# SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*
# 上海君實生物醫藥科技股份有限公司

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

**(Stock code: 1877)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司) (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2019. The unaudited condensed interim consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee of the Company and the Company's auditors, Deloitte Touche Tohmatsu. Unless otherwise specified, financial figures in this announcement are prepared under the International Financial Reporting Standards ("**IFRSs**").

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

**Financial Highlights**

- Total revenue reached RMB575 million in the first half year of 2020, representing an 86% increase compared with the first half year of 2019. Apart from the sales of Toripalimab of which gross margin was 90%, sub-licensing income and service income also contributed to the growth of our revenue.

- The research and development ("**R&D**") expenses were RMB709 million in the first half year of 2020, representing an increase of 92% compared with RMB369 million in the corresponding period in 2019, which was primarily due to promising progress of pivotal clinical trials, more R&D collaboration and license-in activities expanding our pipelines to small molecule drugs, antibody drug conjugates (ADC) and JS016.

- The property, plant and equipment ("**PPE**") by the end of June 2020 increased 11% to RMB2,026 million compared with the end of year 2019. The significant growth of the PPE was primarily due to the construction of the Lingang Production Base which will enhance our current production capacity by ten times.

- Total comprehensive expense for the Reporting Period was RMB593 million, representing an increase of 105% compared with the first half year of 2019, mainly due to profit generated from Toripalimab sales, service income and sub-licensing income but offset by the increase in R&D expenses and administrative and selling expenses.

**Business Highlights**

During the Reporting Period, we achieved significant progress with respect to our product commercialization, clinical trials and pipeline expansion, including:

- The Company's products concentrated on self-developed biological products with original innovation. At the same time, through co-development and technology transfer/license-in, we further expanded our product pipeline. As of the end of the Reporting Period, we had 21 drug candidates, including 19 innovative drugs and 2 biosimilars, covering five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases.

- During the Reporting Period, 15 pivotal registered clinical trials for Toripalimab (trade name: 拓益®(TUOYI®)), the Company's core product, were being conducted, in which 2 pivotal registered clinical trials were applied for New Drug Application ("**NDA**") to the National Medical Products Administration ("**NMPA**") and included in the process of priority review, covering a broad spectrum of indications, including: melanoma, urothelial carcinoma ("**UC**"), nasopharyngeal carcinoma ("**NPC**"), non-small cell lung carcinoma ("**NSCLC**"), esophageal carcinoma ("**EC**"), small cell lung carcinoma ("**SCLC**"), triple-negative breast carcinoma ("**TNBC**"), hepatocellular carcinoma ("**HCC**"), gastric carcinoma ("**GC**") and renal cell carcinoma ("**RCC**").

– In March 2020, Toripalimab in combination with Axitinib for treatment of mucosal melanoma was granted the orphan-drug designation by the US Food and Drug Administration ("**FDA**").

– In April and May 2020, the two supplemental NDAs in respect of Toripalimab as a treatment for recurrent/metastatic NPC after failure of second-line and above systemic treatment and for locally advanced or metastatic urothelial carcinoma who received previous treatment were accepted by the NMPA, marking a new stage in the layout of indications in the segmented areas of Toripalimab. The two supplemental NDAs had been included in the process of priority review by the NMPA in July 2020.

– In June 2020, the Company and Merck KGaA ("**Merck**") entered into clinical trial collaboration in respect of the use of Toripalimab in combination with Cetuximab (Erbitux®) for the treatment of recurrent and/or metastatic squamous cell carcinoma of the head and neck.

- The Company's drug candidate TAB004/JS004 (a recombinant humanized anti-BTLA monoclonal antibody for injection) was approved for clinical trials in China by the NMPA, and the first patient was dosed in a Phase I clinical study in April 2020. In addition, its Phase I clinical study in the United States has completed dose-escalation study and entered dose-expansion stage.

- The first subject was dosed in a Phase I clinical study of JS005 (a recombinant humanized anti-IL-17A monoclonal antibody for injection) in China in May 2020. At present, the Phase I clinical study has completed random enrollment.

- In March 2020, the Company and the Institute of Microbiology, Chinese Academy of Sciences ("**IMCAS**") entered into a project cooperation agreement to jointly develop and produce novel coronavirus neutralizing antibody JS016 (a recombinant fully human anti-SARS-CoV-2 monoclonal antibody for injection), an innovative drug for the treatment and prevention of COVID-19.

  – In May 2020, the Group and Eli Lilly and Company ("**Lilly**") entered into an agreement to collaborate on research, develop and commercialize potential preventive and therapeutic antibody therapies for COVID-19, and Lilly was granted an exclusive license to conduct research, develop and commercialize JS016 outside Greater China.

  – In May 2020, the international authoritative journal "Nature" published the results of JS016 pre-clinical research, which reported for the first time that the neutralizing antibody of SARS-CoV-2 can significantly inhibit novel coronavirus infection in the test on non-human primate rhesus monkeys, showing the dual effect of treatment and prevention with a value for conversion into clinical practices.

  – In June 2020, JS016 was approved to conduct Phase I clinical trial in China, and the enrollment of subjects in the Phase I clinical trial was completed in July 2020. The international multi-center clinical trial was a randomized, double-blind and placebo-controlled Phase I clinical study, aiming at evaluating the tolerability and safety of single-dose intravenous infusion of JS016 in healthy subjects. It was planned to recruit 40 healthy subjects (including both male and female) as the world's first novel coronavirus neutralizing antibody clinical trial conducted in healthy subjects. We are conducting Phase Ib international multi-center clinical studies for patients with mild/normal novel coronavirus pneumonia. And we expect to commence Phase II/III clinical study for patients with severe and critical novel coronavirus pneumonia as soon as possible. At the same time, the Company will also conduct follow-up studies on groups who are at high risks of the novel coronavirus to evaluate the preventive effect of JS016 on novel coronavirus infection.

After the Reporting Period, we continued to make significant progress in business operations including the following:

- The Company applied to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and obtained approval for the dis-application of Rules 18A.09 to 18A.11 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**") (the "**Relevant Rules**") to the Company. As a result of the dis-application of the Relevant Rules, the "B" marker ceased to be affixed to the Company's stock name and stock short name from 15 July 2020.

- The Company completed the issue of A shares. The A shares of the Company were listed and commenced trading on the STAR Market of the Shanghai Stock Exchange on 15 July 2020.

- The Company entered into a research collaboration and license agreement with Revitope Oncology, Inc. and its wholly-owned subsidiary Revitope Limited (together, "**Revitope**"), pursuant to which the parties will collaborate in the research and development of the next-generation of T-cell engaging cancer immunotherapies that utilize Revitope's proprietary dual-antigen targeting technology platform together with the Company's antibody technology platform. Revitope will be responsible for designing up to 5 unique T-cell immunotherapeutic drugs against targets selected by the Company. The Company will be granted a world-wide exclusive license on products that result from such agreement.

- The Company's recombinant humanized anti-Trop2 monoclonal antibody – Tub196 conjugate for injection (product code: JS108), obtained the Clinical Trial Approval (《藥物臨床試驗批准通知書》) issued by the NMPA.

- The Company and IMPACT Therapeutics, Inc.* (南京英派藥業有限公司) ("**IMPACT Therapeutics**") entered into a joint venture agreement for the formation of a joint venture company (the "**JV Company**"). The JV Company will mainly engage in the R&D and commercialization of small molecule anti-tumour drugs. IMPACT Therapeutics will contribute for its equity interests by way of injection of a PARP inhibitor Senaparib (IMP4297) as an asset within mainland China, Hong Kong and the Macau Special Administrative Regions. The Company and IMPACT Therapeutics will each own 50% equity interests in the JV Company. Both parties will cooperate in conducting clinical trials, manufacturing, and commercialization preparations for various indications of the IMP4297 project within the above territory.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

We are an innovation-driven biopharmaceutical company with all-round capabilities from innovative drug discovery, clinical research and development 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 original innovation and co-development, we have successfully developed a drug candidate portfolio with tremendous market potential with distinguished capability of innovative drug discovery, strong biotechnological R&D capability and large-scale production capacity. Multiple products have milestone significance: JS001, one of our core products, is the first domestic anti-PD-1 monoclonal antibody approved to be marketed in China by the NMPA for the treatment of locally advanced or metastatic melanoma after standard therapy failure; JS002 and UBP1213 are the first anti-PCSK9 monoclonal antibody and anti-BLyS monoclonal antibody, respectively, from a PRC domestic company that obtained Investigational New Drug ("**IND**") approval from the NMPA; TAB004/JS004 is the world's first anti-BTLA monoclonal antibody independently developed by the Company, which has obtained clinical trial approvals from the FDA and NMPA and is currently undergoing Phase I clinical trials in China and the United States. We also worked together with domestic scientific research institutions to fight the pandemic this year. The co-developed JS016 is the first novel coronavirus monoclonal neutralizing antibody that has commenced clinical trials in China, contributing to coronavirus prevention and control in China and the world with domestic innovation. As the Company continues to supplement our product pipeline and further explores drug combination therapies, our innovation field will continue to expand to R&D of more types of drugs, including small molecule drugs and antibody drug conjugates (ADCs), as well as the exploration of the next-generation innovative therapies for cancer and autoimmune diseases.

