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 2021

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 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2020. 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, 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

- As at 30 June 2021, total revenue of the Group reached RMB2,114 million during the Reporting Period, representing an increase of 268% compared to the corresponding period of 2020. The increase was mainly due to the growth of revenue from out-licensing income.
- Total research and development ("**R&D**") expenses were RMB947 million during the Reporting Period, representing an increase of 34% compared to the corresponding period of 2020. The increase in R&D expenses was mainly due to: (i) continued increasing investment in in-house R&D projects to ensure the promising progress of pivotal clinical trials and pre-clinical studies during the Reporting Period; and (ii) the expanded innovative R&D fields, more R&D collaborations and license-in activities which are further developing and enriching our product pipelines.
- Profit for the Reporting Period was RMB11 million compared to a loss of RMB598 million for the corresponding period of 2020. The turnaround in profit was mainly due to the significant increase in revenue from RMB575 million to RMB2,114 million.
- Net cash from operating activities was RMB48 million during the Reporting Period, which was mainly due to cash received from growth of revenue.
- Net cash from financing activities was RMB2,028 million during the Reporting Period, which was mainly due to the successful placing of new H shares with net proceeds of approximately RMB2,106 million in June 2021.

Business Highlights

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Retained and expanded talent pool

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

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

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

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

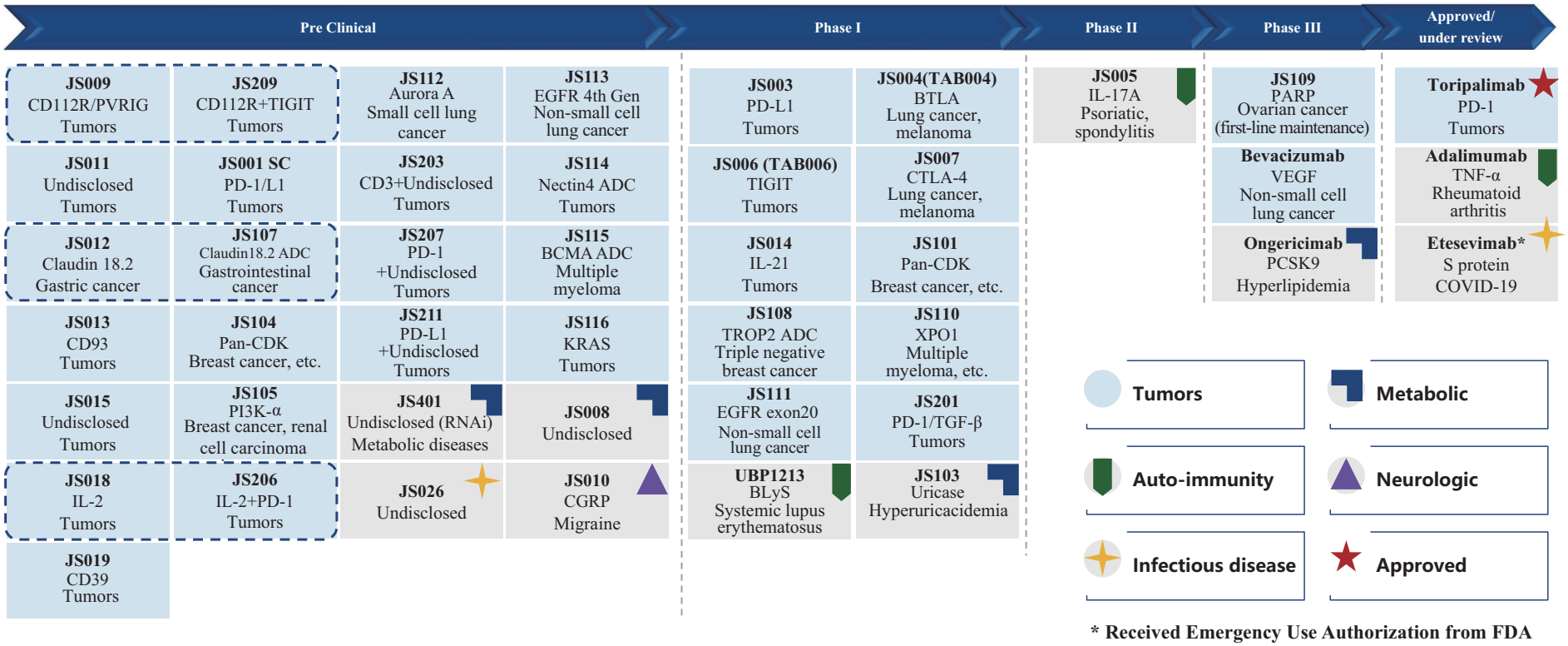
Product Pipeline

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

R&D Progress of Toripalimab

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

R&D Pipelines Covering a Wide Variety of Therapeutic Areas



*** Received Emergency Use Authorization from FDA**

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

Business Review

Our products under commercialization

TUOYI® (toripalimab)

- *Milestones and achievements of commercialization*

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

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

TUOYI® (toripalimab)

- *Milestones and achievements of clinical development*

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

  Progress of clinical trials in China:

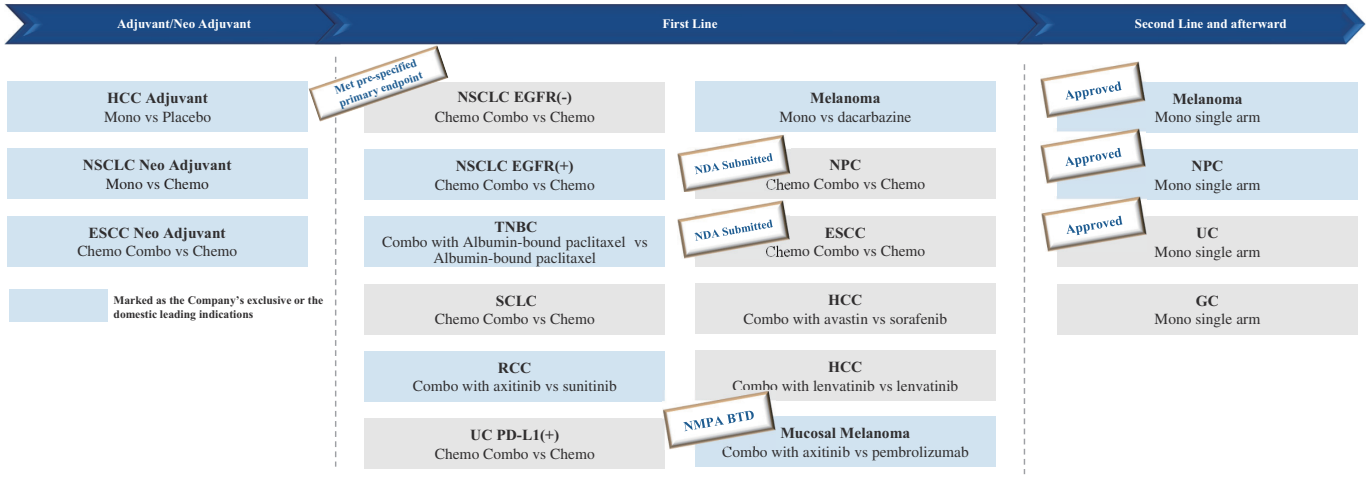
  — In February 2021, the sNDA for TUOYI® (toripalimab) in combination with cisplatin and gemcitabine as the first-line treatment for patients with locally recurrent or metastatic NPC was accepted by the NMPA. The sNDA is based on JUPITER-02 study (NCT03581786), which is a randomized, double-blind, placebo-controlled,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

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

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

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

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



Progress of overseas clinical trials:

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

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

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

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

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

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

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

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

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

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

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

Etesevimab (code: JS016/LY-CoV016)

- *Milestones and achievements of commercialization*

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

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

Etesevimab (left) and bamlanivimab (right)

- *Milestones and achievements of clinical development*

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

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

Etesevimab

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

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

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

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

Our drug candidates under NDA

Adalimumab (code: UBP1211)

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

Our drug candidates under clinical trials

Ongericimab (code: JS002)

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

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

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

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

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

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

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

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

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

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

PARP inhibitor senaparib (code: JS109)

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

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

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

XPO1 Inhibitor (code: JS110)

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

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

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

Pegylated uricase derivative (code: JS103)

