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JW (Cayman) Therapeutics Co. Ltd
藥明巨諾（開曼）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2126)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board of directors (the "**Board**") of JW (Cayman) Therapeutics Co. Ltd (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2021 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2020. These interim results have been reviewed by the Company's audit committee (the "**Audit Committee**") and the Company's auditor, PricewaterhouseCoopers.

FINANCIAL HIGHLIGHTS

IFRS Measure:

- Our research and development expenses increased by RMB103.2 million to RMB185.5 million for the six months ended June 30, 2021, compared to RMB82.3 million for the six months ended June 30, 2020. This increase was due to a range of factors, including primarily: (i) an increase in staff costs allocated to research and development; (ii) an increase in research and development materials and in testing and clinical fees, which resulted principally from pre-clinical research and development activities relating to JWATM204/214 and JWATM203/213 for the treatment of hepatocellular carcinoma ("**HCC**") and pediatric and young adult patients with relapsed or refractory ("**r/r**") acute lymphoblastic leukenima ("**ALL**"), as well as clinical research activities including on-going clinical trials relating to third-line large B-cell lymphoma ("**LBCL**") and clinical cost incurred on indications for relmacabtagene autoleucel ("**relma-cel**") such as follicular lymphoma ("**FL**"), mantle cell lymphoma ("**MCL**") and second-line LBCL.

- Our general and administrative expenses increased by RMB24.1 million to RMB105.1 million for the six months ended June 30, 2021, compared to RMB81.0 million for the six months ended June 30, 2020, primarily due to an increase in staff costs allocated to general and administrative, as well as an increase in professional service fees which resulted principally from legal services and human resource services along with business expansion.

- Our selling expenses amounted to RMB46.2 million for the six months ended June 30, 2021, compared to nil for the six months ended June 30, 2020, as we established our sales and marketing capabilities from the second half of 2020 for the anticipated commercialization of relma-cel in 2021.

- Loss for the period decreased by RMB369.3 million to RMB280.7 million for the six months ended June 30, 2021, compared to RMB650.0 million for the six months ended June 30, 2020. This decrease was primarily due to (i) de-recognition of fair value changes of preferred shares along with our listing on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on November 3, 2020; (ii) de-recognition of warrants of upfront payment (as defined in the BCMA License Agreement with Juno Therapeutics, Inc. ("**Juno**")) due to the decision made by Bristol Myers Squibb ("**BMS**") (Juno's parent company) to discontinue clinical development of orvacabtagene autoleucel ("**orva-cel**"); and (iii) offset impact of an increase in our operating loss.

Non-IFRS Measure:

Our adjusted loss[1] was RMB268.2 million for the six months ended June 30, 2021, representing an increase of RMB167.2 million from RMB101.0 million for the six months ended June 30, 2020. The increase was primarily due to (i) increased cash expenses for staff allocated to research and development; (ii) increased fees and expenses for materials purchasing and testing and clinical trials; (iii) increased general and administrative expenses associated with professional services; and (iv) increased selling expenses associated with the establishment of our sales and marketing capabilities from the second half of 2020.

[1] *Adjusted loss for the period is not a financial measure defined under IFRS. It represents the loss for the period excluding the effect of the following non-cash items: (a) loss on fair value changes of preferred shares; (b) loss on fair value changes of warrants; and (c) share-based compensation expenses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis — Financial Review — 13. Non-IFRS Measure".*

BUSINESS HIGHLIGHTS

As of the date of this announcement, the National Medical Products Administration (the "**NMPA**") of China is at an advanced stage of evaluating the New Drug Application ("**NDA**") for our anti-CD19 autologous chimeric antigen receptor T ("**CAR-T**") cell immunotherapy product relma-cel (R&D code: JWCAR029) for the treatment of adult patients with r/r LBCL after two or more lines of systemic therapy. We expect to receive NMPA approval of this NDA in the second half of 2021, and to commence marketing of relma-cel in China immediately thereafter. If approved on the timeline that we currently anticipate, relma-cel will be the first CAR-T product approved as a Category 1 biologics product in China, and the sixth approved CAR-T product globally.

Since January 1, 2021, we also have achieved the following significant additional milestones in our business:

- In January 2021, we commenced patient enrollment in our single-arm Phase II registrational trial in China to evaluate relma-cel in MCL patients who previously received chemotherapy, anti-CD20 agent and BTK inhibitor, and patient enrollment currently is on schedule;

- In February 2021, we announced a collaboration with Thermo Fisher Scientific Inc. ("**Thermo Fisher**") to ensure non-exclusive commercial access to Thermo Fisher's Gibco CTS Dynabeads CD3/CD28;

- In May 2021, we completed patient enrollment in our single-arm Phase II registrational trial to evaluate relma-cel in low-grade FL patients;

- In July 2021, we filed, and the NMPA accepted for review, an investigational new drug ("**IND**") application relating to JWCAR129 as a treatment for multiple myeloma ("**MM**"), and we have commenced an investigator-initiated trial of JWCAR129 for this indication; and

- In the first half of 2021, we have established a 90 people in-house dedicated commercial team, conducted training and dry run to support hospitals to be ready to use our products, and finished selection of national distributor for commercialization.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

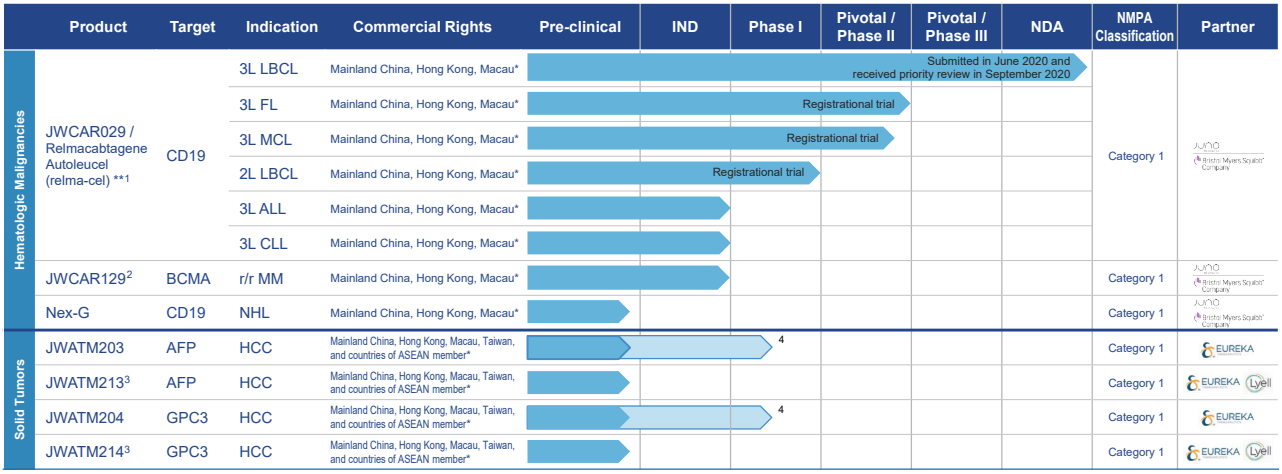
The Company is a leading development, manufacturing and early commercial stage cell therapy company in China. Since our founding in 2016, we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and solid tumors. Our vision is to develop innovative cell therapies for the China market to transform the treatment of cancer for Chinese patients.