## Progress of Product Pipeline

# R&D pipeline covering a wide variety of therapeutic areas

| Therapeutic Area | Medicine Code | Targets | Indications | Pre Clinical | Phase I | Phase II | Phase III | NDA | Origins of Development | Location of Clinical Trial | Segmentation Stage |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Oncology | JS001 (Toripalimab) | PD-1[1] | Melanoma (second-line treatment, monotherapy) | | Approved on 17 December 2018 | | | | In House | China | NDA approved |
| | | | Nasopharyngeal carcinoma (second-line treatment, monotherapy, pivotal trial)[2] | | Pivotal registered clinical trial | | | | In House | China | Accepted for NDA |
| | | | Urothelial carcinoma (second-line treatment, monotherapy, pivotal trial)[2] | | Pivotal registered clinical trial | | | | In House | China | Accepted for NDA |
| | | | Melanoma (first-line treatment, monotherapy) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Nasopharyngeal carcinoma (first-line treatment, combo with chemo) | | Pivotal registered clinical trial | | | | In House | International multi-center | Recruited |
| | | | Esophagus carcinoma (combo with chemo) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Triple negative breast carcinoma (combo with albumin-bound paclitaxel) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Hepatocellular carcinoma (monotherapy, postoperative adjuvant) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Hepatocellular carcinoma (first-line treatment, combo with Bevacizumab) | | Pivotal registered clinical trial | | | | In House | China | Not yet recruited |
| | | | Hepatocellular carcinoma (first-line treatment, combo with Lenvatinib) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Renal cell carcinoma (combo with Axitinib) | | Pivotal registered clinical trial | | | | In House | China | Not yet recruited |
| | | | EGFR negative non-small cell lung carcinoma (first-line treatment, combo with chemo) | | Pivotal registered clinical trial | | | | In House | China | Recruited |
| | | | EGFR mutated TKI failed terminal stage non-small cell lung carcinoma (combo with chemo) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Non-small cell lung carcinoma (neoadjuvant) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Extensive stage small cell lung carcinoma (combo with chemo) | | Pivotal registered clinical trial | | | | In House | China | Recruiting |
| | | | Gastric carcinoma (third-line treatment, monotherapy, pivotal trial) | | Pivotal registered clinical trial | | | | In House | China | Not yet recruited |
| | | | Solid tumors | | | | | | In House | United States | Recruiting |

*Notes:*

1. For JS001, only pivotal registered trial and ongoing major clinical trials are listed.
2. Second-line treatment of nasopharyngeal carcinoma and second-line treatment of urothelial carcinoma have received conditional approval for Phase II pivotal clinical trial data, and no Phase III clinical trial is required upon approval.

# R&D pipeline covering a wide variety of therapeutic areas (continued)

| Therapeutic Area | Medicine Code | Targets | Indications | Pre Clinical | Phase I | Phase II | Phase III | NDA | Origins of Development | Location of Clinical Trial | Segmentation Stage |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Oncology | JS003 | PD-L1 | Urothelial carcinoma, melanoma, non-small cell lung cancer, triple negative breast carcinoma, esophageal carcinoma, nasopharyngeal carcinoma, hepatocellular carcinoma, etc. | | | | | | In House | China | Recruiting |
| | TAB004/JS004 | BTLA | Melanoma, lung cancer, lymphoma Oncology | | | | | | In House | United States<br>China | Recruiting<br>Recruiting |
| | JS006 | TIGIT | Solid tumors | | | | | | In House | / | Process development |
| | JS007 | CTLA-4 | Lung cancer, melanoma | | | | | | In House | / | Process development |
| | JS009 | Undisclosed | Undisclosed | | | | | | In House | / | Optimizing medical elements |
| | JS011 | Undisclosed | Undisclosed | | | | | | In House | / | Optimizing medical elements |
| | JS012 | Undisclosed | Undisclosed | | | | | | In House | / | Process development |
| | JS101 | Pan-CDK | Breast cancer | | | | | | In House | China | Not yet recruited |
| | JS104 | Pan-CDK | Breast cancer | | | | | | Co-development | / | Process development |
| | JS105 | PI3K-α | Breast cancer, kidney cancer, Hodgkin's lymphoma | | | | | | Co-development | / | Process development |
| | JS014 | IL-21 | Oncology | | | | | | Co-development | / | Process development |
| | JS501 | VEGF (Avastin biosimilar) | Metastatic colorectal cancer and terminal, metastatic or recurrent non-small cell lung carcinoma | | | | | | Co-development | China | Recruited |
| | JS108 | Anti-Trop2 mAb-Tub 196 coupling agent | Triple negative breast cancer, small cell lung cancer, pancreatic cancer | | | | | | Co-development | All Asian countries and areas (except for Japan and Korea) | IND application has been accepted |
| Metabolic | JS002 | PCSK9 | Hyperlipidemia | | | | | | In House | China | Recruited |
| | JS008 | Undisclosed | Undisclosed | | | | | | In House | / | Selecting medical elements |
| Auto-immunity | UBP1211 | TNF-α (Humira biosimilar) | Rheumatoid arthritis, ankylosing spondylitis, psoriasis arthritis | | | | | | Co-development | China | Accepted for NDA |
| | JS005 | IL-17A | Psoriatic, ankylosing spondylitis | | | | | | In House | China | Recruited |
| | UBP1213 | BLyS | Systemic lupus erythematosus | | | | | | Co-development | China | Preparing for dosage improvement and clinical experiment |
| Neurologic | JS010 | Undisclosed | Undisclosed | | | | | | In House | / | Process development |
| Infectious disease | JS016 | S protein | COVID-19 | | | | | | Co-development | China (Development rights outside of Greater China are granted to Lilly) | Recruited |

Biologics  Small molecule drugs

Our products concentrate on self-developed biological products with original innovation. At the same time, through co-development and technology transfer/license-in, we introduced products that synergize with our own original product pipeline, so as to further expand our product pipeline. As of the end of the Reporting Period, we had 21 drug candidates, including 19 innovative drugs and 2 biosimilars, covering five major therapeutic areas, including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases.

Our diversified drug pipeline covers different R&D stages. One of our core products, JS001 (i.e. Toripalimab, a recombinant humanized anti-PD-1 monoclonal antibody for injection, trade name: 拓益®(TUOYI®)) has been officially launched for sale with approved indication of locally advanced or metastatic melanoma after standard therapy failure. 11 candidates have obtained IND approvals, including: JS001, which is conditionally approved for marketing, has commenced clinical trials for indication expansion and Phase Ib clinical trial in the United States; application for NDA for UBP1211 (a biosimilar of Humira) has been submitted and accepted; JS002 (a recombinant humanized anti-PCSK9 monoclonal antibody for injection) has completed Phase II clinical trial, and initiation of Phase III clinical trial is underway; TAB004/JS004 (a recombinant humanized anti-BTLA monoclonal antibody for injection) is the world's first anti-BTLA monoclonal antibody for injection approved for clinical trial, and has commenced Phase I clinical trials in China and the United States; JS016 (a recombinant fully human anti-SARS-CoV-2 monoclonal antibody for injection) is the first novel coronavirus neutralizing antibody that has commenced clinical trials in China, and the enrollment of subjects in Phase I clinical trial is completed; JS501 (a biosimilar of Avastin), JS003 (a recombinant humanized anti-PD-L1 monoclonal antibody for injection), JS101 (a pan-CDK inhibitor) and JS005 (a recombinant humanized anti-IL-17A monoclonal antibody for injection) have commenced Phase I clinical trials and have completed the enrollment of subjects; UBP1213 (a recombinant humanized anti-BLyS monoclonal antibody for injection) is being prepared for clinical trial; and JS108 (a recombinant humanized anti-Trop2 monoclonal antibody-Tub196 conjugate for injection) has obtained the Clinical Trial Approval (《藥物臨床試驗批准通知書》) issued by the NMPA. 10 candidates are in the preclinical research stage.

### *1. Toripalimab Injection (JS001, trade name: 拓益®(TUOYI®))*

Our self-developed Toripalimab is the first domestic PD-1 monoclonal antibody successfully launched in the Chinese market, addressing various malignant tumors. It has been supported by two National Major Science and Technology Projects for "Major New Drugs Development" during the "Twelfth Five-Year Plan" and "Thirteenth Five-Year Plan" periods. On 17 December 2018, Toripalimab was conditionally approved for market launch for the treatment of locally advanced or metastatic melanoma after standard therapy failure, and was also recommended under the 2019 edition of the Chinese Clinical Oncology Society (CSCO) Guidelines for the Diagnosis and Treatment of Melanoma. The results of clinical trials show that the objective response rate (ORR) of Toripalimab reaches 17.3%, the disease control rate (DCR) reaches 57.5%, and the 1-year survival rate reaches 69.3%. The marketing approval of this product has positive significance in solving the clinical drug selection for cancer patients in China.


**Toripalimab Injection**

In addition to the approved indication for melanoma, more than 30 clinical trials for Toripalimab monotherapy and combo treatments are being conducted worldwide, involving new indications such as nasopharyngeal cancer, urothelial cancer, lung cancer, gastric cancer, esophageal cancer, liver cancer and breast cancer. Among those, 15 pivotal registered clinical trials, and a Phase Ib clinical trial for a variety of solid tumors conducted in the United States, are underway. In April 2020, the supplemental NDA in respect of Toripalimab injection as a treatment for recurrent/metastatic NPC after failure of second-line and above systemic treatment was accepted by the NMPA. In May 2020, the supplemental NDA in respect of Toripalimab injection as a treatment for locally advanced or metastatic UC after systemic treatment was accepted by the NMPA. The above two indications were included in the process of priority review by the NMPA. In the overseas market, in March 2020, Toripalimab in combination with Axitinib for treatment of mucosal melanoma was granted the orphan-drug designation by the FDA, which was beneficial for the subsequent development, registration and commercialization of Toripalimab in the United States. In June 2020, we and Merck, a leading science and technology company, entered into a clinical trial collaboration agreement on targeted-immune combination therapy for head and neck tumors, first exploring the efficacy and safety of Toripalimab in combination with Cetuximab (Erbitux®), a type of targeted drug, as a treatment for recurrent and/or metastatic squamous cell carcinoma of the head and neck.