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

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

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

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

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

Other collaboration projects

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

Our manufacturing facilities

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

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

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

Other corporate development

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

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

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

Future and Outlook

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

Financial Review

1. Revenue

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

2. R&D Expenses

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

3. Selling and Distribution Expenses

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

4. Administrative Expenses

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

5. Liquidity and Capital Resources

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

6. Non-IFRS Measures

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

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

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

7. *Global Offering, Listing on the STAR Market and Use of Proceeds*

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

Planned Usage	**Planned use of proceeds as disclosed in the Prospectus** *RMB'000*	*% of total proceeds*	**Planned use of proceeds as disclosed in the 2019 Annual Report (including amount already utilized as at 31 December 2019)** *RMB'000*	*% of total proceeds*	**Planned use of proceeds as disclosed in the 2020 Interim Report (including amount already utilized as at 30 June 2020)** *RMB'000*	*% of total proceeds*	**Utilized Proceeds as at 30 June 2021** *RMB'000*	**Unutilized Proceeds as at 30 June 2021** *RMB'000*	**Expected timeline for application of the Unutilized Proceeds** *(Note 3)*
The R&D and commercialization of the Group's drug candidates	1,952,203	65%	2,162,440	72%	2,372,677	79%	2,310,544	62,133	Expected to be fully utilized by 31 December 2021
The R&D and commercialization of the Group's Core Product, JS001	1,201,356	40%	1,201,356	40%	1,291,457	43%	1,259,142	32,315	Expected to be fully utilized by 31 December 2021
The R&D of the Group's other drug candidates to fund clinical trials worldwide, including JS004, etc. *(Note 1a)*	480,542	16%	480,542	16%	600,678	20%	570,860	29,818	Expected to be fully utilized by 31 December 2021
The construction of, acquisition of facilities for and settlement of start-up costs on the Lingang Site and the Wujiang Site *(Note 1b)*	270,305	9%	480,542	16%	480,542	16%	480,542	-	Expected to be fully utilized by 31 December 2021
The Group's investment in the health care and/or life science sector(s), including acquisition of companies, licensing-in and collaboration *(Note 1c)*	750,847	25%	540,610	18%	330,373	11%	325,802	4,571	Expected to be fully utilized by 31 December 2022
The Group's working capital and other general corporate purposes	300,339	10%	300,339	10%	300,339 *(Note2)*	10%	334,547 *(Note2)*	188	Expected to be fully utilized by 31 December 2021
	3,003,389	100%	3,003,389	100%	3,003,389	100%	2,970,893	66,892	

Notes:

1. As disclosed in the 2019 Announcement, in August 2019, adjustments were made on these items from the following original planned usage disclosed in the Prospectus:

   a. Adjusted from "The R&D of the Group's other drug candidates to fund clinical trials"

   b. Adjusted from "The construction of the Lingang Production Base and the Wujiang Production Base"

   c. Adjusted from "The Group's investment in and acquisition of companies in the pharmaceutical sector"

2. The sum of proceeds includes interests of RMB34 million generated from bank savings accounts in which the proceeds from the H Share Listing have been deposited.

3. The expected timeline was based on the Company's estimation of future market conditions and business operations, and remains subject to change based on actual market conditions and business needs.

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

	NOTE	For the six months ended 30 June	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		**10,534**	(597,899)
– Non-controlling interests		**(1)**	–
		10,533	(597,899)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		**(4,209)**	(593,273)
– Non-controlling interests		**(1)**	–
		(4,210)	(593,273)
Earning (loss) per share	*7*		
– Basic (RMB yuan)		**0.01**	(0.76)
– Diluted (RMB yuan)		**0.01**	(0.76)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	**As at 30 June 2021 *RMB'000* (Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**2,465,894**	2,348,155
Right-of-use assets		**233,283**	186,239
Intangible assets		**38,197**	31,019
Interests in associates	*8*	**208,665**	65,150
Interests in joint ventures		**1,020**	1,021
Deferred tax assets		**55,869**	26,113
Other assets, prepayments and other receivables		**504,389**	297,725
Other financial assets	*9*	**935,479**	356,725
		4,442,796	3,312,147
Current assets			
Inventories		**414,013**	343,425
Trade receivables	*10*	**436,970**	663,323
Other assets, prepayments and other receivables		**478,479**	306,954
Other financial assets	*9*	**17**	17
Restricted bank deposits		**1,262**	–
Bank balances and cash		**4,268,654**	3,384,998
		5,599,395	4,698,717
Current liabilities			
Trade and other payables	*11*	**1,021,643**	1,215,016
Bank borrowings	*12*	**465,489**	252,346
Lease liabilities		**26,437**	25,220
Tax liabilities		**8,219**	–
		1,521,788	1,492,582
Net current assets		**4,077,607**	3,206,135
Total assets less current liabilities		**8,520,403**	6,518,282