We are an early entrant into the field of cell-based immunotherapy in China. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer, representing a paradigm shift and the latest innovation in cancer treatment. The NMPA is evaluating our NDA relating to relma-cel, our lead product candidate, as a third-line treatment for LBCL. If approved on the timeline that we currently anticipate, relma-cel will be the first CAR-T product approved as a Category 1 biologics product in China. We currently expect to receive NMPA approval of our NDA in the second half of 2021, and we are prepared to commence marketing of relma-cel in China immediately after receipt of such approval.

Given the unmet medical needs that can be effectively addressed by CAR-T therapies, 2021 is the first year of CAR-T product commercialization in China, the market for CAR-T therapies in China is expected to reach RMB5.4 billion in 2024 and RMB24.3 billion in 2030, according to Frost & Sullivan. We believe that we are well-positioned to take advantage of this growing market, based on our potential superior anti-CD19 CAR-T product; our comprehensive and differentiated cell therapy pipeline covering both hematological cancers and solid tumors; our fully integrated cell therapy development platform; our leading commercial manufacturing infrastructure and supply chain; and our seasoned management and strong shareholders' support.

Our Product Pipeline

We have developed a comprehensive and differentiated cell-based immunotherapy pipeline, with a risk-balanced approach that has shown clear benefit in the field of cell therapies for hematological cancers and provides an opportunity to expand into the nascent field of cell therapies for solid tumors. Our product pipeline features a mix of product candidates targeting both proven and novel tumor antigens. The following chart summarizes the current development status of each of our product candidates:



Abbreviations: LBCL = large B-cell lymphoma; FL = follicular lymphoma; MCL = mantle cell lymphoma; ALL = acute lymphoblastic leukemia; CLL = chronic lymphocytic leukemia; MM = multiple myeloma; NHL = non-Hodgkin lymphoma; HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; AFP = alpha-fetoprotein; GPC3 = glypican-3; r/r = relapsed or refractory; 3L = third-line; 2L = second-line

* Mainland China, Hong Kong, Macau and Taiwan refer to Mainland China, Hong Kong (China), Macau (China) and Taiwan (China), respectively.

** Denotes a Core Product Candidate.

1 Relma-cel is based on the same CAR construct as the product lisocabtagene maraleucel ("**Breyanzi**" or "**lisocabtagene**" or "**liso-cel**") of Juno, which was approved by the U.S. Food and Drug Administration in February 2021.

2 JWCAR129 is based on the same CAR construct as Juno's product orvacabtagene autoleucel (orva-cel).

3 Developing using Lyell technology.

4 JWATM203 and JWATM204 are currently in Phase I/II trials in the US conducted by Eureka under an IND application.

Our Core Product Candidate — relma-cel

Relma-cel, our lead product candidate, has the potential to be a superior CAR-T therapy. It targets an antigen called CD19, which is expressed in a broad range of hematological cancers, including large blood cell lymphoma. Lymphomas are hematological cancers involving lymphoceles of the immune system, and LBCL is one of several types of "non-Hodgkin's lymphoma" ("**NHL**") that affect B-cells within the immune system. In addition to marketing relma-cel as a third-line treatment for LBCL, we are also exploring the further clinical potential for relma-cel by developing relma-cel as a third-line treatment for other types of NHL, including FL, MCL, chronic lymphocytic leukemia ("**CLL**") and ALL, and moreover as a second-line treatment for LBCL.

Relma-cel is based on a CAR construct that we have in-licensed from Juno for Mainland China, Hong Kong and Macau[2]. Juno's biologics license application for its product based on that same CAR construct ("**Breyanzi**" or "**lisocabtagene**" or "**liso-cel**") was approved by the U.S. Food and Drug Administration in February 2021.

Third-line LBCL

The NMPA is evaluating our NDA relating to relma-cel as a third-line treatment for LBCL, and we currently expect to receive NMPA approval of this NDA in the second half of 2021, and we are prepared to commence marketing of relma-cel in China immediately after receipt of such approval. If approved on the timeline that we currently anticipate, relma-cel will be the first CAR-T therapy approved as a Category 1 biologics product in China.

Relma-cel's potential to be a superior CAR-T therapy is based on its potential best-in-class safety profile and competitive efficacy. Our Phase II registrational clinical trial of relma-cel as a third-line treatment for LBCL demonstrated efficacy results of best objective response rate ("**ORR**") of 75.9% and best complete response rate ("**CRR**") of 51.7% as of the data cut-off date of June 17, 2020. In the same trial, severe cytokine release syndrome ("**sCRS**") was observed in 5.1% of treated patients, severe neurotoxicity ("**sNT**") was observed in 3.4% of treated patients, and no treatment-related deaths were reported. We reported these findings at the 62nd Annual Meeting of the American Society of Hematology in December 2020. Although head-to-head studies with comparable products have not been conducted, we believe that these data demonstrate the potential best-in-class safety profile and competitive efficacy of relma-cel.

We have established manufacturing capacity and built up sales and marketing capabilities in anticipation of the full-scale commercialization of relma-cel that we have now launched following NMPA approval of our NDA. For further information on our manufacturing capacity and our sales and marketing capabilities, please see "— Manufacturing" and "— Commercialization" below.

[2] Mainland China, Hong Kong and Macau refer to Mainland China, Hong Kong (China) and Macau (China), respectively.

Third-line FL

In September 2020, the NMPA granted Breakthrough Therapy Designation for relma-cel as a treatment for FL. We currently are conducting a single-arm Phase II registrational trial to evaluate relma-cel in low-grade FL patients, and we completed patient enrollment during the first half of 2021. We anticipate to submit our supplementary NDA ("**sNDA**") over the next year. If approved on the timeline that we currently anticipate, relma-cel would be the first CAR-T product approved for treatment of FL in China.

Third-line MCL

We have started a single-arm Phase II registrational trial in China to evaluate relma-cel in MCL patients who previously received chemotherapy, anti-CD20 agent and BTK inhibitor. Patient enrollment began in January 2021 and is currently on schedule.

Third-line CLL

We intend to conduct a single-arm early phase trial in China to evaluate relma-cel in high-risk r/r CLL patients. We expect to conduct this study in the second half of 2021 and 2022.

Third-line ALL

We intend to conduct a single-arm Phase I/II registrational trial in China to evaluate relma-cel in pediatric and young adult patients with r/r ALL after at least two prior lines of therapy. We currently expect to submit an IND application to the NMPA with respect to this trial in 2022.

Second-line LBCL

In the third quarter of 2020, we commenced a single-arm Phase I trial in China to evaluate relma-cel in LBCL patients who are refractory to primary treatment. We anticipate that data from this trial will be used to establish a multi-center trial in second-line LBCL patients and expanded to sufficient patient numbers to support registration for this indication.