Pivotal registered clinical trials for Toripalimab that are being and will be conducted are shown below:

| Medicine Code | Targets | Indications | Pre Clinic | Phase I | Phase II | Phase II | NDA | Location of Clinical Trial | Segmentation Stage |
|---|---|---|---|---|---|---|---|---|---|
| JS001 (Toripalimab) | PD-1[1] | Melanoma (second-line treatment, monotherapy) | | Approved on 17 December 2018 | | | | China | NDA approved |
| | | Nasopharyngeal carcinoma (second-line treatment, monotherapy, pivotal trial)[2] | | Pivotal registered clinical trial | | | | China | Accepted for NDA |
| | | Urothelial carcinoma (second-line treatment, monotherapy, pivotal trial)[2] | | Pivotal registered clinical trial | | | | China | Accepted for NDA |
| | | Melanoma (first-line treatment, monotherapy) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Nasopharyngeal carcinoma (first-line treatment, combo with chemo) | | Pivotal registered clinical trial | | | | International multi-center | Recruited |
| | | Esophagus carcinoma (combo with chemo) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Triple negative breast carcinoma (combo with albumin-bound paclitaxel) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Hepatocellular carcinoma (monotherapy, postoperative adjuvant) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Hepatocellular carcinoma (first-line treatment, combo with Bevacizumab) | | Pivotal registered clinical trial | | | | China | Not yet recruited |
| | | Hepatocellular carcinoma (first-line treatment, combo with Lenvatinib) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Renal cell carcinoma (combo with Axitinib) | | Pivotal registered clinical trial | | | | China | Not yet recruited |
| | | EGFR negative non-small cell lung carcinoma (first-line treatment, combo with chemo) | | Pivotal registered clinical trial | | | | China | Recruited |
| | | EGFR mutated TKI failed terminal stage non-small cell lung carcinoma (combo with chemo) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Non-small cell lung carcinoma (neoadjuvant) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Extensive stage small cell lung carcinoma (combo with chemo) | | Pivotal registered clinical trial | | | | China | Recruiting |
| | | Gastric carcinoma (third-line treatment, monotherapy, pivotal trial) | | Pivotal registered clinical trial | | | | China | Not yet recruited |
| | | Solid tumors | | | | | | United States | Recruiting |

*Notes:*

1. For JS001, only pivotal registered trial and ongoing major clinical trials are listed.
2. Second-line treatment of nasopharyngeal carcinoma and second-line treatment of urothelial carcinoma have received conditional approval for Phase II pivotal clinical trial data, and no Phase III clinical trial is required upon approval.

***2. Recombinant humanized anti-TNF-α-monoclonal antibody for injection (product code: UBP1211, biosimilar of Humira)***

UBP1211 is a recombinant humanized anti-TNF-α-monoclonal antibody for injection that we jointly developed with Jiangsu T-mab BioPharma Co., Ltd, and is a biosimilar of Humira (adalimumab). NDA application to the NMPA has been accepted.

***3. Recombinant humanized anti-PCSK9 monoclonal antibody for injection (product code: JS002)***

JS002 is a recombinant humanized anti-PCSK9 monoclonal antibody for injection independently developed by us for the treatment of cardiovascular diseases. We are the first PRC company to obtain clinical trial approval for the target drug. We have completed the Phase I clinical trial with the clinical trial center Fuwai Hospital to test the safety and tolerability of JS002 on voluntary subjects. At present, the Phase II clinical trial has completed. Based on the obtained clinical research data, JS002 shows sound safety and tolerability profile. No serious adverse events (SAE) or any withdrawal due to adverse events (AE) are reported during the study. In terms of lowering LDL-C, JS002 shows a comparable lipid reduction and longer duration compared with products of the same target. Currently, the initiation of Phase III clinical studies with larger patient population are underway.

***4. Recombinant humanized anti-BTLA monoclonal antibody for injection (product code: TAB004/JS004)***

TAB004/JS004 is the world's first-in-human recombinant humanized anti-BTLA monoclonal antibody for injection specific to B- and T- lymphocyte attenuator (BTLA) independently developed by us and officially approved for clinical trial.

The application of the TAB004/JS004 treatment of advanced unresectable or metastatic solid tumors (including patients with lymphoma and PD-1 antibody resistance) was submitted to the FDA in March 2019, and obtained IND approval in the United States in April 2019. We commenced Phase I clinical trial and completed the dosing of the first patient in October 2019. At present, it has completed dose-escalation study and entered dose-expansion stage. TAB004/JS004 was also granted an IND approval from the NMPA in January 2020. We commenced Phase I clinical trial in China and completed the dosing of the first patient in April 2020. Currently, no other anti-tumor product with the same target in the world has entered the clinical stage.

### *5. Recombinant fully human anti-SARS-CoV-2 monoclonal antibody for injection (product code: JS016)*

JS016 is a recombinant fully human anti-SARS-CoV-2 monoclonal neutralizing antibody jointly developed by us and the IMCAS for the treatment and prevention of COVID-19. In May 2020, we entered into a research collaboration and license agreement with Lilly, and Lilly was granted an exclusive license to, among others, conduct research, develop and commercialize JS016 outside Greater China. Lilly has paid us an upfront fee of US$10 million, and upon achieving prescribed milestone events, will pay milestone payments of up to US$245 million for a particular derivative Junshi SARS-CoV-2 antibody or combination of derivative antibodies corresponding to the same anti-SARS-CoV-2 monoclonal antibody, plus double-digit royalties on the net sales of the product. In June 2020, JS016 was approved to enter the domestic Phase I clinical trial, and the enrollment of subjects in the Phase I clinical trial was completed in July 2020. The clinical trial was designed as a randomized, double-blind and placebo-controlled Phase I clinical study, aiming at evaluating the tolerability and safety of JS016 single-dose intravenous therapy among the healthy subjects. It was planned to recruit 40 healthy subjects (including both male and female) as the world's first novel coronavirus neutralizing antibody clinical trial in healthy subjects. We are conducting Phase Ib international multi-center clinical study for patients with mild/normal novel coronavirus pneumonia. And we expect to commence Phase II/III clinical studies for patients with severe and critical novel coronavirus pneumonia as soon as possible. At the same time, the Company will also conduct follow-up studies on groups who are at high risks of the novel coronavirus to evaluate the preventive effect of JS016 on novel coronavirus infection.


**Recombinant fully human anti-SARS-CoV-2 monoclonal antibody for injection**

## Business Review

At the beginning of 2020, the global novel coronavirus pandemic brought challenges to our overall operations to a certain extent. In the face of a public health crisis, we quickly took pandemic prevention measures to protect the safety of our employees and ensure medication supply for patients. At the same time, we tried our best to coordinate various departments to maintain normal operation, and strove to reduce project delays and capital losses. All our businesses basically resumed to normal in the second quarter of 2020. From January to June 2020, under the general environment where the global economy was affected by the pandemic and its performance was volatile, we still achieved revenue of RMB575 million, representing an increase of 86% compared with the same period last year. At the same time, we continued to increase the development of new drugs, and R&D investments expenses amounted to RMB709 million during the Reporting Period, representing a year-on-year increase of 92% compared with the corresponding period in 2019.

### *1. Significant clinical progresses in drug candidates*

During the Reporting Period, the following important clinical progresses were made in the candidates in the pipeline under research:

(1) In January 2020, the world's first anti-tumor BTLA monoclonal antibody (product code: TAB004/JS004) independently developed by us was approved by the NMPA for clinical trial, and the first patient was dosed in a Phase I clinical study in April 2020. TAB004/JS004 is our second candidate under research that has passed both the NMPA and the FDA Drug Clinical Trial Approval (IND) for independent research and development, with completely independent intellectual property rights. At present, no anti-tumor products with the same target has entered the clinical stage in China and overseas. Furthermore, TAB004/JS004 is expected to be used in combination with our independently developed Toripalimab to enhance the proliferation of tumor-specific T cells and the production of anti-tumor cytokines, and provide patients with more options for combined treatment.

(2) In April 2020, the NMPA approved the supplemental NDA in respect of Toripalimab as a treatment for patients with recurrent/metastatic NPC after failure of second-line and above systemic treatment. The supplemental NDA is the world's first NDA of anti-PD-1 monoclonal antibody for the treatment of recurrent/metastatic NPC. In addition, JUPITER-02 study (NCT03581786), a Phase III clinical study of Toripalimab injection combined with chemotherapy as a first-line treatment in patients with recurrent or metastatic NPC has completed the enrollment.

(3) In May 2020, the NMPA approved the supplemental NDA in respect of Toripalimab as a treatment for patients with locally advanced or metastatic UC who received previous treatment. This marked another milestone for Toripalimab, and our deployment of indications for "segmented areas" such as melanoma, NPC, and UC has entered a new stage. UC is the most common urinary system cancer worldwide. Surgery is the main treatment in the early stage. For patients with inoperable locally advanced or metastatic urothelial cancer, platinum-based chemotherapy is the standard first-line treatment. As the sensitivity of chemotherapy decreases, it will lead to tumor recurrence and disease progression. For patients with advanced urothelial cancer whose disease has progressed after such standard therapy, the current domestic treatment methods are very limited. It is expected that after the approval of the indication for urothelial cancer of Toripalimab, Toripalimab will provide more treatment options for patients with advanced urothelial cancer, and the market prospect is promising.

(4) The Phase Ⅲ pivotal registered clinical trial for Toripalimab combined with chemotherapy as a first-line treatment of EGFR negative NSCLC has completed the enrollment. The Group will apply for NDA to the NMPA once the trial is complete as soon as possible.

(5) During the Reporting Period, we also newly launched four pivotal clinical trials for the first-line treatment of liver cancer with Toripalimab in combo with Bevacizumab, the first-line treatment of liver cancer in combo with Lenvatinib, the treatment of renal cell carcinoma in combo with Axitinib, and the third-line monotherapy of gastric carcinoma.

(6) In May 2020, Phase I clinical trial of JS005 (recombinant humanized anti-IL-17A monoclonal antibody for injection) commenced in China and completed the dosing of the first subject. At present, the Phase I clinical study has completed random enrollment. In preclinical studies, JS005 has shown efficacy and safety comparable to those of marketed anti-IL-17 monoclonal antibodies. Preclinical study data fully shows that the recombinant humanized anti-IL-17A monoclonal antibody has a clear target, definite efficacy, good safety, stable production process, and controllable product quality.

(7) In June 2020, JS016 (recombinant fully human anti-SARS-CoV-2 monoclonal antibody for injection) jointly developed by us and the IMCAS completed the first case of administration to healthy subjects, and completed the administration to all subjects in Phase I clinical trial in China in July 2020. The research and development progress of JS016 as the first novel coronavirus neutralizing antibody to enter clinic stage in China is at global leading level. JS016 has also demonstrated good neutralizing activity and blocking ability in preclinical trial in vitro and in vivo experiments in rhesus monkeys, reflecting its potential for treatment and prevention against the novel coronavirus.

### *2. Increasing R&D investments with breakthrough results*

In terms of innovative drug R&D, our R&D investments continuously increased during the Reporting Period by 92% compared to the same period in 2019, and accounted for 123% of our operating revenue, which strongly supported the R&D for our innovative drugs projects. As at 30 June 2020, the Group owned 61 granted patents, of which 51 were domestic patents and 10 were overseas patents.