	NOTES	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Non-current liabilities			
Bank borrowings	*12*	**275,556**	542,222
Deferred income		**101,674**	103,809
Lease liabilities		**84,078**	30,991
		461,308	677,022
Net assets		**8,059,095**	5,841,260
Capital and reserves			
Share capital	*13*	**910,757**	872,496
Reserves		**7,148,342**	4,968,767
Equity attributable to owners of the Company		**8,059,099**	5,841,263
Non-controlling interests		**(4)**	(3)
Total equity		**8,059,095**	5,841,260

1. GENERAL AND BASIS OF PREPARATION

Shanghai Junshi Biosciences Co., Ltd. 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 and traded on the National Equities Exchange and Quotations ("**NEEQ**") (stock code: 833330). On 24 December 2018, the Company's H shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1877). The domestic shares were delisted from 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 principal activities of the Company and its subsidiaries are mainly discovery, development and commercialisation of innovative drugs. The condensed consolidated financial statements are presented in Renminbi ("**RMB**") which is also the functional currency of the Company.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to IFRSs

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

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

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

Accounting policy newly applied by the Group

Financial instruments

Financial assets

Equity instruments designated as at FVTOCI

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

4. OTHER GAINS AND LOSSES

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

5. INCOME TAX EXPENSE (CREDIT)

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

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

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

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

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

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

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

6. 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.

7. EARNING (LOSS) PER SHARE

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

Profit (loss)

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

Number of shares

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

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

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

8. INTERESTS IN ASSOCIATES

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

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

9. OTHER FINANCIAL ASSETS

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

Note: The amount represents equity investment in Coherus.

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

10. TRADE RECEIVABLES

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

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

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

11. TRADE AND OTHER PAYABLES

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

Notes:

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

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

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

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

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

12. BORROWINGS

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

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

13. SHARE CAPITAL

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

Note:

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

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

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

The following financial information is extracted from the Company's 2021 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 2021

Unit: Yuan Currency: RMB

Item	**2021/6/30**	2020/12/31
Current assets:		
Cash and bank balances	**4,269,916,132.11**	3,384,997,561.89
Held-for-trading financial assets	**17,198.97**	17,102.05
Notes receivable	**57,309,741.48**	74,115,760.11
Accounts receivable	**383,343,319.93**	590,324,155.59
Prepayments	**405,188,788.02**	258,178,283.57
Other receivables	**8,369,895.01**	22,840,431.36
Including: Interest receivable	**–**	–
Dividend receivable	**–**	–
Inventories	**414,013,674.96**	343,425,428.27
Non-current assets due within one year	**2,734,650.63**	3,524,807.19
Other current assets	**58,503,132.43**	21,293,154.01
Total current assets	**5,599,396,533.54**	4,698,716,684.04
Non-current assets:		
Long-term equity investments	**209,685,996.42**	66,171,419.68
Other investments in equity instruments	**222,642,139.92**	–
Other non-current financial assets	**712,836,809.62**	356,724,866.15
Fixed assets	**1,905,117,457.92**	1,905,914,113.97
Construction in progress	**519,249,172.20**	415,550,140.47
Right-of-use assets	**104,993,510.20**	55,169,735.03
Intangible assets	**166,486,054.82**	162,088,048.23
Long-term prepaid expenses	**26,886,881.09**	13,236,525.11
Deferred tax assets	**55,868,661.63**	26,112,859.60
Other non-current assets	**504,388,501.95**	297,725,113.86
Total non-current assets	**4,428,155,185.77**	3,298,692,822.10
Total assets	**10,027,551,719.31**	7,997,409,506.14