Cautionary Statement required by Rule 18A.05 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"): We cannot guarantee that we will be able to successfully develop or ultimately market relma-cel. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Other Pipeline Products

JWCAR129

JWCAR129 is an autologous CAR-T therapy that we are developing for the treatment of MM. MM is a cancer of plasma cells, which are an important part of the immune system formed from matured B-cells to produce antibodies that help the body to attack and kill germs. MM is a condition in which plasma cells become cancerous and grow out of control.

JWCAR129 targets the B Cell maturation antigen ("**BCMA**"), a protein which is highly expressed in a number of hematological malignancies, including MM. We have filed, and the NMPA has accepted for review, an IND application relating to JWCAR129 as a treatment for MM, and we have commenced an investigator-initiated trial of JWCAR129 for this indication.

JWCAR129 is based on a CAR construct that we have in-licensed from Juno (the H125 vector). Juno's orva-cel is based on the same CAR construct. In February 2021, BMS announced that it would discontinue clinical development of orva-cel. We understand that this decision was driven by BMS' streamlining of its anti-BCMA product portfolio. On the other hand, we also understand that this decision was not related to the clinical profile of orva-cel, and BMS has stated that the orva-cel platform is an important part of their next generation strategy. We believe that orva-cel's clinical profile is competitive and intend to continue our development in MM with products using the orva-cel CAR construct in China to bring forward meaningful new options for patients in need.

JWATM204/214

JWATM204 is a potentially superior autologous T-cell receptor ("**TCR**") T-cell therapy candidate built on Eureka's ARTEMIS® and E-ALPHA® platforms and targeting glypican-3 ("**GPC3**") for the treatment of HCC. Treatment of HCC represents a huge unmet medical need in China, and we believe that JWATM204 has the potential to be a promising treatment for patients with GPC3-positive HCC. In June 2020, we in-licensed from Eureka the rights to develop, manufacture and commercialize JWATM204 in Mainland China, Hong Kong, Macau, Taiwan[3] and the member countries of the Association of Southeast Asian Nations (the "**JW Territory**"). We have completed technical transfer of the product manufacturing and release assays for the JWATM204 program, and we anticipate initiating IND-enabling studies for the program by the end of 2021.

[3] Mainland China, Hong Kong, Macau and Taiwan refer to Mainland China, Hong Kong (China), Macau (China) and Taiwan (China), respectively.

Through our partnerships with Eureka and Lyell, we also plan to combine Lyell's technology in T-cell anti-exhaustion functionality with JWATM204 to create JWATM214, a next-generation innovative autologous cell therapy for HCC treatment.

JWATM203/213

JWATM203 is a potentially superior autologous T-cell receptor mimic ("**TCRm**") T-cell therapy targeting alpha-fetoprotein ("**AFP**") for the treatment of HCC. In June 2020, we in-licensed from Eureka the rights to develop, manufacture and commercialize JWATM203 in the JW Territory.

As with JWATM204, we also plan to combine Lyell's technology in T-cell anti-exhaustion functionality with JWATM203 and Eureka's ARTEMIS® technology platform to create JWATM213, an additional autologous cell therapy for HCC treatment.

Nex-G anti-CD19 Product Candidate

We are developing a set of new technologies and platforms to enable the next generation CAR-T product and manufacturing processes with shorter production cycle time, higher quality, better product characterization and improved product efficacy and safety, at a lower cost. We believe that this will establish a foundation for our next-generation autologous anti-CD19 product, as well as other products in our pipeline. We have established a manufacturing cost reduction development strategy that consists of: (1) near-term (1–2 years) — realize significant cost reduction by implementing technologies and procedures that reduce raw material wastes and scraps; (2) mid-term (2–3 years) — realize further cost reduction by replacing imported materials with domestic supplies; and (3) long-term (3–5 years) — implement new technologies that would simplify and/or replace/combine unit operations and thereby reducing raw material and labor costs; and potentially shorten production cycle time and possibly improve product characteristics and clinical outcome.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: We cannot guarantee that we will be able to successfully develop or ultimately market our pipeline products. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Potential Pipeline Products

We expect to continue to enrich our pipeline by bringing in novel next generation cell therapy candidates through opportunities to in-license. We have a right of first negotiation on the opportunity to develop and commercialize Juno engineered T-cell products in Mainland China, Hong Kong and Macau. In addition, we have a right to acquire an exclusive license to manufacture, develop and use certain Acepodia Biotechnologies, Ltd. ("**Acepodia**") products targeting human epidermal growth factor receptor 2 ("**HER2**") and an undisclosed target in Mainland China, Hong Kong and Macau. The following chart sets forth current information about our opportunities to in-license:

	Product	Target	Indication	Commercial Rights	Pre-clinical	IND	Clinical	NDA	Partner
Hematologic Malignancies	JWACE055#	Undisclosed ##	Hematologic tumors	Mainland China, Hong Kong, Macau*					Acepodia
	Juno Pipeline Product 1^	CD22	ALL, NHL	Mainland China, Hong Kong, Macau*					JUNO Bristol Myers Squibb Company
Solid Tumors	JWACE002#	HER2	Solid tumors	Mainland China, Hong Kong, Macau*					Acepodia
	Juno Pipeline Product 2^	WT1	AML, NSCLC, Mesothelioma	Mainland China, Hong Kong, Macau*					JUNO Bristol Myers Squibb Company
	Juno Pipeline Product 3^	L1CAM	Solid tumors	Mainland China, Hong Kong, Macau*					JUNO Bristol Myers Squibb Company
	Juno Pipeline Product 4^	MUC16	Solid tumors	Mainland China, Hong Kong, Macau*					JUNO Bristol Myers Squibb Company
	Juno Pipeline Product 5^	ROR1	Solid tumors	Mainland China, Hong Kong, Macau*					JUNO Bristol Myers Squibb Company

Abbreviations: ALL = acute lymphoblastic leukemia; NHL = non-Hodgkin lymphoma; AML = acute myeloid leukemia; NSCLC = non-small cell lung cancer; HER2 = human epidermal growth factor receptor 2

* Mainland China, Hong Kong and Macau refer to Mainland China, Hong Kong (China) and Macau (China), respectively.

^ We have the right of first negotiation on the opportunity to develop and commercialize these Juno pipeline products in Mainland China, Hong Kong and Macau.

JWACE055 and JWACE002 will become part of our pipeline when we exercise the related option with Acepodia. Acepodia's IND for JWACE002 was approved by the U.S. Food and Drug Administration in January 2020.

JWACE055 target is not disclosed due to commercial sensitivity.

Manufacturing

In June 2020, we received a production license from Jiangsu Province authorities for our new commercial manufacturing facility in Suzhou. This facility provides approximately 10,000 square meters for commercial and clinical manufacturing in compliance with GMP and QMS standards. It is designed to house four independent modules. The design of these modules can be adapted to support all cell platforms, including those using gene-modified autologous T-cells and NK cells, gene-modified or non-gene-modified tumor-infiltrating lymphocyte and gene-modified allogeneic immune cells, as well as facilities to produce clinical grade viral vectors that are used to genetically modify these cells. Currently, two of these modules have been constructed and qualified and are in full GMP operations, and our manufacturing facility currently has the capacity to support autologous CAR-T treatment of up to 2,500 patients per year.

