per annum.

As at 30 June 2022, the Group's bank borrowings of RMB194,628,000 (31 December 2021: nil) are carried at interest rates ranged from 1.90% to 1.95% per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

21. SHARE CAPITAL

	Total number of shares	Amount RMB'000
Registered, issued and fully paid at RMB1.0 per share:		
At 1 January 2021 (Audited)	872,496,000	872,496
Exercise of share options *(Note 22)*	1,711,500	1,712
New H shares issued *(Note)*	36,549,200	36,549
At 30 June 2021 (Unaudited)	910,756,700	910,757
At 1 January 2022 (Audited)	910,756,700	910,757
Exercise of share options *(Note 22)*	1,845,200	1,845
At 30 June 2022 (Unaudited)	912,601,900	912,602

Note: On 23 June 2021, the Company issued 36,549,200 new H shares at HK$70.18 (equivalent to RMB58.39) per share for a total gross proceeds of HK$2,565,023,000 (equivalent to RMB2,134,381,000) from placing of new H shares. The proceeds of RMB36,549,000 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of RMB2,097,832,000 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.

22. 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 2022

22. 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 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 2022, there was no options which remain outstanding under the Share Option Scheme (31 December 2021: the number of options which remain outstanding under the Share Option Scheme was 1,845,200 which, if exercise in full, representing 0.21% 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 2022

						Number of share options			
Date of grant	Exercise price RMB	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 2022	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2022
14 May 2018	9.20	12 March 2021	16 December 2021	12 March 2022	15 December 2022	1,845,200	(1,845,200)	–	-
Exercisable at the end of the period									-
Weighted average exercise price (RMB)							9.20	–	-

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For the six months ended 30 June 2022

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Scheme (Continued)

For the period ended 30 June 2021

						Number of share options			
Date of grant	Exercise price RMB	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
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

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, 24,245,300 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 2022

22. 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:

For the period ended 30 June 2022

Date of grant	Vesting date	Expiry Date	Number of RSUs Outstanding at 1 January 2022 and 30 June 2022
16 November 2020	16 November 2021	16 November 2022	9,698,120
16 November 2020	16 November 2022	16 November 2023	7,273,590
16 November 2020	16 November 2023	16 November 2024	7,273,590
Total			24,245,300

For the period ended 30 June 2021

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	16 November 2022	11,407,600
16 November 2020	16 November 2022	16 November 2023	8,555,700
16 November 2020	16 November 2023	16 November 2024	8,555,700
Total			28,519,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Reserved Restricted A Share Incentive Scheme

Pursuant to a resolution passed on 15 November 2021, the Company adopted the Reserved Restricted A Share Incentive Scheme (the "Reserved 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 Reserved Restricted A Share Scheme, 7,129,000 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 15 November 2021	50% vest
On 2nd anniversary of the first trading day following the end of the 24 months from 15 November 2021	further 50% vest

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

For the period ended 30 June 2022

Date of grant	Vesting date	Expiry Date	Number of RSUs Outstanding at 1 January 2022 and 30 June 2022
15 November 2021	15 November 2022	15 November 2023	3,564,500
15 November 2021	15 November 2023	15 November 2024	3,564,500
Total			7,129,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. CAPITAL AND OTHER COMMITMENTS

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
– acquisition of property, plant and equipment	**503,403**	472,493
Other commitments in respect of:		
– investments in associates	**180,000**	192,000

24. 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 2022

24. 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 2022 RMB'000 (Unaudited)	Fair value as at 31 December 2021 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Warrant	20,000	20,000	Level 2	Recent transaction price	N/A
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 2021: 27%) and EV/S multiple of 8.69 (31 December 2021: 8.69), taking into account management's experience and knowledge of market conditions
Unlisted equity investment	6,802	6,802	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 2021: 27%) and P/R&D multiple of 2.80 (31 December 2021: 2.80), taking into account management's experience and knowledge of market conditions
Investment in preference share	124,422	181,888	Level 3	Back-solve method from recent transaction price method.	Recent transaction price/Redemption/ Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount
Investment in preference share	156,143	141,424	Level 3	Back-solve method from recent transaction price method.	Recent transaction price/Redemption/ Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. 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 2022 RMB'000 (Unaudited)	Fair value as at 31 December 2021 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investment in preference share	**82,431**	81,453	Level 3	Market comparison approach – in this approach, fair value was determined with reference to discount rate and P/R&D multiple	Discount rate of 25% (31 December 2021: 25%) and P/R&D multiple of 4.60 (31 December 2021: 5.39), taking into account management's experience and knowledge of market conditions
Investment in preference share	**48,308**	37,910	Level 3 (31 December 2021: Level 2)	Market comparison approach – in this approach, fair value was determined with reference to discount rate and P/R&D multiple (31 December 2021: Recent transaction price)	Discount rate of 28% and P/R&D multiple of 8.60, taking into account management's experience and knowledge of market conditions (31 December 2021: N/A)
Investment in preference share	**28,597**	28,611	Level 3 (31 December 2021: Level 2)	Market comparison approach – in this approach, fair value was determined with reference to discount rate and P/R&D multiple (31 December 2021: Recent transaction price)	Discount rate of 23% and P/R&D multiple of 5.68, taking into account management's experience and knowledge of market conditions (31 December 2021: N/A)
Investment in preference share	**126,759**	118,275	Level 2	Recent transaction price	N/A
Unlisted equity investments in partnership	**163,684**	155,218	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)*
Listed equity investment	**121,087**	253,575	Level 1	Quoted bid price in an active market	N/A
	880,185	1,027,108			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. 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.