Item	2021/6/30	2020/12/31
Current liabilities:		
Short-term loans	**21,044,999.92**	21,234,648.29
Accounts payable	**731,220,061.35**	797,697,494.08
Contract liabilities	**59,115,528.40**	43,142,036.14
Payroll payable	**139,578,451.07**	205,025,983.28
Taxes payable	**23,990,426.37**	19,619,540.34
Other payables	**49,995,922.97**	129,413,494.77
Including: Interest payable	**–**	–
Dividend payable	**–**	–
Non-current liabilities due within one year	**470,881,281.22**	256,331,193.26
Other current liabilities	**9,704,350.47**	–
Total current liabilities	**1,505,531,021.77**	1,472,464,390.16
Non-current liabilities:		
Long-term borrowings	**275,555,555.56**	542,222,222.23
Lease liabilities	**84,078,221.07**	30,991,342.99
Provisions	**1,280,411.10**	1,280,411.10
Deferred income	**101,674,416.07**	103,808,732.94
Other non-current liabilities	**14,977,946.57**	18,837,294.77
Total non-current liabilities	**477,566,550.37**	697,140,004.03
Total liabilities	**1,983,097,572.14**	2,169,604,394.19
Owners' equity:		
Share capital	**910,756,700.00**	872,496,000.00
Capital reserves	**10,816,165,136.42**	8,632,380,276.66
Other comprehensive income	**-24,135,653.21**	-9,392,471.15
Retained earnings	**-3,658,328,322.44**	-3,667,675,273.11
Total equity attributable to owners (or shareholders) of the Company	**8,044,457,860.77**	5,827,808,532.40
Minority interests	**-3,713.60**	-3,420.45
Total equity attributable to owners (or shareholders)	**8,044,454,147.17**	5,827,805,111.95
Total liabilities and equity attributable to owners (or shareholders)	**10,027,551,719.31**	7,997,409,506.14

CONSOLIDATED INCOME STATEMENT

January-June 2021

Unit: Yuan Currency: RMB

Item	January-June 2021	January-June 2020
I. Total operating income	**2,114,448,449.63**	574,932,262.29
Including: Operating income	**2,114,448,449.63**	574,932,262.29
II. Total operating costs	**2,134,731,199.41**	1,178,457,854.51
Including: Operating costs	**463,941,818.76**	90,495,754.19
Taxes and surcharges	**3,404,092.07**	2,480,948.33
Selling expenses	**422,618,761.54**	228,170,452.95
Administrative expenses	**293,075,126.88**	143,787,856.11
R&D expenses	**947,279,402.75**	708,912,455.37
Financial expenses	**4,411,997.41**	4,610,387.56
Including: Interest expenses	**20,060,129.42**	8,964,052.56
Interest income	**18,782,662.20**	6,155,565.44
Add: Other gains	**26,050,340.95**	3,676,439.44
Investment gains ("–" for losses)	**-10,783,180.10**	-5,466,997.93
Including: Gains from investments in associates and joint ventures	**-11,568,933.52**	-3,020,073.93
Gains from changes in fair value ("–" for losses)	**124,266,954.07**	26,623,719.61
Credit impairment loss ("–" for losses)	**564,679.67**	-44,557.75
Impairment loss of assets ("–" for losses)	**-5,896,080.72**	-1,569,697.45
Gains from disposal of assets ("–" for losses)	**809,964.85**	–
III. Operating revenue ("–" for losses)	**114,729,928.94**	-580,306,686.30
Add: Non-operating income	**42,602.70**	402,434.08
Less: Non-operating expenses	**16,633,486.92**	21,244,680.83
IV. Total profit ("–" for total losses)	**98,139,044.72**	-601,148,933.05
Less: Income tax expenses	**88,792,387.20**	-1,615,710.21
V. Net profit ("–" for net losses)	**9,346,657.52**	-599,533,222.84
(I) Classified by business continuity		
1. Net profit from continuous operations ("–" for net losses)	**9,346,657.52**	-599,533,222.84
2. Net profit from discontinued operations ("–" for net losses)	**–**	–
(II) Classified by ownership		
1. Net profit attributable to the shareholders of the Company ("–" for net losses)	**9,346,950.67**	-599,532,733.55
2. Profit or loss attributable to minority interests ("–" for net losses)	**-293.15**	-489.29