During the Reporting Period, a number of important academic papers related to the Company's products were published:

| No. | Product name | Periodical name | Abstract |
|---|---|---|---|
| 1 | JS001 (Toripalimab) | Clinical Cancer Research, IF 10.107 | In February 2020, the first Chinese population study data of Toripalimab for neuroendocrine neoplasms after failure of standard therapy was published online in Clinical Cancer Research. The study showed that Toripalimab is promising in treating neuroendocrine neoplasms. |

| No. | Product name | Periodical name | Abstract |
|---|---|---|---|
| 2 | JS001 (Toripalimab) | Clinical Cancer Research, IF 10.107 | In April 2020, the study results of POLARIS-01, which evaluated the safety and efficacy of Toripalimab in the treatment of advanced melanoma, were published online by Clinical Cancer Research, an international authoritative journal in the field of oncology research. The results of the study showed that Toripalimab demonstrated durable clinical response and a manageable safety profile in the treatment of advanced melanoma; in terms of anti-tumor activity, among the 127 patients assessed, the objective response rate (ORR) was 17.3%, and the disease control rate (DCR) was 57.5%, with long-lasting efficacy, and after more than 2 years of follow-up, the median duration of response (DOR) was not reached; in terms of survival benefit, the median progression-free survival (PFS) was 3.6 months, and the median overall survival (OS) was 22.2 months; in terms of biomarker exploration, patients with melanoma with positive PD-L1 expression benefited well from the treatment. |
| 3 | JS016 (recombinant fully human anti-SARS-CoV-2 monoclonal antibody for injection) | Nature, IF 43.070 | In May 2020, Nature, an international authoritative journal, published an online paper about the preclinical study results of neutralizing antibodies jointly developed by the Company and the IMCAS. The study discovered two specific human monoclonal neutralizing antibodies demonstrating potent SARS-CoV-2-specific neutralization activity. Among them, the antibody termed CB6 significantly inhibited virus infection in rhesus monkey animal experiments, showing effective treatment and prevention results, and deserves for translation to the clinic. |

### *3. New product pipeline layout focusing in the field of anti-infective therapy*

In March 2020, we jointly developed a novel coronavirus neutralizing antibody (JS016) in cooperation with the IMCAS. JS016 is a recombinant fully human monoclonal neutralizing antibody that is specific to the SARS-CoV-2 surface spike protein receptor binding domain and can effectively block the binding of viruses to host cell surface receptor ACE2. It is generally believed in the domestic and overseas scientific communities that neutralizing antibodies have the potential to fight against the COVID-19. In May 2020, we entered into a research collaboration and license agreement with Lilly, and Lilly was granted an exclusive license to conduct research, development and commercialization of JS016 outside Greater China. JS016 completed the administration to all subjects in Phase I clinical trial in China in July 2020. We are conducting Phase Ib international multi-center clinical study for patients with mild/normal novel coronavirus pneumonia. And we expect to conduct Phase II/III clinical studies for patients with severe and critical novel coronavirus pneumonia as soon as possible. At the same time, the Company will also conduct follow-up studies on groups who are at high risks of the novel coronavirus to evaluate the preventive effect of JS016 on novel coronavirus infection. The research and development progress of JS016 as the first novel coronavirus neutralizing antibody to enter clinic stage in China was at a global leading level, and its clinical trial in the United States were also launched in the second quarter of 2020. If vaccines or neutralizing antibodies are successfully developed, they will supplement the deficiencies of existing preventive and therapeutic measures and meet global immunization and clinical needs.

### *4. Listing on the STAR Market enhancing the capital operation capabilities of the Company*

During the Reporting Period, in order to optimize the capital structure, focus more on the development of the main business, improve operating efficiency, increase our investment in technology research and development, and better serve technological innovation, we made every effort to prepare for the listing of A shares on the STAR Market of the Shanghai Stock Exchange. The A Shares were successfully listed on the STAR Market on 15 July 2020. The proceeds will be used for clinical research of innovative drugs: including domestic and overseas research and development of the JS004 project, follow-up domestic clinical research and development of JS001 and other early-stage project preclinical research; and the construction of a large-scale monoclonal antibody drug production base in Shanghai Lingang. After the projects financed by the proceeds are completed, our production capacity will be greatly increased, and our innovative drug research and development results will be transformed into biologics drug formulation that can be supplied to the market on a large scale, which will help us maintain rapid growth and a competitive advantage.

## Future and Prospects

With strong R&D capabilities, we are at the forefront of medical innovation. In the aspect of R&D of drugs, with the focus on the development of macromolecular drugs, we will continue to track and conduct exploratory research on potential targets suitable for the development of macromolecular drugs on the basis of accelerating the R&D and commercialization progress of pipelines in order to develop new drugs. Meanwhile, we will invest appropriate resources in the field of small molecule R&D to explore and develop new drug targets, and carry out exploratory research in the field of cell therapy and tumor vaccines. 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 reduce production costs. In the aspect of commercialization, we will continue to improve the establishment of marketing and commercialization teams. The Company is committed to becoming an innovative biopharmaceutical company with global competitiveness, integrating R&D, production and commercialization, and benefiting patients with world-class and trustworthy biological drugs with original innovation.

## Financial Review

### *1. Revenue*

Total revenue was RMB575 million in the first half year of 2020, among which:

a. Sales of Toripalimab was RMB426 million, out of which RMB254 million was generated in the second quarter of 2020, representing recovery from the sudden pandemic outbreak in early 2020. Gross margin went to 90% due to capacity utilization and productivity improvement; and

b. Sub-licensing income and service income was RMB144 million. The Group entered into a research collaboration and license agreement with Lilly and granted Lilly a license to conduct research, development and commercialization of JS016 (a recombinant fully human anti-SARS-CoV-2 monoclonal antibody injection), an innovative drug for the treatment and prevention of COVID-19 in May 2020.

### *2. Other Income*

| | For the six months ended 30 June | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest income from bank and time deposits | **6,155** | 11,815 |
| Government grants *(Note)* | **4,079** | 708 |
| | **10,234** | 12,523 |

*Note:* Government grants include subsidies from the PRC government which are specifically for (i) the capital expenditure incurred for plant and machinery, which are recognised as income over the useful life of the related assets; (ii) the incentive and other subsidies for research and development activities, which are recognised as income upon meeting specific condition; and (iii) the incentives which have no specific conditions attached to the grants.

### *3. R&D Expenses*

Our R&D expenses mainly include clinical trial expenses, preclinical study costs, reagents and consumables, staff salary and welfare and depreciation and amortization.

For the six months ended 30 June 2019 and 30 June 2020, we incurred R&D expenses in the amount of approximately RMB369 million and RMB709 million, respectively. The significant increase in our R&D expenses was mainly due to (i) increases in clinical trial expenses and preclinical study costs, as we initiated a number of preclinical research and clinical trials for several new indications and accelerated the progress of clinical trials; (ii) increases in license-in and collaboration research development; and (iii) increases in our staff salary and welfare for R&D personnel, which was primarily due to the increase in the number of our R&D projects.

### *4. Selling and Distribution Expenses*

Our selling and distribution expenses mainly include selling staff costs, marketing and promotion activities and travelling cost.

For the six months ended 30 June 2019 and 30 June 2020, our selling and distribution expenses were RMB111 million and RMB228 million, respectively. The significant increase in our selling and distribution expenses was mainly due to implementation of marketing activities and sales force expansion to enhance market share.

### *5. Administrative Expenses*

Our administrative expenses mainly include administrative staff cost, office administration expenses, depreciation and amortization and audit and consultancy fees.

For the six months ended 30 June 2019 and 30 June 2020, our administrative expenses were RMB93 million and RMB144 million, respectively. The significant increase was mainly due to (i) new hiring; and (ii) increased office administration expenses in line with business expansion.

### *6. Liquidity and Capital Resources*

As at 30 June 2020, our bank and cash balances decreased to RMB676 million from RMB1,214 million as at 31 December 2019. The decrease was mainly due to (i) investment in ongoing R&D projects, new R&D collaboration and license-in projects; (ii) investment in and acquisition of companies in the pharmaceutical sector; and (iii) investment in the production bases especially the Lingang Production Base.

## *7. Non-IFRS Measures*

To supplement the Group's condensed consolidated financial statements which are prepared in accordance with the International Financial Reporting Standards ("**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 fair value changes of convertible loan notes, share-based payment expenses, net exchange losses, and listing expenses), as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the non-IFRS financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these non-IFRS financial measures in assessing the Group's financial performance by eliminating the impacts of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS financial results on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

*Non-IFRS adjusted total comprehensive expenses for the period*

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| IFRS total comprehensive expense for the period | **(593,273)** | (289,347) |
| Add: | | |
| Loss on fair value changes of convertible loan notes measured at FVTPL | **–** | (24,419) |
| Listing expense | **817** | – |
| Share-based payment expenses | **3,222** | 6,166 |
| Net exchange losses | **469** | 33,949 |
| Adjusted total comprehensive expense for the period | **(588,765)** | (273,651) |

## *8. Global Offering and Use of Proceeds*

The total proceeds from the issue of new H Shares by the Company in its listing of H shares on the Hong Kong Stock Exchange ("**H Share Listing**") (after deducting the underwriting fees and related listing expenses) amounted to approximately RMB3,003 million and the balance of unutilized net proceeds was approximately RMB320 million as at 30 June 2020 (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 of the Company dated 11 December 2018 (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.

On 28 August 2020, the Board of Directors resolved to further revise the allocation of the remaining Unutilized Proceeds. Further details are set out in the announcement of the Company dated 28 August 2020 in relation to, among other things, the change in use of proceeds from the H Share Listing.