Our manufacturing facility is designed to address all of the major challenges associated with scaling up from clinical scale to commercial scale manufacturing, which represents a paradigm shift in which product quality, regulatory compliance, process reliability, scalability and cost of goods all become critical factors. We believe the degree of automation that we have designed into our commercial manufacturing processes positions us as a leader in terms of CAR-T manufacturing.

Our Suzhou operations have been executing according to our commercialization plans and have made significant achievements during the last year. In March 2021, we received and passed relma-cel PAI (Pre-approval Inspection) conducted jointly by the NMPA and Jiangsu Province FDA with no critical or major observations. In June 2021, our Jiangsu Province production license was renewed with the license type changed from As to As+Cs (A as MAH (Marketing Authorization Holder) owner and manufacturer, C as CMO (contract manufacturing organization), s as bio products).

We have had a 99% success rate for the manufacturing of relma-cel since commencement of our LBCL registrational clinical trial, relma-cel demonstrated high rates of durable disease response and low rates of CAR-T associated toxicities.

In February 2021, we announced the collaboration with Thermo Fisher to ensure non-exclusive commercial access to Thermo Fisher's Gibco CTS Dynabeads CD3/CD28. This agreement will support the clinical development and commercial manufacturing of relma-cel as well as future CAR-T therapies in China. As we approach critical milestones in our commercialization strategy, that we expect that this partnership will ensure we have the supply to scale up and meet important unmet medical needs of Chinese patients.

Commercialization

As CAR-T therapies are a new and comprehensive treatment process that is unlike any other treatment currently approved in the market, we expect that significant efforts will be necessary to educate physicians and patients on the potential benefits of CAR-T therapies, and to demonstrate the proper process in administering and monitoring the treatment (including timeline and proportionate measures to mitigate adverse effects).

We plan to build a focused in-house sales and marketing team to market relma-cel across China. We have established a 90 people commercial team with a clear business model. To support hospitals ready to use our products, we conducted training and dry run to help physicians and nurses to understand more about relma-cel usage instructions, vein to vein process, etc. Meanwhile, Shanghai Pharma KDL (上藥康德樂) has been selected as our national distributor and will provide professional delivery service for each patient. To improve affordability, we are targeting to establish a multi-layer insurance system by cooperating with different partners including city level supplementary medical insurance and health insurance providers.

In addition, because physicians are expected to play a key role in this process, not only in administering CAR-T therapies but also in educating patients about their potential benefits, we intend to design our marketing and academic education strategy around close and continued engagement with physicians. We plan to enhance our existing collaboration with these physicians and other KOLs through establishment of a specialized team to oversee the training and provide support to physicians during CAR-T treatment.

Impact of COVID-19 pandemic

In light of the COVID-19 pandemic, we have endeavored to provide a safe work environment. We established a Pandemic Response Taskforce, which monitored daily updates on national and local government policy changes. We implemented twice daily temperature checks and daily reporting of health status and travel history for all employees and onsite contractors, as well as a stringent visitors policy. We significantly increased the frequency of disinfections for all our facilities, and implemented policies on social distancing and facility ventilation.

We believe the COVID-19 pandemic has not significantly impacted our ability to carry out our obligations under existing contracts or disrupted any supply chains that we rely upon. While the extent to which the COVID-19 pandemic will affect our operations cannot be predicted at this stage, we have not experienced and do not expect significant financial damage or impact to our long-term commercial prospect from the COVID-19 pandemic.

Future and Development

In addition to driving full-scale commercialization of relma-cel, we intend to focus on pursuing the following strategies as we pursue our vision of developing innovative cell therapies for the China market to transform the treatment of cancer for Chinese patients:

Solidify our leadership in hematological cancers by developing relma-cel for earlier lines of treatment and additional indications, as well as clinical development of JWCAR129

Our approach to expand relma-cel's indications involves two key pillars: advancing relma-cel into earlier lines of LBCL treatment and developing relma-cel as a potential therapy for other hematological cancers that express the CD19 antigen. Furthermore, to expand our product portfolio and solidify our leadership in hematological cancers, we intend to drive clinical development of JWCAR129. As patients with MM are afflicted by frequent complications, for which there continues to be no viable cure, we believe that MM is a market with significant untapped potential.

Leverage our integrated cell therapy platform to expand into the solid tumor market

Our solid tumor portfolio is headlined by JWATM203 and JWATM204. We acquired the rights to develop, manufacture and commercialize these products in the JW Territory from Eureka in June 2020. Moreover, in August 2020, we entered into a collaboration agreement with Lyell pursuant to which we obtained the right to use Lyell's T-cell anti-exhaustion technology in conjunction with Eureka's ARTEMIS® platform to create JWATM213 and JWATM214 and to develop, commercialize and manufacture those products in the JW Territory. We believe there is an opportunity to use these technologies as a platform for multiple new cell therapies that can be applied across a broad range of rare and prevalent solid tumors, including HCC as well as others.

Continuously enhance our manufacturing and supply chain through innovation and scale

We have had a 99% success rate for the manufacturing of relma-cel since commencement of our LBCL registrational clinical trial. However, we intend to invest in further optimizing our manufacturing processes through technological enhancements and achieving economies of scale, with the ultimate goal of making the production of our cell therapies better, faster, and more cost effective.

Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house research and development

Since the establishment of our Company, we have used a mix of in-licensing opportunities, selective acquisitions and in-house research and development to fuel our growth into a leading cell therapy player in China. We leveraged our exclusive licenses of certain rights from Juno to introduce relma-cel and JWCAR129 into our pipeline, and we acquired rights from Eureka and Lyell that enabled us to introduce JWATM203/213 and JWATM204/214 into our pipeline.

We believe we have established a reputation in China as a preferred partner in cell therapy due to our proprietary platform and clinical track record, and we plan to leverage our platform and network to focus on potential opportunities in the cell therapy space that we deem to possess high growth or breakthrough technology potential. These potential opportunities include but are not limited to growth opportunities in alternative allogeneic approaches and new cellular targets which we believe represent novel and groundbreaking approaches to the treatment of cancer.

Moreover, we have significantly enhanced our discovery platform through acquisition in June 2020 of certain rights to use Eureka's ARTEMIS® and E-ALPHA® platforms, and we intend to leverage our enhanced discovery platform to potentially identify and develop the next groundbreaking solution in cell therapy.

Finally, we plan to continue to leverage our network of strategic partners including Juno and WuXi AppTec, leaders in the cell therapy field and the contract research organization field, respectively, as we continue to advance into new, undiscovered cellular targets and treatment.

