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 2023

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 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2022. The unaudited condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") 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 2023, total revenue of the Group was approximately RMB670 million for the Reporting Period, representing a decrease of approximately 29% compared to the corresponding period in 2022, which was mainly due to the decrease of income related to out-licensing from overseas. During the Reporting Period, the Group's revenue from pharmaceutical products increased significantly, in particular: the sales revenue of TUOYI® (toripalimab) was approximately RMB447 million, representing an increase of approximately 50% compared to the corresponding period in 2022; the sales revenue of MINDEWEI (民得維®), a newly launched product, was approximately RMB110 million during the Reporting Period.

- Total R&D expenses of the Group were approximately RMB949 million for the Reporting Period, representing a decrease of approximately 11% compared to the corresponding period in 2022. The decrease in R&D expenses was mainly due to the Group's control of R&D investments in certain early-stage pipelines, while optimizing resource allocation and focusing on R&D pipelines with greater potential.

- Loss attributable to owners of the Company was RMB996 million for the Reporting Period, representing an increase of RMB85 million compared to the corresponding period in 2022.

BUSINESS HIGHLIGHTS

As of the end of the Reporting Period, focusing on the "unmet medical needs", we have made original, innovative and breakthrough progress in discovery, R&D and commercialization of innovative therapies and innovative drugs. The following achievements and milestones were attained:

- Our innovative R&D field has expanded from monoclonal antibodies to the research and development of more drug modalities, including small molecules drugs, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of next-generation innovative therapies including cancer and autoimmune diseases. Our product pipelines cover five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. As of the date of this announcement, a total of three drugs (TUOYI®, JUNMAIKANG (君邁康®) and MINDEWEI (民得維®)) are being commercialized, around 30 assets are undergoing clinical trials, and over 20 drug candidates are at pre-clinical drug development stage.

  - In January 2023, the marketing of MINDEWEI (Deuremidevir Hydrobromide Tablets, code: JT001/VV116), an oral nucleoside analog anti-SARS-CoV-2 Category 1 innovative drug, for the treatment of adult patients with mild to moderate COVID-19 was conditionally approved by the National Medical Products Administration of China (the "**NMPA**").

  - In February 2023, the marketing authorization application (the "**MAA**") for toripalimab combined with cisplatin and gemcitabine for the first-line treatment of patients with locally recurrent or metastatic nasopharyngeal carcinoma ("**NPC**"), toripalimab combined with paclitaxel and cisplatin for the first-line treatment of patients with unresectable locally advanced/recurrent or metastatic esophageal squamous cell carcinoma ("**ESCC**") was accepted by the United Kingdom's Medicines and Healthcare products Regulatory Agency (the "**MHRA**").

  - In March 2023, the investigational new drug ("**IND**") application for JS010 (a recombinant humanized anti-CGRP monoclonal antibody injection) was approved by the NMPA.

  - In April 2023, the supplemental new drug application ("**sNDA**") for TUOYI® in combination with chemotherapy as perioperative treatment and monotherapy as consolidation therapy after adjuvant therapy for the treatment of resectable stage III non-small cell lung cancer ("**NSCLC**") was accepted by the NMPA.

- In April 2023, the new drug application ("**NDA**") for ongericimab (a recombinant humanized anti-PCSK9 monoclonal antibody, code: JS002) was accepted by the NMPA.

- In April 2023, the IND application for JS401 (a small interfering RNA ("**siRNA**") drug targeting angiopoietin-like protein 3 ("**ANGPTL3**") messenger RNA ("**mRNA**")) was approved by the NMPA.

- In May 2023, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the treatment of PD-L1 positive (CPS ≥ 1) untreated metastatic or recurrent metastatic triple-negative breast cancer was accepted by the NMPA.

- In June 2023 and August 2023, the IND application for a randomized, double-blind, placebo-controlled, international multi-center phase III clinical study of tifcemalimab (a recombinant humanized anti-BTLA monoclonal antibody, code: TAB004/JS004) in combination with toripalimab as consolidation therapy in patients with limited-stage small cell lung cancer ("**LS-SCLC**") without disease progression following chemo-radiotherapy was approved by the U.S. Food and Drug Administration (the "**FDA**") and the NMPA, respectively.

- In June 2023, the IND application for JS207 (a recombinant humanized anti-PD-1/VEGF bispecific antibody) was accepted by the NMPA.

- In July 2023, the sNDA for TUOYI® in combination with axitinib for the first-line treatment of patients with unresectable or metastatic renal cell carcinoma ("**RCC**") was accepted by the NMPA.

- In July 2023, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of extensive-stage small cell lung cancer ("**ES-SCLC**") was accepted by the NMPA, which is the tenth marketing application submitted for TUOYI® in China.