The table below sets out the planned applications of the net proceeds, the actual usage up to 30 June 2020 and the revised allocation of the use of the remaining Unutilized Proceeds.

| Planned Usage | Planned use of proceeds as disclosed in the Prospectus | | Planned use of proceeds as disclosed in the 2019 Annual Results (including amount already utilized as at 31 December 2019) | | Utilized IPO Proceeds up to 30 June 2020 | Unutilized Proceeds up to 30 June 2020 | Revised allocation of the Unutilized Proceeds | | Expected timeline for application of the Unutilized Proceeds [(Note 4)] |
|---|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *% of total IPO Proceeds* | *RMB'000* | *% of total IPO Proceeds* | *RMB'000* | *RMB'000* | *RMB'000* | *% of total IPO Proceeds* | |
| The R&D and commercialization of the Group's drug candidates | 1,952,203 | 65% | 2,162,440 | 72% | 2,086,005 | 76,435 | 286,672 | 79% | Expected to be fully utilized by 31 December 2021 |
| The R&D and commercialization of the Group's Core Product, JS001 | 1,201,356 | 40% | 1,201,356 | 40% | 1,186,895 | 14,461 | 104,562 | 43% | Expected to be fully utilized by 31 December 2021 |
| The R&D of the Group's other drug candidates to fund clinical trials worldwide, including JS004, etc. [(Note 1a)] | 480,542 | 16% | 480,542 | 16% | 466,621 | 13,921 | 134,057 | 20% | Expected to be fully utilized by 31 December 2021 |
| The construction of, acquisition of facilities for and settlement of start- up costs on the Lingang Site and the Wujiang Site [(Note 1b)] | 270,305 | 9% | 480,542 | 16% | 432,489 | 48,053 | 48,053 | 16% | Expected to be fully utilized by 31 December 2021 |

| Planned Usage | Planned use of proceeds as disclosed in the Prospectus | | Planned use of proceeds as disclosed in the 2019 Annual Results (including amount already utilized as at 31 December 2019) | | Utilized IPO Proceeds up to 30 June 2020 | Unutilized Proceeds up to 30 June 2020 | Revised allocation of the Unutilized Proceeds | | Expected timeline for application of the Unutilized Proceeds [Note 4] |
|---|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *% of total IPO Proceeds* | *RMB'000* | *% of total IPO Proceeds* | *RMB'000* | *RMB'000* | *RMB'000* | *% of total IPO Proceeds* | |
| 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% | 303,478 | 237,132 | 26,895 | 11% | 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% | 326,849 [Note 3] | 6,286 [Note 3] | 6,286 | 10% | Expected to be fully utilized by 31 December 2021 |
| **Total** | **3,003,389** | **100%** | **3,003,389** | **100%** | **2,716,332** | **319,853** [Note 3] | **319,853** | **100%** | |

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

3. The sum of proceeds includes interests of RMB33 million generated from bank savings accounting in which the IPO proceeds have been deposited.

4. 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.

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2020*

| | | For the six months ended 30 June | |
|---|---|---|---|
| | | **2020** | 2019 |
| | *NOTES* | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| Revenue | *3* | **574,932** | 309,306 |
| Cost of sales | | **(90,496)** | (40,579) |
| Gross profit | | **484,436** | 268,727 |
| Other income | | **10,234** | 12,523 |
| Other gains and losses | | **22,090** | (9,468) |
| Impairment loss in respect of trade and other receivables under expected credit loss model, net of reversal | | **(44)** | 750 |
| Research and development expenses | | **(708,912)** | (368,737) |
| Selling and distribution expenses | | **(228,170)** | (110,687) |
| Administrative expenses | | **(144,014)** | (93,315) |
| Share of losses of associates | | **(3,020)** | (160) |
| Other expenses | | **(22,005)** | (9,324) |
| Finance costs | | **(10,109)** | (8,697) |
| Loss before tax | | **(599,514)** | (318,388) |
| Income tax credit | *4* | **1,615** | 28,889 |
| Loss for the period | | **(597,899)** | (289,499) |
| **Other comprehensive income for the period** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **4,626** | 152 |
| Total comprehensive expense for the period | | **(593,273)** | (289,347) |

| | NOTE | For the six months ended 30 June | |
|---|---|---|---|
| | | **2020** | 2019 |
| | | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Loss for the period attributable to:** | | | |
| – Owners of the Company | | **(597,899)** | (289,189) |
| – Non-controlling interests | | **–** | (310) |
| | | **(597,899)** | (289,499) |
| **Total comprehensive expense for the period attributable to:** | | | |
| – Owners of the Company | | **(593,273)** | (289,037) |
| – Non-controlling interests | | **–** | (310) |
| | | **(593,273)** | (289,347) |
| **Loss per share** | 6 | | |
| – Basic (RMB yuan) | | **(0.76)** | (0.37) |
| – Diluted (RMB yuan) | | **(0.76)** | (0.37) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 30 JUNE 2020*

| | *NOTES* | **As at 30 June 2020** ***RMB'000*** **(Unaudited)** | As at 31 December 2019 *RMB'000* (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,026,147** | 1,827,868 |
| Right-of-use assets | | **198,715** | 179,518 |
| Other intangible assets | | **6,486** | 6,291 |
| Interests in associates | | **68,204** | 71,224 |
| Interest in a joint venture | | **1,022** | 1,022 |
| Deferred tax assets | | **22,205** | 20,590 |
| Other assets, prepayments and other receivables | | **330,820** | 335,466 |
| Other financial assets | | **103,416** | 69,345 |
| | | **2,757,015** | 2,511,324 |
| **Current assets** | | | |
| Inventories | | **274,497** | 180,666 |
| Trade receivables | *7* | **241,315** | 157,416 |
| Other assets, prepayments and other receivables | | **616,949** | 352,163 |
| Other financial assets | | **17** | 17 |
| Restricted bank deposits | | **–** | 6,828 |
| Bank balances and cash | | **676,284** | 1,214,026 |
| | | **1,809,062** | 1,911,116 |
| **Current liabilities** | | | |
| Trade and other payables | *8* | **964,513** | 514,639 |
| Borrowings | *9* | **349,919** | 76,891 |
| Lease liabilities | | **22,034** | 13,846 |
| | | **1,336,466** | 605,376 |
| **Net current assets** | | **472,596** | 1,305,740 |
| **Total assets less current liabilities** | | **3,229,611** | 3,817,064 |

| | NOTES | **As at 30 June 2020 *RMB'000* (Unaudited)** | As at 31 December 2019 *RMB'000* (Audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Borrowings | *9* | **720,000** | 744,896 |
| Deferred income | | **66,842** | 56,320 |
| Lease liabilities | | **43,894** | 27,332 |
| | | **830,736** | 828,548 |
| **Net assets** | | **2,398,875** | 2,988,516 |
| **Capital and reserves** | | | |
| Share capital | *10* | **784,147** | 784,147 |
| Reserves | | **1,614,731** | 2,204,372 |
| Equity attributable to owners of the Company | | **2,398,878** | 2,988,519 |
| Non-controlling interests | | **(3)** | (3) |
| **Total equity** | | **2,398,875** | 2,988,516 |

## 1. GENERAL

Shanghai Junshi Biosciences Co., Ltd. (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 27 December 2012 and converted into a joint stock company with limited liability in May 2015. In August 2015, the Company's domestic shares became listed on the National Equities Exchange and Quotations ("**NEEQ**") (stock code 833330). On 24 December 2018, the Company's H shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code 1877). The Company's domestic shares were delisted on the NEEQ since 8 May 2020, and were converted into A shares and listed on the Science and Technology Innovation Board ("**STAR Market**") on 15 July 2020 (stock code: 688180). Its ultimate controlling party is Mr. Xiong Jun, who is also the chairman and executive director of the Company. The registered address of the Company is 13th floor, Building 2, Nos. 36, 58, Haiqu Road, China (Shanghai) Pilot Free Trade Zone, the PRC and principal place of business in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622) of the Company is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except the additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

**Accounting Policy newly applied by the Group**

***Revenue from contracts with customers – Sub-licensing income***

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

***Revenue from contracts with customers – Provision of research and development service***

Revenue is recognised at a point of time when performance obligation is completed and the Group has a present right to payment for the services performed.

***Variable consideration***

For sub-licensing income that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

**Application of amendments to IFRSs**

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and 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 2020 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to IAS 1 and IAS 8 | Definition of Material |
| Amendments to IFRS 3 | Definition of a Business |
| Amendments to IFRS 9, IAS 39 and IFRS 7 | Interest Rate Benchmark Reform |

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

**2.1 Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"**

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the applications of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

## 3. REVENUE AND SEGMENT INFORMATION

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Sales of pharmaceutical products | **430,694** | 308,341 |
| Sub-licensing income *(Note i)* | **70,956** | – |
| Service income *(Note ii)* | **73,282** | 965 |
| | **574,932** | 309,306 |

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.

*Notes:*

(i) For the period ended 30 June 2020, the Group entered into a license agreement with an independent third party ("**Licensor**"), under which the Group obtained a worldwide exclusive and sub-licensable right to develop, manufacture and commercialise of a potential therapeutic antibodies product. The Group subsequently entered into sub-licence agreement with independent third party ("**Licensee**") for the right to develop, manufacture and commercialise that potential product in the territory other than the PRC. The Group received upfront fee of USD10,000,000 (equivalent to RMB70,956,000) as at 30 June 2020 and the Group may receive milestone payments up to an aggregate USD245,000,000. As at 30 June 2020, the Group has completed the agreed scope of service with the Licensee and passed the research materials to the Licensee for its Investigational New Drug (the "**IND**") filing, which was completed as at 30 June 2020. The Group has fulfilled the performance obligation at a point in time and therefore, the upfront payment is recognised as sub-licensing income during the period ended 30 June 2020.

(ii) Following the sub-licensing arrangement mentioned at above note (i), the Group also provided research and development services to the Licensee for its IND filing. The consideration of the research and development services are USD10,328,000 (equivalent to RMB73,282,000). As at 30 June 2020, the Group has fulfilled the performance obligation of the research and development services at a point in time and therefore, the full amount is recognised as service income during the period ended 30 June 2020.

## 4. INCOME TAX CREDIT

| | For the six months ended 30 June | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax | **–** | – |
| Underprovision in prior year: | | |
| United States Corporate Income Tax | **–** | (408) |
| | **–** | (408) |
| Deferred tax | **1,615** | 29,297 |
| | **1,615** | 28,889 |

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.