FINANCIAL REVIEW

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

IFRS Measure:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue	**—**	—
General and administrative expenses	**(105,101)**	(81,007)
Research and development expenses	**(185,509)**	(82,266)
Selling expense	**(46,176)**	—
Other income	**3,933**	847
Other gains/(losses), net	**(725)**	4,115
Operating loss	**(333,578)**	(158,311)
Finance income	**1,934**	126
Finance costs	**(537)**	(290)
Finance income/(costs) — net	**1,397**	(164)
Fair value changes of preferred shares	**—**	(484,442)
Fair value changes of warrants	**51,486**	(7,112)
Loss before income tax	**(280,695)**	(650,029)
Income tax expense	**—**	—
Loss for the period	**(280,695)**	(650,029)
Non-IFRS measure:		
Adjusted loss for the period	**(268,198)**	(101,004)

1. Overview

Our loss for the period decreased from RMB650.0 million for the six months ended June 30, 2020 to RMB280.7 million for the six months ended June 30, 2021. This decrease was primarily due to de-recognition of fair value changes of preferred shares along with our listing on the Hong Kong Stock Exchange on November 3, 2020, and de-recognition of warrants of upfront payment defined in the BCMA License Agreement with Juno due to the decision made by BMS to discontinue clinical development of orva-cel, the effects of which were partially offset by an increase in operating loss.

Our adjusted loss increased from RMB101.0 million for the six months ended June 30, 2020 to RMB268.2 million for the six months ended June 30, 2021, primarily as a result of (i) increased cash expenses for staff allocated to research and development; (ii) increased fees and expenses for materials purchasing and testing and clinical trials; (iii) increased fees and expenses for professional services; and (iv) selling expenses associated with the establishment of our sales and marketing capabilities from the second half of 2020.

2. Revenue

For the six months ended June 30, 2020 and 2021, we did not generate any revenue in either period.

3. Research and Development Expenses

The following table provides a breakdown of our research and development expenses for the six months ended June 30, 2020 and 2021.

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Employee benefit expenses	**93,104**	40,943
— Share-based compensation expenses	***16,302***	*10,070*
R&D materials	**42,715**	8,777
Testing and clinical fees	**25,830**	19,729
Depreciation and amortization	**13,674**	9,401
Office expenses	**5,272**	2,806
Others	**4,914**	610
Research and development expenses	**185,509**	82,266

Our research and development expenses increased from RMB82.3 million for the six months ended June 30, 2020 to RMB185.5 million for the six months ended June 30, 2021. This increase was primarily due to an increase of RMB52.2 million in staff costs allocated to research and development, which resulted principally from (i) an increase in headcount allocated to research and development and (ii) an increase of RMB6.2 million in share-based compensation expenses. The increase in research and development expenses was also due in part to an increase of approximately RMB33.9 million in research and development materials and approximately RMB6.1 million in testing and clinical fees which resulted principally from pre-clinical research and development activities relating to JWATM204/214 and JWATM203/213 for the treatment of HCC and pediatric and young adult patients with r/r ALL, as well as clinical research activities including on-going clinical trial on third-line LBCL and clinical cost incurred on indications for relma-cel such as FL, MCL and second-line LBCL.

4. General and Administrative Expenses

The following table provides a breakdown of our general and administrative expenses for the six months ended June 30, 2020 and 2021.

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Employee benefit expenses	**69,923**	62,048
— Share-based compensation expenses	***43,774***	*47,401*
Professional service fees	**21,326**	7,152
Depreciation and amortization	**2,074**	1,273
Office expenses	**4,758**	2,263
Auditor's remuneration	**589**	—
Listing expenses	**—**	7,669
Others	**6,431**	602
General and Administrative Expenses	**105,101**	81,007

Our general and administrative expenses increased from RMB81.0 million for the six months ended June 30, 2020 to RMB105.1 million for the six months ended June 30, 2021. This increase resulted primarily from an increase of RMB14.2 million in professional service fees, which resulted from increase in legal services and human resource services as we expanded our business. The increase in general and administrative expenses was also due in part to an increase of RMB7.9 million in staff costs allocated to general and administrative expenses due to an increase in headcount allocated to general and administrative.

5. Selling Expenses

The following table provides a breakdown of our selling expenses for the six months ended June 30, 2020 and 2021.

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Employee benefit expenses	**37,187**	—
— *Share-based compensation expenses*	***3,907***	—
Business promotion fees	**5,492**	—
Professional service fees	**1,480**	—
Office expenses	**1,726**	—
Others	**291**	—
Selling expenses	**46,176**	—

Our selling expenses amounted to RMB46.2 million for the six months ended June 30, 2021, compared to nil for the six months ended June 30, 2020, as we established our sales and marketing capabilities from the second half of 2020 for the anticipated commercialization of relma-cel in 2021.

6. Other Income

Our other income amounted to RMB3.9 million for the six months ended June 30, 2021, as compared to RMB0.8 million for the six months ended June 30, 2020. Our other income in both periods was related to government grants.

7. Other Gains and Losses

Our other gains and losses amounted to net other losses of RMB0.7 million for the six months ended June 30, 2021, as compared to net other gains of RMB4.1 million for the six months ended June 30, 2020. This change resulted primarily from (i) a foreign exchange gain of RMB4.4 million for the six months ended June 30, 2021, as compared to a foreign exchange loss of RMB1.9 million for the six months ended, 2020 due to an unrealized gain from the changes in foreign currency exchange rates where the transactional currency was different from the functional currency of the operating subsidiary; (ii) bargain purchase gain, which amounted to nil for the six months ended June 30, 2021, as compared to RMB6.0 million for the six months ended June 30, 2020 as we completed our business combination with Syracuse Biopharma (Hong Kong) Limited ("**Syracuse Hong Kong**") and its subsidiaries ("**Syracuse Group**") on June 30, 2020 (the "**acquisition date**") and recognized one-time gains; and (iii) a fair value loss of contingent consideration for business combination which amounted to RMB4.9 million for the six months ended June 30, 2021, compared to nil for the six months ended June 30, 2020, as we recognized at fair value by discounted cash flow model and classified as a financial liability measured at fair value through profit or loss for the contingent consideration to be settled by ordinary shares pursuant to the Asset Purchase Agreement with Eureka and Eureka Therapeutics (Cayman), Inc. (collectively, "**Eureka Group**"), and Syracuse Biopharma (Cayman) Ltd. ("**Syracuse Cayman**").

8. Fair Value Changes of Preferred Shares

The fair value changes of preferred shares was a non-cash and non-recurring accounting adjustment recognized as of November 3, 2020 (the "**Listing Date**"). For the six months ended June 30, 2021, we did not record any losses or gains on fair value changes of preferred shares, compared to RMB484.4 million of the fair value losses for the six months ended June 30, 2020, as all preferred shares were converted to ordinary shares upon the Listing Date.

9. Fair Value Changes of Warrants

Fair value changes of warrants increased from a loss of RMB7.1 million for the six months ended June 30, 2020 to a gain of RMB51.5 million for the six months ended June 30, 2021. The increase was primarily due to our de-recognition of the warrants of upfront payment defined in the BCMA License Agreement with Juno due to the decision made by BMS to discontinue clinical development of orva-cel.