Item	**January-June 2021**	January-June 2020
VI. Other comprehensive income after–tax, net	**-14,743,182.06**	4,626,342.01
(I) Other comprehensive income after-tax attributable to owners of the Company, net	**-14,743,182.06**	4,626,342.01
1. Other comprehensive income that cannot be reclassified into profit or loss	**-11,478,717.23**	–
(1) Changes arising from remeasurement of defined benefit plan	**–**	–
(2) Other comprehensive income that cannot be reclassified to profit or loss using the equity method	**–**	–
(3) Changes in fair value of other equity instrument investments	**-11,478,717.23**	–
(4) Change in fair value due to enterprise's own credit risk	**–**	–
2. Other comprehensive income that can be reclassified to profit or loss	**-3,264,464.83**	4,626,342.01
(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	**-3,264,464.83**	4,626,342.01
(II) Other net comprehensive income after-tax attributable to minority shareholders	**–**	–
VII. Total comprehensive income	**-5,396,524.54**	-594,906,880.83
(I) Total comprehensive income attributable to owners of the Company	**-5,396,231.39**	-594,906,391.54
(II) Total comprehensive income attributable to minority shareholders	**-293.15**	-489.29
VIII. Earnings per share		
(I) Basic earnings per share (RMB/Share)	**0.01**	-0.76
(II) Diluted earnings per share (RMB/Share)	**0.01**	-0.76

CONSOLIDATED CASH FLOW STATEMENT

January-June 2021

Unit: Yuan Currency: RMB

Item	**January-June 2021**	January-June 2020
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	**2,347,682,076.90**	552,061,507.19
Receipts of tax refunds	**72,362,699.32**	60,186,286.64
Other cash receipts relating to operating activities	**56,985,714.36**	17,309,925.59
Subtotal of cash inflows from operating activities	**2,477,030,490.58**	629,557,719.42
Cash payments for goods purchased and services received	**1,714,999,495.19**	767,661,355.36
Cash payments to and on behalf of employees	**606,639,348.10**	299,195,732.37
Payments of various types of taxes	**15,953,468.28**	18,640,242.50
Other cash payments relating to operating activities	**93,821,742.98**	62,356,228.98
Subtotal of cash outflows from operating activities	**2,431,414,054.55**	1,147,853,559.21
Net cash flows from operating activities	**45,616,436.03**	-518,295,839.79
II. Cash flows from investing activities:		
Cash receipts from disposals and recovery of investments	**303,990,009.53**	–
Cash receipts from investment income	**785,753.42**	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**873.07**	–
Other cash receipts relating to investing activities	**18,782,662.20**	6,261,953.44
Subtotal of cash inflows from investing activities	**323,559,298.22**	6,261,953.44
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**499,324,217.70**	236,934,271.11
Cash payments to acquire investments	**993,238,305.30**	10,000,000.00
Other cash payments relating to investing activities	**2,505,392.89**	2,069,736.54
Subtotal of cash outflows from investing activities	**1,495,067,915.89**	249,004,007.65
Net cash flows from investing activities	**-1,171,508,617.67**	-242,742,054.21

Item	**January-June 2021**	January-June 2020
III. Cash flows from financing activities:		
Cash receipts from capital contributions	**2,121,734,262.98**	–
Including: Cash receipts from capital contributions from minority owners of subsidiaries	**–**	–
Cash receipts from borrowings	**–**	323,570,036.53
Subtotal of cash inflows from financing activities	**2,121,734,262.98**	323,570,036.53
Cash repayments of borrowings	**53,333,333.33**	75,615,037.14
Cash payments for distribution of dividends or profits or settlement of interest expenses	**20,249,777.79**	22,509,295.41
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries	**–**	–
Other cash payments relating to financing activities	**20,009,000.21**	10,680,694.95
Subtotal of cash outflows from financing activities	**93,592,111.33**	108,805,027.50
Net cash flows from financing activities	**2,028,142,151.65**	214,765,009.03
IV. Effects of exchange rate fluctuations on cash and cash equivalents	**-18,593,749.79**	8,530,676.11
V. Net increase in cash and cash equivalents	**883,656,220.22**	-537,742,208.86
Add: Opening balance of cash and cash equivalents	**3,384,997,561.89**	1,214,025,879.93
VI. Closing balance of cash and cash equivalents	**4,268,653,782.11**	676,283,671.07