Note: 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 or decrease by RMB8,184,000 as at 30 June 2022 (31 December 2021: RMB7,761,000).

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.

Reconciliation of Level 3 fair value measurements

	Investment in preference shares and unlisted equity investments RMB'000	**Unlisted equity investments in partnership** RMB'000	**Total** RMB'000
At 1 January 2022 (Audited)	**413,519**	**155,218**	**568,737**
Transfer into Level 3 due to change of valuation technique *(Note)*	**66,521**	**–**	**66,521**
Change in fair value (charged) credited to profit or loss	**(31,385)**	**8,466**	**(22,919)**
At 30 June 2022 (Unaudited)	**448,655**	**163,684**	**612,339**
At 1 January 2021 (Audited)	95,097	77,030	172,127
Disposal	–	(3,990)	(3,990)
Transfer into Level 3 due to change of valuation technique *(Note)*	133,443	–	133,443
Transfer into Level 2 due to change of valuation technique	(89,373)	–	(89,373)
Change in fair value credited to profit or loss	57,637	13,346	70,983
At 30 June 2021 (Unaudited)	196,804	86,386	283,190

Note: These investments were measured by recent transaction price as at the end of preceding reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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.

25. 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	**2022**	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Anwita Biosciences, Inc. ("Anwita")	**–**	18,233
Shanghai Ruotuo Biotechnology Co., Ltd. ("SHRT") *(Note)*	**5,314**	6,226
	5,314	24,459

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

25. RELATED PARTIES DISCLOSURES (Continued)

(b) Service income received

	For the six months ended 30 June	
Name of related party	**2022**	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Junshi Phase I Fund	**125**	–

(c) 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits and performance bonus	**30,500**	54,665
Share-based payment expenses	**9,068**	27,192
Post-employment benefits	**340**	564
	39,908	82,421

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 2022

26. ACQUISITION OF A SUBSIDIARY

On 8 March 2022, the Company injected capital of RMB2,000,000 to Suzhou Junjing and after the capital injection, the equity interest in Suzhou Junjing increased from 50% to 51% and Suzhou Junjing has become a non-wholly owned subsidiary of the Company since the Company has obtained the control over Suzhou Junjing by majority shareholding. The acquisition has been accounted for as acquisition of business using the acquisition method. The principal activities of Suzhou Junjing are engaged in technical services, technological development, drug production, wholesale of drugs and commissioned production of drugs.

Assets acquired and liabilities recognised at the date of acquisition

	(Unaudited) RMB'000
Property, plant and equipment	913
Right-of-use assets	1,784
Intangible assets	57,733
Other assets, prepayments and other receivables	37,107
Bank balances and cash	4,220
Trade and other payables	(158)
Lease liabilities	(1,599)
	100,000

The receivables acquired (which comprised other receivables) with a fair value of RMB35,246,000 at the date of acquisition has gross contractual amount of RMB35,246,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

Non-controlling interests

The non-controlling interests (49%) in Suzhou Junjing recognised at the acquisition date was measured by reference to the fair value of the proportionate share of recognised amounts of net assets of Suzhou Junjing and amounted to RMB49,000,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

26. ACQUISITION OF A SUBSIDIARY (Continued)

Goodwill arising on acquisition

	(Unaudited) RMB'000
Consideration transferred	2,000
Add: Non-controlling interest at acquisition date	49,000
Add: Fair value of interest in Suzhou Junjing previously held	49,000
Less: Fair value of identifiable assets acquired	(100,000)
	–

Gain on deemed disposal of an associate

	(Unaudited) RMB'000
Fair value of 50% interest in Suzhou Junjing before capital injection	49,000
Less: Carrying amount of interest in an associate	(20,153)
	28,847

Net cash inflow on acquisition

	(Unaudited) RMB'000
Cash and cash equivalents balances acquired	4,220
Less: cash consideration paid	(2,000)
	2,220

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

26. ACQUISITION OF A SUBSIDIARY (Continued)

Impact of acquisition on the result of the Group

During the period from 1 January 2022 to 8 March 2022, the Group shared the loss in Suzhou Junjing of RMB870,000. Since the acquisition, Suzhou Junjing incurred a loss of RMB1,277,000 which was included in the Group's results for six-month period ended 30 June 2022.

Had the acquisition of Suzhou Junjing been completed on 1 January 2022, revenue for the period of the Group would have been RMB946,049,000, and loss for the period would have been RMB999,230,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss of the Group had Suzhou Junjing been acquired at the beginning of the current period, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

DEFINITIONS

2020 Restricted A Share Incentive Scheme	the Company's 2020 Restricted A Share Incentive Scheme approved and adopted by its Shareholders at the 2020 third extraordinary general meeting, the 2020 second class meeting of A Shareholders and the 2020 second class meeting of H Shareholders held on 16 November 2020
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 or Board of Directors	the Company's board of Directors
Board of Supervisors	the Company's board of Supervisors
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
IFRS	International Financial Reporting Standards
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 2022
Restricted Share(s)	A Share(s) to be granted by the Company to participants on such conditions stipulated under the 2020 Restricted A Share Incentive Scheme, which are subject to the attribution conditions stipulated under the 2020 Restricted A Share Incentive Scheme and can only be attributed and transferred after satisfaction of the attribution condition
RMB	Renminbi
SFO	the Securities and Futures Ordinance, Chapter 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)

DEFINITIONS

STAR Market	the STAR Market of the Shanghai Stock Exchange
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
Supervisors	supervisors of the Company
USD	United States dollars
%	per cent

In this interim 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*