10. Income Tax Expense

For the six months ended June 30, 2020 and 2021, we did not incur any income tax expense, as we did not generate taxable income in either period.

11. Loss for the Period

As a result of the foregoing factors, our loss for the period decreased from RMB650.0 million for the six months ended June 30, 2020 to RMB280.7 million for the six months ended June 30, 2021.

12. Non-IFRS Measure

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

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the period	**(280,695)**	(650,029)
Added:		
Fair value changes of warrants	**(51,486)**	7,112
Fair value changes of preferred shares	**—**	484,442
Share-based compensation expenses	**63,983**	57,471
Adjusted loss for the period (Non-IFRS)	**(268,198)**	(101,004)

Selected Data from Statement of Financial Position

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Total current assets	**2,268,145**	2,647,359
Total non-current assets	**1,216,540**	1,132,133
Total assets	**3,484,685**	3,779,492
Total current liabilities	**197,381**	237,045
Total non-current liabilities	**109,463**	112,712
Total liabilities	**306,844**	349,757
Net current assets	**2,070,764**	2,410,314

13. Liquidity and Sources of Funding and Borrowing

As at June 30, 2021, our current assets amounted to RMB2,268.1 million, including bank balances and cash of RMB2,206.3 million and other current assets of RMB61.8 million. As at the same date, our current liabilities amounted to RMB197.4 million, primarily including lease liabilities of RMB14.1 million, trade and other payables of RMB121.9 million, and contingent consideration for business combination of RMB58.9 million. As at December 31, 2020 and June 30, 2021, we have an unsecured bank borrowings in the amount of RMB100.0 million for the construction of our commercial manufacturing facility in Suzhou.

14. Key Financial Ratios

The following table sets forth the key financial ratios of our Group as of the dates indicated:

	As at June 30, 2021	As at December 31, 2020
Current ratio[(1)]	**11.5**	11.2
Ratio of total liabilities to total assets[(2)]	**0.1**	0.1

(1) Current ratio equals current assets divided by current liabilities as of the date indicated.

(2) Ratio of total liabilities to total assets equals total liabilities divided by total assets as of the date indicated.

15. Material Investments

We did not make any material investments during the six months ended June 30, 2021.

16. Material Acquisitions and Disposals

We did not engage in any material acquisitions or disposals during the six months ended June 30, 2021.

17. Pledge of Assets

As at June 30, 2021, the Group had no pledge of assets.

18. Contingent Liabilities

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

19. Foreign Exchange Exposure

The Group mainly operated in Mainland China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. As at June 30, 2021, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars and Hong Kong dollars. Except for certain bank balances and cash, other receivables, trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at June 30, 2021. The Group currently does not have any foreign currency hedging transactions. However, the management monitors the foreign exchange exposure and will consider hedging significant foreign exchange of the Group exposure should the need arise.

20. Employees and Remuneration

As at June 30, 2021, we had 477 employees. The following table sets forth the total number of employees by function as of June 30, 2021:

	Number of Employees	**% of total**
Technical operations	186	39.0
Quality	79	16.6
Medical	68	14.3
Business development and general administrative	13	2.7
Commercial	83	17.4
Support	48	10.0
Total	477	100.0

The total remuneration cost (including directors' emoluments) incurred by the Group for the six months ended June 30, 2021 was RMB200.2 million, as compared to RMB103.0 million for the six months ended June 30, 2020.

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based compensation expenses. In accordance with applicable Chinese laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees.

The Company has also adopted the Pre-IPO Incentivization Scheme, the Restricted Share Unit Schemes and the Post-IPO Incentivization Scheme. Please refer to the section headed "Statutory and General Information — D. Share Incentivization Schemes" in Appendix V to the prospectus dated October 22, 2020 (the "**Prospectus**") for further details.

EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to June 30, 2021:

- Pursuant to the Asset Purchase Agreement dated June 30, 2020, by and among the Company, JWS Therapeutics Investment Co., Ltd., and Syracuse Cayman, as described in the Prospectus and a letter agreement, dated July 7, 2021, and a subsequent agreement, dated August 7, 2021, in each case, by and between the Company and Syracuse Cayman, the deadline under the Asset Purchase Agreement for the Company to issue the Syracuse Holdback Shares (as defined in the Asset Purchase Agreement) was extended until twenty (20) Business Days (as defined in the Asset Purchase Agreement) after August 6, 2021, and could be further extended by mutual agreement of the parties. The maximum number of Syracuse Holdback Shares that we may issue is 5,132,467.

- Application for change in one of the registered shareholders of Shanghai Ju Ming Medical Technology Co., Ltd. (上海炬明醫療技術有限公司), a consolidated affiliated entity of the Company, from Ms. Jing Lv (呂晶) to Mr. Xin Fu (傅欣) has been made to the relevant competent governmental authorities and pending approval.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	Six months ended June 30, 2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Revenue		**—**	—
Other income	*3*	**3,933**	847
Other (losses)/gains - net	*4*	**(725)**	4,115
Selling expenses		**(46,176)**	—
General and administrative expenses		**(105,101)**	(81,007)
Research and development expenses		**(185,509)**	(82,266)
Operating loss		**(333,578)**	(158,311)
Finance income		**1,934**	126
Finance costs		**(537)**	(290)
Finance income - net		**1,397**	(164)
Fair values loss of preferred shares		**—**	(484,442)
Fair values gain/(loss) of warrants		**51,486**	(7,112)
Loss before income tax		**(280,695)**	(650,029)
Income tax expense	*5*	**—**	—
Loss for the period and attribute to the equity holders of the Company		**(280,695)**	(650,029)
Loss per share for the loss attributable to owners of the Company			
— Basic and diluted (in RMB)	*6*	**(0.71)**	(9.96)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the period	**(280,695)**	(650,029)
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
— Exchange differences on translation	**(36,562)**	(18,338)
Other comprehensive loss for the period, net of tax	**(36,562)**	(18,338)
Total comprehensive loss for the period and attribute to the equity holders of the Company	**(317,257)**	(668,367)

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2021

	Note	**As at June 30, 2021** ***RMB'000*** **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**308,911**	285,224
Right-of-use assets		**24,214**	22,636
Intangible assets	*8*	**822,450**	774,974
Prepayment for license		**6,460**	6,525
Other non-current assets		**54,505**	42,774
Total non-current assets		**1,216,540**	1,132,133
Current assets			
Inventories		**15,212**	955
Other current assets		**20,713**	9,750
Other receivables and prepayments		**25,879**	2,794
Restricted bank deposits		**—**	3,262
Cash and cash equivalents		**2,206,341**	2,630,598
Total current assets		**2,268,145**	2,647,359
Total assets		**3,484,685**	3,779,492

CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT JUNE 30, 2021

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
EQUITY			
Equity attribute to the owners of the Company			
Share capital		**27**	26
Reserves		**6,107,384**	6,078,584
Accumulated losses		**(2,929,570)**	(2,648,875)
Total equity		**3,177,841**	3,429,735
LIABILITIES			
Non-current liabilities			
Borrowings		**97,500**	100,000
Lease liabilities		**11,963**	12,712
Total non-current liabilities		**109,463**	112,712
Current liabilities			
Lease liabilities		**14,102**	10,881
Borrowings		**2,500**	—
Trade and other payables	*9*	**121,885**	119,053
Contingent consideration for business combination		**58,894**	55,369
Warrants		**—**	51,742
Total current liabilities		**197,381**	237,045
Total liabilities		**306,844**	349,757
Total equity and liabilities		**3,484,685**	3,779,492

NOTES:

1 General information

JW (Cayman) Therapeutics Co. Ltd (the "**Company**") was incorporated in the Cayman Islands, with its registered office situate at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, on September 6, 2017 as an exempted company with limited liability.