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

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

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

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

## 5. 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.

## 6. LOSS PER SHARE

### (a) Basic

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss for the period attributable to owners of the Company for the purpose of basic loss per share | **(597,899)** | (289,189) |

| | For the six months ended 30 June | |
|---|---|---|
| | **2020** | 2019 |
| | **(Unaudited)** | (Unaudited) |
| Weighted average number of ordinary shares for the purpose of basic loss per share | **784,146,500** | 783,092,953 |

### (b) Diluted

The Company issued the convertible loan notes on 23 February 2018. For the purpose of calculation of diluted loss per share for the period ended 30 June 2019, it did not assume the conversion of the convertible loan notes since their assumed conversion would result in a decrease in loss per share. The convertible loan notes had been redeemed subsequent to the period ended 30 June 2019, therefore, no impact to the calculation of diluted loss per share for the period ended 30 June 2020.

The Company granted share options on 14 May 2018 and over-allotment option as per underwriting agreement entered on 16 December 2018. The over-allotment options was exercised in January 2019. The computation of diluted loss per share for the period ended 30 June 2019 does not assume the exercise of the Company's outstanding share options and over-allotment share option since their assumed exercise would result in a decrease in loss per share. The computation of diluted loss per share for the period ended 30 June 2020 does not assume the exercise of the Company's outstanding share options as their assumed exercise would result in a decrease in loss per share.

## 7. TRADE RECEIVABLES

The Group allows an average credit period from 30 to 60 days (2019: 30 to 45 days) to its trade customers.

The following is an analysis of trade receivables by age (net of loss allowance) presented based on invoice dates at the end of the reporting period.

| | **As at 30 June 2020** ***RMB'000*** **(Unaudited)** | As at 31 December 2019 *RMB'000* (Audited) |
|---|---|---|
| 0 to 30 days | **115,487** | 96,647 |
| 31 to 90 days | **117,197** | 60,235 |
| 91 to 180 days | **8,631** | 534 |
| | **241,315** | 157,416 |

## 8. TRADE AND OTHER PAYABLES

| | **As at 30 June 2020** ***RMB'000*** **(Unaudited)** | As at 31 December 2019 *RMB'000* (Audited) |
|---|---|---|
| Trade payables | **64,540** | 74,616 |
| Accrued expenses in respect of | | |
| – construction cost of properties under construction | **91,868** | 112,561 |
| – research and development expenses *(Note)* | **236,562** | 98,621 |
| – selling and distribution expenses | **9,967** | 14,919 |
| – others | **29,095** | 42,948 |
| Salary and bonus payables | **105,238** | 113,311 |
| Other tax payables | **8,628** | 10,409 |
| Payables for issue costs | **348,793** | 13,565 |
| Other payables | **69,822** | 33,689 |
| | **964,513** | 514,639 |

*Note:* Amount included service fees paid to outsourced service providers including contract research organisations and clinical trial sites.

Payment terms with suppliers are mainly with credit term of 15 to 60 days (2019: 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 2020** ***RMB'000*** **(Unaudited)** | As at 31 December 2019 *RMB'000* (Audited) |
|---|---|---|
| 0 to 30 days | **48,836** | 58,726 |
| 31 to 60 days | **6,679** | 2,946 |
| 61 to 180 days | **4,013** | 11,426 |
| Over 180 days | **5,012** | 1,518 |
| | **64,540** | 74,616 |

## 9. BORROWINGS

| | **As at 30 June 2020** ***RMB'000*** **(Unaudited)** | As at 31 December 2019 *RMB'000* (Audited) |
|---|---|---|
| Bank borrowings | | |
| – secured | **801,161** | 746,085 |
| – unsecured | **268,758** | 75,702 |
| | **1,069,919** | 821,787 |
| The maturity profile of bank borrowings is as follows: | | |
| – within one year | **349,919** | 76,891 |
| – within a period of more than one year but not exceeding five years | **720,000** | 744,896 |
| | **1,069,919** | 821,787 |
| Less: amount due within one year shown under current liabilities | **(349,919)** | (76,891) |
| Amount shown under non-current liabilities | **720,000** | 744,896 |

The bank borrowings carry fixed interest rate at 4.35% to 5.23% per annum (2019: Ranged from 4.35% to 5.23% per annum).

## 10. SHARE CAPITAL

| | **Total number of shares** | **Amount** *RMB'000* |
|---|---|---|
| Registered, issued and fully paid at RMB1.0 per share: | | |
| At 1 January 2019 (Audited) | 760,310,000 | 760,310 |
| H shares issued upon over-allotment options exercised *(Note)* | 23,836,500 | 23,837 |
| At 30 June 2019 (Unaudited), 31 December 2019 (Audited) and 30 June 2020 (Unaudited) | 784,146,500 | 784,147 |

*Note:* On 9 January 2019, the Company issued 23,836,500 new H shares at HK$19.38 (equivalent to RMB16.94) per share for a total gross proceeds of HK$461,951,000 (equivalent to RMB403,838,000) from the exercise of over-allotment options from initial public offering of the Company on the Stock Exchange. The proceeds of RMB23,836,500 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of RMB380,001,500 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.

## ISSUE OF A SHARES AND LISTING ON THE STAR MARKET OF THE SHANGHAI STOCK EXCHANGE

The Company was successfully listed on the STAR Market of the Shanghai Stock Exchange (the "**STAR Market Listing**") on 15 July 2020. The Company issued 87,130,000 new ordinary shares ("**A Shares**") at the issue price of RMB55.50 per A Share, and raised approximately RMB4,836 million from the STAR Market Listing. After deducting the issuance expenses, the net proceeds raised amounted to approximately RMB4,497 million and will be mainly applied towards the research and development projects of innovative drugs, the Junshi Biotechnology Industrialization Lingang Project and repayment of bank loans and replenishment of liquidity.

As approved by the shareholders of the Company (the "**Shareholders**") at the 2020 secondary extraordinary general meeting of the Company held on 19 June 2020, certain senior management and core employees of the Company, including certain Directors (who were connected persons of the Company), participated in the strategic allotment of the issue of A Shares through a collective management plan and a total of 4,645,421 A Shares were issued to such collective management plan. Details of the above connected transaction are set out in the Company's announcements dated 27 May 2020 and 1 July 2020 and circular dated 27 May 2020.

The Company's domestic shares were delisted from the National Equities Exchange and Quotations since 8 May 2020, and were converted into A Shares and listed on the STAR Market on 15 July 2020.

## DIS-APPLICATION OF RULES 18A.09 TO 18A.11 OF THE HONG KONG LISTING RULES

The Company was a biotechnology company which listed its H shares (the "**H Shares**") on the Main Board of the Hong Kong Stock Exchange on 24 December 2018 under Chapter 18A of the Hong Kong Listing Rules. As the Company had satisfied the market capitalization/revenue test under Rule 8.05(3) of the Hong Kong Listing Rules, the Company applied to the Hong Kong Stock Exchange pursuant to Rule 18A.12 of the Hong Kong Listing Rules, and the Hong Kong Stock Exchange granted approval on 9 July 2020, for the dis-application of Rules 18A.09 to 18A.11 of the Hong Kong Listing Rules to the Company. The "B" marker ceased to be affixed to the Company's stock name and stock short name from 15 July 2020. For further details, please refer to the Company's announcements dated 10 July 2020 and 13 July 2020.

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In July 2020, the recombinant humanized anti-Trop2 monoclonal antibody-Tub196 conjugate for injection (project code: JS108), a product of the Company, obtained the Clinical Trial Approval (《藥物臨床試驗批准通知書》) issued by the NMPA. Further details are set out in the Company's announcement dated 21 July 2020.

In July 2020, the Company entered into a research collaboration and license agreement with Revitope to collaborate in the research and development of the next-generation of T-cell engaging cancer immunotherapies that utilize Revitope's proprietary dual-antigen targeting technology platform together with the Company's antibody technology platform. Further details are set out in the Company's announcement dated 14 July 2020.

In August 2020, the Company and IMPACT Therapeutics entered into a joint venture agreement for the formation of a JV Company. The JV Company will mainly engage in the R&D and commercialization of small molecule anti-tumour drugs. IMPACT Therapeutics will contribute for its equity interests by way of injection of a PARP inhibitor Senaparib (IMP4297) as an asset within mainland China, Hong Kong and the Macau Special Administrative Regions. The Company and IMPACT Therapeutics will each own 50% equity interests in the JV Company. Both parties will cooperate in conducting clinical trials, manufacturing, and commercialization preparations for various indications of the IMP4297 project within the above territory. Further details are set out in the Company's announcements dated 20 August 2020 and 26 August 2020.

In August 2020, the collaboration R&D project between the Company and Lily has reached a milestone in the territory of Lilly. The key milestone is expected to bring USD20 million of sub-licensing income to the Company in the third quarter of 2020.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As disclosed in the paragraph headed "ISSUE OF A SHARES AND LISTING ON THE STAR MARKET OF THE SHANGHAI STOCK EXCHANGE" above, the Company issued 87,130,000 new A Shares in its STAR Market Listing on 15 July 2020. 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.

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

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

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

At the Company's 2020 first extraordinary general meeting held on 3 February 2020, the Shareholders passed a special resolution in relation to the amendments of the Articles of Association of the Company (the "**Articles of Association**"). The amendments were in relation to the convening of the general meetings of the Company. The amended Articles of Association became effective on 3 February 2020. For further details of the said amendments to the Articles of Association, please refer to the Company's circular dated 3 December 2019.

At the Company's 2018 annual general meeting, 2019 first class meeting of domestic shareholders and 2019 first class meeting of H shareholders held on 17 June 2019, the Shareholders passed special resolutions in relation to the amendments of the Articles of Association in connection with the STAR Market Listing. The amended Articles of Association became effective upon the completion of the STAR Market Listing on 15 July 2020. For further details of the said amendments to the Articles of Association, please refer to the Company's supplemental circular dated 27 May 2019.