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January-June 2021

Unit: Yuan Currency: RMB

Item	January-June 2021 Equity attributable to owners of the Company						
	Paid - in captial (or Share capital)	Capital reserves	Other comprehensive income	Retained earnings	Subtotal	Minority interests	Total equity
I. Closing balance of the preceding year	**872,496,000.00**	**8,632,380,276.66**	**-9,392,471.15**	**-3,667,675,273.11**	**5,827,808,532.40**	**-3,420.45**	**5,827,805,111.95**
Add: Changes in accounting policies	–	–	–	–	–	–	–
II. Balance at the beginning of year	**872,496,000.00**	**8,632,380,276.66**	**-9,392,471.15**	**-3,667,675,273.11**	**5,827,808,532.40**	**-3,420.45**	**5,827,805,111.95**
III. Changes in the current period ("–" for decreases)	**38,260,700.00**	**2,183,784,859.76**	**-14,743,182.06**	**9,346,950.67**	**2,216,649,328.37**	**-293.15**	**2,216,649,035.22**
(I) Total comprehensive income	–	–	**-14,743,182.06**	**9,346,950.67**	**-5,396,231.39**	**-293.15**	**-5,396,524.54**
(II) Decrease of capital from shareholders	**38,260,700.00**	**2,183,784,859.76**	–	–	**2,222,045,559.76**	–	**2,222,045,559.76**
1. Ordinary shares contributed by shareholders	**38,260,700.00**	**2,081,432,298.47**	–	–	**2,119,692,998.47**	–	**2,119,692,998.47**
2. Capital contributed by holders of other equity instruments	–	–	–	–	–	–	–
3. Share-based payments recognized in owners' equity	–	**102,352,561.29**	–	–	**102,352,561.29**	–	**102,352,561.29**
IV. Balance at the end of period	**910,756,700.00**	**10,816,165,136.42**	**-24,135,653.21**	**-3,658,328,322.44**	**8,044,457,860.77**	**-3,713.60**	**8,044,454,147.17**

Item	January-June 2020 Equity attributable to owners of the Company						
	Paid - in captial (or 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 decreases)	–	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
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

RISK FACTORS

1. Risks related to profitability

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

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

2. Risks related to sharp decline in performance or loss

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

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

3. Risks related to core competence

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

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

4. Risks related to operations

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

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

5. Risks related to the industry

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

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

6. Risks related to the macro environment

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

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

PLACING OF H SHARES UNDER GENERAL MANDATE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

On 15 June 2021, the Company issued 1,711,500 new A shares pursuant to the exercise of pre-IPO share options granted under the pre-IPO share incentive scheme of the Company by eligible employees (further details of the pre-IPO share incentive scheme and the amendments thereto are set out in the Company's prospectus dated 11 December 2018, supplemental circular dated 27 May 2019, circular dated 20 April 2020, and further details of the exercise of pre-IPO share options for the second exercise period under the pre-IPO share incentive scheme are set out in the Company's overseas regulatory announcements dated 17 December 2020 and 15 June 2021).

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

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

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

CHANGES IN THE BOARD 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:

Mr. Yi Qingqing – *resigned as a non-executive Director on 29 June 2021 with immediate effect*

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

The Audit Committee has reviewed, together with the management and external auditors, the accounting principles and policies adopted by the Group and the 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 2021 have not been audited, but have been reviewed by the Audit Committee.

INTERIM DIVIDEND

The Board does not recommend any payment of an 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 be available on the respective websites of the Hong Kong Stock Exchange and the Company.

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

Shanghai, the PRC, 30 August 2021

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 and Dr. Yao Sheng as executive Directors; Dr. Wu Hai, Mr. Tang Yi, Mr. Li Cong and Mr. Lin Lijun as non-executive Directors; and Dr. Chen Lieping, Mr. Qian Zhi, Mr. Zhang Chun, Dr. Jiang Hualiang and Dr. Roy Steven Herbst as independent non-executive Directors.

* *For identification purpose only*