The Company and its subsidiaries, hereinafter collectively referred to as the "**Group**" are primarily engaged in research and development ("**R&D**"), manufacturing, and marketing of anti-tumor drugs in the People's Republic of China (the "**PRC**").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on November 3, 2020 (the "**Listing**").

The condensed interim financial information was approved for issue by the directors on August 27, 2021.

The condensed interim financial information has been reviewed, but not audited.

2 Summary of significant accounting policies

2.1 Basis of preparation

The condensed interim financial information for the six months ended June 30, 2021 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**"). This Condensed Interim Financial Information should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the IASB.

The condensed interim financial information is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earning, the significant accounting policies and methods of computation used in the preparation of the Condensed Interim Financial Information are consistent with the 2020 Annual Financial Statements.

2.2 New standard, amendments and interpretation adopted by the Group

A number of new standard, amendments and interpretation became applicable for the current reporting period and the Group changed its accounting policies and make adjustments as a result of adopting these new standard, amendments and interpretation set out below:

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

The adoption of the above new standard, amendments and interpretation to existing standards does not have a material impact on the Group.

2.3 New standards and interpretations not yet adopted

Certain new accounting standard, amendments and interpretation have been published but are not mandatory for the financial year beginning January 1, 2021 and have not been early adopted by the Group. These new accounting standard, amendments and interpretation are not expected to have a material impact on the Group's financial statements when they become effective.

3 Other income

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Government grants – cost related *(Note)*	**3,933**	847

Note: The government grants and subsidies related to funding received to compensate for the Group's research and development expenses. Some of the grants received are related to future costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. When the required conditions set by the government for such grants are met, the proportion of the qualified funds is recognized as "other income" and the remaining balance is recorded as "Trade and other payables – deferred income".

4 Other (losses)/gains – net

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Net foreign exchange gain/(losses)	**4,404**	(1,901)
Bargain purchase gain	**—**	6,016
Fair value loss of contingent consideration for business combination	**(4,859)**	—
Others	**(270)**	—
Total	**(725)**	4,115

5 Income tax expense

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax	**—**	—
Deferred income tax	**—**	—
	—	—

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

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. There is no income tax in the Cayman Islands and accordingly, the operating results reported by the Company, is not subject to any income tax in the Cayman Islands.

(b) Hong Kong income tax

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as the Company has no estimated assessable profit.

(c) The PRC corporate income tax

No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), as the Group's PRC entities have no estimated assessable profits.

6 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attribute to owners of the Company by weighted average number of ordinary shares issued during the period.

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Audited)
Loss attributable to the ordinary equity holders of the company (RMB'000)	**(280,695)**	(650,029)
Weighted average number of ordinary shares in issue (in thousand) *(Note)*	**395,367**	65,257
Basic loss per share (RMB)	**(0.71)**	(9.96)

Note: On August 21, 2020, the Company underwent a subdivision of shares whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital shall be subdivided into 10 shares of US$0.00001 par value each.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2021, the Company had one category of potential ordinary shares: the stock options granted to employees (June 30, 2020: two categories of potential ordinary shares: preferred shares and the stock options granted to employees). As the Group incurred losses for the six months ended June 30, 2020 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2020 and 2021 are the same as basic loss per share.

7 Dividend

No dividend was paid nor declared by the Company for the six months ended June 30, 2021.

8 Intangible assets

	Computer software *RMB'000*	Licenses *RMB'000 (Note)*	Construction in progress *RMB'000*	Total *RMB'000*
Six months ended June 30, 2020 (Audited)				
Opening net book amount	1,733	144,477	10,737	156,947
Additions	—	—	2,353	2,353
Transfer	1,002	—	(1,002)	—
Acquisition of subsidiaries *(Note 10)*	1	674,676	—	674,677
Amortization charges	(176)	—	—	(176)
Currency translation differences	—	2,139	—	2,139
Closing net book amount	2,560	821,292	12,088	835,940
As at June 30, 2020 (Audited)				
Cost	3,024	821,292	12,088	836,404
Accumulated amortization	(464)	—	—	(464)
Net book amount	2,560	821,292	12,088	835,940
Six months ended June 30, 2021 (Unaudited)				
Opening net book amount	**4,516**	**756,953**	**13,505**	**774,974**
Additions	**424**	**32,462**	**21,971**	**54,857**
Transfer	**659**	**—**	**—**	**659**
Amortization charges	**(361)**	**—**	**—**	**(361)**
Currency translation differences	**—**	**(7,679)**	**—**	**(7,679)**
Closing net book amount	**5,238**	**781,736**	**35,476**	**822,450**
As at June 30, 2021 (Unaudited)				
Cost	**6,309**	**781,736**	**35,476**	**823,521**
Accumulated amortization	**(1,071)**	**—**	**—**	**(1,071)**
Net book amount	**5,238**	**781,736**	**35,476**	**822,450**

Note:

Licenses Recognition

(i) License and Strategic Alliance Agreement

In December 2017, the Group entered into License and Strategic Alliance Agreement ("**License and Strategic Alliance Agreement**") with Juno Therapeutics, Inc., ("**Juno**") to develop and commercialize Relma-cel in Mainland China, Hong Kong and Macau. The Group recognized a total amount of USD11,570,000 (equivalent to RMB75,601,000) as intangible assets based on the fair value in year 2017.

In January 2021, the Group completed the treatment of 100 patients with relma-cel in clinical trials. As such, the Group provided Juno milestone payment in cash in an amount of USD5,000,000 (equivalent to RMB32,462,000) in connection with the License and Strategic Alliance Agreement and further recognized it as intangible assets.

(ii) BCMA license

In April 2019, the Group entered into License Agreement-BCMA ("**BCMA License Agreement**") with Juno to develop and commercialize JWCAR129 in Mainland China, Hong Kong and Macau. The Group recognized a total amount of USD9,140,000 (equivalent to RMB61,318,000) as intangible assets based on the fair value in year 2019.

(iii) Eureka licenses

Licenses acquired in a business combination (Note 10) are recognized at fair value at the acquisition date ("**Eureka Licenses**"), which includes certain licenses under development and commercialization in Mainland China, Hong Kong, Macau, Taiwan and the member countries of Association of South East Asia Nation. The Group recognized a total amount of USD95,300,000 (equivalent to RMB674,676,000) as intangible assets based on the fair value in year 2020.