## CHANGES IN THE BOARD AND BOARD COMMITTEES DURING THE REPORTING PERIOD

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

Dr. He Jia – *resigned as an independent non-executive Director, chairman of each of the audit committee of the Company (the "**Audit Committee**") and the remuneration and appraisal committee of the Company (the "**Remuneration and Appraisal Committee**") and member of the strategic committee of the Company (the "**Strategic Committee**") on 26 April 2020; effective on 19 June 2020*

Mr. Zhang Chun – *appointed as an independent non-executive Director, chairman of each of the Audit Committee and the Remuneration and Appraisal Committee and member of the Strategic Committee on 19 June 2020, effective on the same day*

Mr. Chen Xinjun – *resigned as an independent non-executive Director, chairman of the nomination committee of the Company, and member of each of the Audit Committee and the Remuneration and Appraisal Committee on 24 July 2020; to be effective upon the appointment of a new independent non-executive Director by the Shareholders at a general meeting of the Company*

## 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 Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period. 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.

## AUDIT COMMITTEE

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

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

## REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2020 have not been audited, but have been reviewed by the Audit Committee.

## INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the Reporting Period.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT FOR THE REPORTING PERIOD

This interim results announcement has been published on the websites of the Company (www.junshipharma.com), the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Shanghai Stock Exchange (http://www.sse.com.cn), and the interim report for the Reporting Period containing all the information required by the Hong Kong Listing Rules will be despatched to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

## RISK FACTORS

### *1. Risk of R&D of new drugs*

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 after-sales supervision. Any of the above stages is subject to the risk of failure. The Company will strengthen our forward-looking strategic research, and determine the direction of new drug R&D according to the needs of clinical drug use. The Company will also formulate reasonable new drug technology solutions, continuously increase the investment in R&D of new drugs, and launch R&D projects for new drugs with prudence. In particular, the Company implements phase-based assessment on drug candidates in the course of R&D. If it is found that the expected result cannot be achieved, the subsequent R&D of such product will be terminated at once, so as to minimize the R&D risks of new drugs.

### *2. Risk of short-term unprofitability*

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

Toripalimab, the first product of the Company in the market, has officially commenced sales since 2019. With the steady progress of clinical trial for more indications of Toripalimab and the accelerated development of other drug candidates, the official sales of our first drug will further improve the Company's financial position and help create the conditions for the Company to turn around as soon as possible.

### *3. Risks related to market regulations and policies*

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

The Company always takes "innovation" as our driving force. Except for UBP1211 and JS501 which are biosimilars, the other 19 drug candidates are all first-class new drugs. In response to the above-mentioned industry and policy risks, the Company will adapt to changes in external policies, continue to improve our innovation capabilities and our ability to continuously develop new products, increase our R&D investments, accelerate the process of innovative drugs entering clinical trial and the market, and respond to challenges with innovation. On this basis, the Company will further expand our production capacity, and reduce the unit cost of our products, so as to address the price reduction of drugs. At the same time, we will adhere to compliance with the laws and regulations and adapt our business operations to changes in regulatory policies, so as to prevent policy risks.

### *4. Risk of R&D technical services and raw materials supply*

The Company's business operations require a large number of R&D technical services and raw materials supply. Currently, the relationship between the Company and existing suppliers are stable. If the price of R&D technical services or raw materials rises sharply, the Company cannot guarantee that the price of drugs can be increased after commercialization to make up for the rising costs, and the Company's profitability may hence 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, and there is the possibility of reducing or terminating the supply of the Company's R&D services and raw materials. If such R&D technical services or the supply of raw materials are disrupted, the Company's business operations and financial position may be adversely affected. Also, the Company's raw materials are mainly imported, directly or indirectly. If there are significant changes in the international trade situation, it may have a certain impact on the Company's production and operation.

### *5. Risks associated with the COVID-19 pandemic*

In the first quarter of 2020, the global outbreak of COVID-19 pandemic adversely affected the normal operation of every industry. On one hand, although the Company's major business operations are not at the center of the pandemic, and Toripalimab, which has been approved for marketing, is not a type of drug directly affected by the pandemic, the progress of the Company's clinical trial projects has been delayed to a certain extent, and the production and sales of Toripalimab Injection (trade name: 拓益(TUOYI®)), our core product, is affected to some extent due to the factors such as healthcare resources tilting towards the prevention and control of COVID-19, the need for prevention and control of the pandemic, and the public anxiety about the pandemic. On the other hand, the novel coronavirus neutralizing antibody

JS016 jointly developed by the Company in cooperation with the IMCAS is currently in the clinical trial stage. As the clinical trial process is complicated and the launch cycle of the final product is long, the Company cannot guarantee that such product will pass the large-scale clinical trial in the future and be marketed. In addition, large pharmaceutical companies and research institutions around the world are actively developing therapeutic products and vaccine products against the COVID-19. If our competitors launch their products ahead of the Company or make breakthroughs in their products, the progress of the Company's JS016 products will be affected. In the second quarter of 2020, the Company's production, operation and research and development have returned to normal.

**A warning and explanation on the prediction that the accumulated net profit from the beginning of the year to the end of the next reporting period may turn into loss or change significantly as compared to the same period last year**

As the Company has focused on R&D of drugs since our establishment, we have incurred large R&D expenses for several consecutive years. In addition, the Company's first product has just commenced sales since February 2019, and our sales revenue cannot make up for the expenses such as R&D expenses. It is expected that the Company will still record a loss from the beginning of the year to the end of the next reporting period.

## FINANCIAL STATEMENTS PREPARED UNDER CHINA ACCOUNTING STANDARDS ("CAS")

The following financial information is extracted from the Company's 2020 interim report published on the website of the Shanghai Stock Exchange, which is prepared in accordance with the PRC Generally Accepted Accounting Principles.

### Consolidated balance sheet

*30 June 2020*

*Unit: Yuan Currency: RMB*

| Item | 30 June 2020 | 31 December 2019 |
|---|---|---|
| **Current assets:** | | |
| Cash and bank balances | **676,283,671.07** | 1,220,853,588.61 |
| Held-for-trading financial assets | **16,894.77** | 16,696.16 |
| Notes receivable | **2,073,600.00** | |
| Accounts receivable | **239,621,216.77** | 163,210,266.97 |
| Prepayments | **259,247,004.03** | 297,742,486.41 |
| Other receivables | **7,690,819.41** | 9,696,696.56 |
| Inventories | **274,497,316.81** | 180,665,713.58 |
| Other current assets | **349,630,968.84** | 38,930,814.57 |
| Total current assets | **1,809,061,491.70** | 1,911,116,262.86 |
| **Non-current assets:** | | |
| Long-term equity investments | **69,225,703.12** | 72,245,777.05 |
| Other investments in equity instruments | **10,000,000.00** | |
| Other non-current financial assets | **93,416,000.00** | 69,345,791.00 |
| Fixed assets | **1,319,194,368.78** | 328,439,508.15 |
| Construction in progress | **680,471,934.80** | 1,479,708,403.83 |
| Right-of-use assets | **64,866,725.78** | 42,889,418.14 |
| Intangible assets | **140,334,629.63** | 142,919,408.69 |
| Long-term prepaid expenses | **14,361,003.52** | 9,233,800.43 |
| Deferred tax assets | **22,205,405.24** | 20,589,695.03 |
| Other non-current assets | **330,819,618.15** | 335,466,543.89 |
| Total non-current assets | **2,744,895,389.02** | 2,500,838,346.21 |
| Total assets | **4,553,956,880.72** | 4,411,954,609.07 |

| Item | 30 June 2020 | 31 December 2019 |
|---|---|---|
| **Current liabilities:** | | |
| Short-term loans | **269,919,359.73** | 76,891,463.18 |
| Accounts payable | **428,148,363.18** | 326,687,244.94 |
| Payroll payable | **105,237,740.69** | 113,311,444.82 |
| Taxes payable | **8,627,635.20** | 10,408,676.82 |
| Other payables | **397,785,202.06** | 37,080,689.59 |
| Non-current liabilities due within one year | **102,034,158.59** | 13,845,551.04 |
| Total current liabilities | **1,311,752,459.45** | 578,225,070.39 |
| **Non-current liabilities:** | | |
| Long-term borrowings | **720,000,000.00** | 744,896,108.25 |
| Lease liabilities | **43,893,921.58** | 27,332,442.01 |
| Deferred income | **66,841,870.73** | 56,319,908.27 |
| Other non-current liabilities | **24,714,122.34** | 27,151,229.26 |
| Total non-current liabilities | **855,449,914.65** | 855,699,687.79 |
| Total liabilities | **2,167,202,374.10** | 1,433,924,758.18 |
| **Owners' equity (or shareholders' equity):** | | |
| Share Capital | **784,146,500.00** | 784,146,500.00 |
| Capital reserves | **4,184,050,315.08** | 4,180,418,778.52 |
| Other comprehensive income | **17,162,288.18** | 12,535,946.17 |
| Retained earnings | **-2,598,601,174.98** | -1,999,068,441.43 |
| Equity attributable to owners of the Company | **2,386,757,928.28** | 2,978,032,783.26 |
| Minority interests | **-3,421.66** | -2,932.37 |
| Total equity | **2,386,754,506.62** | 2,978,029,850.89 |
| Total liabilities and equity | **4,553,956,880.72** | 4,411,954,609.07 |