9 Trade and other payables

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Payables for purchase of R&D materials	**33,735**	23,475
Staff salaries and welfare payables	**30,076**	24,904
Accrued expenses	**28,620**	28,892
Payables for purchase of property, plant and equipment	**13,374**	16,557
Trade payables	**11,586**	902
Payroll tax	**3,372**	1,881
Deferred income	**1,122**	6,791
Listing expenses	**—**	15,651
Total	**121,885**	119,053

The aging of trade payables based on the basis of the date of relevant invoice or the demand note are as follows:

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Less than 1 year	**11,586**	902

The carrying amounts of trade and other payables (excluding accrued expenses) of the Group are denominated in the following currencies:

	As at June 30, 2021 *RMB'000* **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
RMB	**80,165**	67,602
USD	**13,100**	22,559
	93,265	90,161

10 Business Combination

On June 30, 2020, the Group acquired 100% equity interest of Syracuse Biopharma (Hong Kong) Limited ("**Syracuse HK**") and its subsidiaries ("**Syracuse Group**") from Syracuse Biopharma (Cayman) Ltd., ("**Syracuse Cayman**"), which is engaged in R&D, manufacturing, and marketing of anti-tumor drugs. As part of the acquisition, the Group also entered into a License Agreement ("**Eureka License Agreement**") with Eureka Therapeutics Inc., Eureka Therapeutics (Cayman), Inc. and Syracuse Cayman. The total consideration for the acquisition including Eureka License Agreement is USD96,053,000 (equivalent to RMB680,007,000), which consists of 4,631,374 shares issued by the Company and contingent consideration to be settled by ordinary shares within 12 months after acquisition date. The fair value of the ordinary shares issued as the consideration was based on the share price on June 30, 2020 of USD19.16 per share valued by an independent valuer. Issue costs directly attributable to the issue of the shares was not material. The acquisition is a business combination not under common control.

The Group controlled the board and business of Syracuse Group through the appointment of director to the board of Syracuse Hong Kong effective from June 30, 2020. Accordingly, the acquisition date was determined on June 30, 2020.

The following table summarizes the consideration paid for the acquisitions, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at June 30, 2020 *RMB'000*
Fair value of ordinary shares issued	628,214
— Share capital	3
— Reserves	628,211
Fair value of contingent consideration	51,793
Total consideration	680,007

Recognized amounts of identifiable assets acquired and liabilities assumed

	As at June 30, 2020 *RMB'000*
Cash and cash equivalents	45,308
Licenses	674,676
Other assets	9,273
Trade and other payables	(43,234)
Total identifiable net assets	686,023
Bargain purchase gain	(6,016)
	680,007

The total cash flows from business combination were the net cash inflows derived from the cash and cash equivalents acquired from Syracuse Group, as the consideration for the acquisition are ordinary shares granted to the then equity holders of Syracuse Group.

The acquired business contributed no revenue and net loss of RMB12,493,899 of the Group since the date of acquisition for the year ended December 31, 2020.

If the acquisitions had occurred on January 1, 2020, the comprehensive loss for the year ended December 31, 2020 would have been increased by RMB48,020,000.

USE OF NET PROCEEDS FROM LISTING

Our shares were listed on the Main Board of the Hong Kong Stock Exchange on November 3, 2020 (the "**Listing**"). The Group received net proceeds (after deducting the underwriting fees and related costs and expenses) from the issue of new shares by the Company in its Listing and the subsequent over-allotment option partially exercised by the Joint Global Coordinators approximately HK$2,495.8 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus as follows and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The net proceeds (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. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2021:

Intended Applications	**Amount of net proceeds** *(HK$ million)*	**Percentage of net proceeds**	**Net proceeds brought forward for the Reporting Period** *(HK$ million)*	**Actual usage up to June 30, 2021** *(HK$ million)*	**Unutilized net proceeds as at June 30, 2021** *(HK$ million)*
Research and development activities relating to relma-cel	748.74	30%	739.44	196.00	543.44
Building a focused in-house sales and marketing team to market relma-cel across Mainland China	249.58	10%	242.88	50.49	192.39
Research and development activities relating to JWCAR129	149.75	6%	143.85	31.91	111.94
Research and development activities relating to our other pre-clinical product candidates including our JWATM203 Program, our JWATM204 Program and Nex-G	698.82	28%	696.23	23.82	672.41
Acquisition of the Acepodia license through exercising the Acepodia Option	99.83	4%	99.83	—	99.83
New potential acquisitions and in-licensing opportunities	299.50	12%	299.50	—	299.50
Working capital and general corporate purposes	249.58	10%	234.53	40.60	193.93
Total	**2,495.8**	**100.0%**	**2,456.26**	**342.82**	**2,113.44**

The net proceeds are expected to be fully utilized by December 31, 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of interim dividend for the six months ended June 30, 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance during the six months ended June 30, 2021.

Except as expressly described below, the Company has complied with all applicable code provisions of the CG Code during the six months ended June 30, 2021.

Separation of the Roles of the Chairman of the Board and Chief Executive Officer ("CEO")

Dr. Yiping James Li ("**Dr. Li**") is currently the Chairman and CEO. We consider that having Dr. Li acting as both the Chairman and CEO will provide a strong and consistent leadership to us and allow for more effective planning and management of our Group. Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman of the Board and CEO should be separate and should not be performed by the same individual. However, in view of Dr. Li's extensive experience in the industry, personal profile and critical role in our Group and our historical development, we consider that it is beneficial to the business prospects of our Group that Dr. Li continues to act as both the Chairman and CEO upon Listing.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding securities transactions, namely the Code for Securities Transactions by Directors (the "**Securities Transactions Code**"), which applies to all directors of the Company on terms no less than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the directors and they have confirmed that they have complied with the Securities Transactions Code during the six months ended June 30, 2021.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2021.

AUDIT COMMITTEE

The Board has established the Audit Committee which is chaired by an independent non-executive director, Mr. Yiu Leung Andy Cheung, and consists of another one independent non-executive director, Mr. Kin Cheong Kelvin Ho, and one non-executive director, Ms. Xing Gao. The primary duties of the Audit Committee are to assist the Board by monitoring the Company's ongoing compliance with the applicable laws and regulations that governs its business operations, providing an independent view on the effectiveness of the Company's internal control policies, financial management processes and risk management systems.

The Audit Committee had, together with the management and external auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2021.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2021 INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.jwtherapeutics.com), and the 2021 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board
JW (Cayman) Therapeutics Co. Ltd
藥明巨諾(開曼)有限公司*
Yiping James Li
Chairman

Shanghai, PRC, August 27, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Yiping James Li as Chairman and executive director, Mr. Hans Edgar Bishop, Dr. Krishnan Viswanadhan, Ms. Xing Gao, Dr. Ann Li Lee, Mr. Jinyin Wang, Dr. Cheng Liu as non-executive directors, and Mr. Yanling Cao, Mr. Chi Shing Li, Mr. Yiu Leung Andy Cheung, Mr. Kin Cheong Kelvin Ho as independent non-executive directors.

* *for identification purpose only*