## CONSOLIDATED INCOME STATEMENT

*January-June 2020*

*Unit: Yuan Currency: RMB*

| Item | The first half of 2020 | The first half of 2019 |
|---|---|---|
| I. Total operating income | **574,932,262.29** | 309,305,991.08 |
| Including: Operating income | **574,932,262.29** | 309,305,991.08 |
| II. Total operating costs | **1,178,457,854.51** | 646,365,034.50 |
| Including: Operating costs | **90,495,754.19** | 40,578,896.10 |
| Taxes and surcharges | **2,480,948.33** | 3,368,565.94 |
| Selling expenses | **228,170,452.95** | 110,687,053.39 |
| Administrative expenses | **143,787,856.11** | 91,405,337.28 |
| R&D expenses | **708,912,455.37** | 368,737,084.23 |
| Financial expenses | **4,610,387.56** | 31,588,097.56 |
| Including: Interest expenses | **8,964,052.56** | 4,069,607.24 |
| Interest income | **6,155,565.44** | 11,239,619.76 |
| Add: Other gains | **3,676,439.44** | 556,114.29 |
| Investment gains ("-" for losses) | **-5,466,997.93** | 477,489.00 |
| Including: Gains from investments in associates and joint ventures | **-3,020,073.93** | -160,220.23 |
| Gains from changes in fair value ("-" for losses) | **26,623,719.61** | 24,419,592.99 |
| Credit impairment loss ("-" for losses) | **-44,557.75** | 749,800.17 |
| Impairment loss of assets ("-" for losses) | **-1,569,697.45** | |
| III. Operating revenue ("-" for losses) | **-580,306,686.30** | -310,856,046.97 |
| Add: Non-operating income | **402,434.08** | 151,500.07 |
| Less: Non-operating expenses | **21,244,680.83** | 9,430,694.05 |
| IV. Total profit ("-" for total losses) | **-601,148,933.05** | -320,135,240.95 |
| Less: Income tax expenses | **-1,615,710.21** | -28,888,989.96 |

| Item | The first half of 2020 | The first half of 2019 |
|---|---|---|
| V. Net profit ("-" for net losses) | **-599,533,222.84** | -291,246,250.99 |
| 1. Net profit from continuous operations ("-" for net losses) | **-599,533,222.84** | -291,246,250.99 |
| 2. Net profit from discontinued operations ("-" for net losses) | | |
| 1. Net profit attributable to the shareholders of the parent company ("-" for net losses) | **-599,532,733.55** | -290,935,752.71 |
| 2. Profit or loss attributable to minority interests ("-" for net losses) | **-489.29** | -310,498.28 |
| VI. Other comprehensive income after-tax, net | **4,626,342.01** | 151,998.55 |
| (I) Other comprehensive income after-tax attributable to owners of the parent company, net | **4,626,342.01** | 151,998.55 |
| 1. Other comprehensive income that cannot be reclassified into profit or loss | | |
| 2. Other comprehensive income that can be reclassified to loss or profit | **4,626,342.01** | 151,998.55 |
| (1) Other comprehensive income that can be transferred to profit or loss using the equity method | | |
| (2) Changes in fair value of other debt investments | | |
| (3) Financial assets reclassified to other comprehensive income | | |
| (4) Credit impairment provision for other debt investments | | |
| (5) Cash flow hedging reserves | | |
| (6) Difference arising on translation of foreign currency financial statements | **4,626,342.01** | 151,998.55 |
| (7) Others | | |
| (II) Other net comprehensive income after-tax attributable to minority shareholders | | |
| VII. Total comprehensive income | **-594,906,880.83** | -291,094,252.44 |
| (I) Total comprehensive income attributable to owners of the parent company | **-594,906,391.54** | -290,783,754.16 |
| (II) Total comprehensive income attributable to minority shareholders | **-489.29** | -310,498.28 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share (RMB/Share) | **-0.76** | -0.37 |
| (II) Diluted earnings per share (RMB/Share) | **-0.76** | -0.37 |

## CONSOLIDATED CASH FLOW STATEMENT

*January-June 2020*

*Unit: Yuan Currency: RMB*

| Item | The first half of 2020 | The first half of 2019 |
|---|---|---|
| **I. Cash flows from operating activities:** | | |
| Cash receipts from the sale of goods and the rendering of services | **552,061,507.19** | 220,418,961.19 |
| Receipts of tax refunds | **60,186,286.64** | |
| Other cash receipts relating to operating activities | **17,309,925.59** | 14,579,362.60 |
| Subtotal of cash inflows from operating activities | **629,557,719.42** | 234,998,323.79 |
| Cash payments for goods purchased and services received | **767,661,355.36** | 621,356,249.38 |
| Cash payments to and on behalf of employees | **299,195,732.37** | 149,189,543.44 |
| Payments of various types of taxes | **18,640,242.50** | 14,833,339.96 |
| Other cash payments relating to operating activities | **62,356,228.98** | 115,587,146.78 |
| Subtotal of cash outflows from operating activities | **1,147,853,559.21** | 900,966,279.56 |
| Net cash flows from operating activities | **-518,295,839.79** | -665,967,955.77 |
| **II. Cash flows from investing activities:** | | |
| Cash receipts from disposals and recovery of investments | | 69,500,000.00 |
| Cash receipts from investment income | | 637,709.23 |
| Other cash receipts relating to investing activities | **6,261,953.44** | 11,239,619.76 |
| Subtotal of cash inflows from investing activities | **6,261,953.44** | 81,377,328.99 |
| Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets | **236,934,271.11** | 431,555,564.00 |
| Cash payments to acquire investments | **10,000,000.00** | 68,900,000.00 |
| Other cash payments relating to investing activities | **2,069,736.54** | 7,347,812.65 |
| Subtotal of cash outflows from investing activities | **249,004,007.65** | 507,803,376.65 |
| Net cash flows from investing activities | **-242,742,054.21** | -426,426,047.66 |
| **III. Cash flows from financing activities:** | | |
| Cash receipts from capital contributions | | 391,691,655.50 |
| Including: cash receipts from capital contributions from minority owners of subsidiaries | | |
| Cash receipts from borrowings | **323,570,036.53** | 700,225,000.24 |
| Subtotal of cash inflows from financing activities | **323,570,036.53** | 1,091,916,655.74 |
| Cash repayments of borrowings | **75,615,037.14** | 478,686,423.62 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | **22,509,295.41** | 12,855,281.91 |
| Including: payments for distribution of dividends or profits to minority owners of subsidiaries | | |
| Other cash payments relating to financing activities | **10,680,694.95** | 19,359,497.55 |
| Subtotal of cash outflows from financing activities | **108,805,027.50** | 510,901,203.08 |
| Net cash flows from financing activities | **214,765,009.03** | 581,015,452.66 |
| **IV. Effects of exchange rate fluctuations on cash and cash equivalents** | **8,530,676.11** | 43,757,548.24 |
| **V. Net increase in cash and cash equivalents** | **-537,742,208.86** | -467,621,002.53 |
| Add: Opening balance of cash and cash equivalents | **1,214,025,879.93** | 2,763,570,176.83 |
| **VI. Closing balance of cash and cash equivalents** | **676,283,671.07** | 2,295,949,174.30 |

## CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

*January-June 2020*

*Unit: Yuan Currency: RMB*

| | The first half of 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Equity attributable to owners of the parent company | | | | | | |
| Item | Share capital | Capital reserves | Other comprehensive income | Retained earnings | Subtotal | Minority interests | Total equity |
| I. Closing balance of the preceding year | **784,146,500.00** | **4,180,418,778.52** | **12,535,946.17** | **-1,999,068,441.43** | **2,978,032,783.26** | **-2,932.37** | **2,978,029,850.89** |
| Add: Changes in accounting policies | | | | | | | |
| II. Balance at the beginning of year | **784,146,500.00** | **4,180,418,778.52** | **12,535,946.17** | **-1,999,068,441.43** | **2,978,032,783.26** | **-2,932.37** | **2,978,029,850.89** |
| III. Changes in the current period ("-" for losses) | | **3,631,536.56** | **4,626,342.01** | **-599,532,733.55** | **-591,274,854.98** | **-489.29** | **-591,275,344.27** |
| (I) Total comprehensive income | | | **4,626,342.01** | **-599,532,733.55** | **-594,906,391.54** | **-489.29** | **-594,906,880.83** |
| (II) Increase/Decrease of capital from shareholders | | **3,631,536.56** | | | **3,631,536.56** | | **3,631,536.56** |
| 1. Ordinary shares contributed by shareholders | | | | | | | |
| 2. Capital contributed by holders of other equity instruments | | | | | | | |
| 3. Share-based payments recognized in owners' equity | | **3,631,536.56** | | | **3,631,536.56** | | **3,631,536.56** |
| 4. Others | | | | | | | |
| IV. Balance at the end of period | **784,146,500.00** | **4,184,050,315.08** | **17,162,288.18** | **-2,598,601,174.98** | **2,386,757,928.28** | **-3,421.66** | **2,386,754,506.62** |

| Item | The first half of 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Equity attributable to owners of the parent company | | | | | | |
| | Share capital | Capital reserves | Other comprehensive income | Retained earnings | Subtotal | Minority interests | Total equity |
| I. Closing balance of the preceding year | 760,310,000.00 | 3,797,238,509.95 | -9,517.84 | -1,242,283,592.26 | 3,315,255,399.85 | -1,113,013.75 | 3,314,142,386.10 |
| Add: Changes in accounting policies | | | | | | | |
| II. Balance at the beginning of year | 760,310,000.00 | 3,797,238,509.95 | -9,517.84 | -1,242,283,592.26 | 3,315,255,399.85 | -1,113,013.75 | 3,314,142,386.10 |
| III. Changes in the current period ("-" for losses) | 23,836,500.00 | 375,919,955.10 | 151,998.55 | -290,935,752.71 | 108,972,700.94 | -310,498.28 | 108,662,202.66 |
| (I) Total comprehensive income | | | 151,998.55 | -290,935,752.71 | -290,783,754.16 | -310,498.28 | -291,094,252.44 |
| (II) Increase/Decrease of capital from shareholders | 23,836,500.00 | 375,919,955.10 | | | 399,756,455.10 | | 399,756,455.10 |
| 1. Ordinary shares contributed by shareholders | 23,836,500.00 | 367,855,155.50 | | | 391,691,655.50 | | 391,691,655.50 |
| 2. Capital contributed by holders of other equity instruments | | | | | | | |
| 3. Share-based payments recognized in owners' equity | | 8,064,799.60 | | | 8,064,799.60 | | 8,064,799.60 |
| 4. Others | | | | | | | |
| IV. Balance at the end of period | 784,146,500.00 | 4,173,158,465.05 | 142,480.71 | -1,533,219,344.97 | 3,424,228,100.79 | -1,423,512.03 | 3,422,804,588.76 |

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

Shanghai, the PRC, 28 August 2020

*As at the date of this announcement, the board of directors of the Company comprises Mr. Xiong Jun, Dr. Li Ning, Dr. Feng Hui, Mr. Zhang Zhuobing, Dr. Wu Hai and Dr. Yao Sheng as executive Directors; Mr. Tang Yi, Mr. Li Cong, Mr. Yi Qingqing and Mr. Lin Lijun as non-executive Directors; and Dr. Chen Lieping, Mr. Chen Xinjun, Mr. Qian Zhi, Mr. Zhang Chun and Dr. Roy Steven Herbst as independent non-executive Directors.*

* *For identification purpose only*