• External collaborations

- In March 2023, we entered into a shareholders agreement (the "**Shareholders Agreement**") with Rxilient Biotech Pte. Ltd. ("**Rxilient Biotech**") and its wholly-owned subsidiary, Excellmab Pte. Ltd. ("**Excellmab**"). We will subscribe for the newly issued shares of Excellmab by payment in kind to obtain 40% equity interest in Excellmab. Subject to the fulfillment of the conditions precedent as agreed under the Shareholders Agreement, we will substantially perform our capital contribution obligations, and intend to enter into a license agreement (the "**License Agreement**") with Excellmab in the form as agreed upon by the parties at the time of entering into the Shareholders Agreement, thereby granting Excellmab an exclusive license and other relevant rights to develop and commercialize intravenous toripalimab in Thailand, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines and Vietnam. According to the progress of the R&D of toripalimab and other matters, we may receive a milestone payment of up to approximately US$4.52 million, plus a percentage of royalty on the net sales.

- In May 2023, we entered into an exclusive license and commercialization agreement with Dr. Reddy's Laboratories Limited ("**Dr. Reddy's**"), pursuant to which we agreed to grant to Dr. Reddy's a license to develop and exclusively commercialize toripalimab injection in Brazil, Mexico, Colombia, Argentina, Peru, Chile, Panama, Uruguay, India and South Africa. Dr. Reddy's may elect to expand the scope of the license to cover Australia, New Zealand and nine other countries.

• Business operations

- In June 2023, the resolutions in relation to the proposed issuance of global depositary receipts ("**GDR**") and application for the admission on the SIX Swiss Exchange were passed by the shareholders of the Company at the 2022 annual general meeting. The gross proceeds are expected to be no more than approximately RMB3.4 billion, which are proposed to be used for R&D projects of innovative drugs, the construction project of Junshi Biotech Industrialization Base and replenishment of liquidity.

- In June 2023, Dr. Meng Anming was appointed as an independent non-executive Director of the Company. Dr. Meng Anming was elected as an academician of the Chinese Academy of Sciences in 2007 and an academician of The World Academy of Sciences for the advancement of science in developing countries in 2008. He is currently a professor at the School of Life Sciences, Tsinghua University.

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 by way of original innovation and co-development, we have successfully developed a drug candidate portfolio with tremendous market potential. Multiple products have milestone significance: one of our core products, toripalimab (JS001, trade name: 拓益® (TUOYI®)), was the first domestic anti-PD-1 monoclonal antibody approved to be marketed in China by the NMPA, with six indications approved in China. Its marketing applications in the United States, the United Kingdom and the European Union have been accepted. Tifcemalimab, being independently developed by us, was the world's first-in-human anti-tumor anti-BTLA monoclonal antibody and has obtained approvals on conducting phase III clinical study from the FDA and the NMPA, respectively. In face of the pandemic, we have actively assumed the social responsibilities of Chinese pharmaceutical companies and collaborated with partners in utilizing our accumulated technology to rapidly develop a variety of innovative drugs for the prevention/treatment of COVID-19 since the beginning of the outbreak in 2020. These drugs include: etesevimab (JS016), the coronavirus neutralizing antibody, and Deuremidevir Hydrobromide Tablets (VV116/JT001, trade name: MINDEWEI), an oral nucleoside analog anti-SARS-CoV-2 drug. We contributed to the global fight against the pandemic as a prominent representative from China.

As we continue to expand our product pipeline and further explore drug combination therapies, our innovation field has continued to expand to cover R&D of more drug modalities, including small molecules, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of the next-generation innovative therapies including cancer and autoimmune diseases. From the beginning of the Reporting Period to the date of this announcement, we made various major achievements in the business operations, external cooperation, industry chain expansion, talent reserve as well as the development of drug candidates of the Company, which are summarized as follows:

Experienced steady growth in revenue from sales of pharmaceutical products, and efficiency of commercialization team continued to increase

During the Reporting Period, the revenue from sales of commercialized pharmaceutical products amounted to RMB625 million, representing a year-on-year increase of 103%, which included the revenue from sales of TUOYI® of RMB447 million, representing a year-on-year increase of 50%, the revenue from sales of MINDEWEI of RMB110 million, and the revenue from sales of JUNMAIKANG of RMB68 million. The revenue from sales of pharmaceutical products has gradually accounted for a greater share in operating income, which demonstrates that our income-generating capacity has been further strengthened.

- TUOYI®: As of the end of the Reporting Period, TUOYI® has been sold in more than 4,000 medical institutions and about 2,000 specialty pharmacies and community pharmacies nationwide. The three indications of TUOYI® that have been included in the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2022 Edition)* (《國家基本醫療保險、工傷保險和生育保險藥品目

錄(2022)版》), ("**NRDL**") comprise second-line treatment of melanoma, third-line treatment of NPC and second-line treatment of urothelial carcinoma ("**UC**"). While the other three approved indications, including first-line treatment of ESCC, first-line treatment of NPC and first-line treatment of NSCLC, have not been included in the NRDL, supplementary reimbursement is possible under most commercial insurance of cities across China, providing patients with multi-level medical protection, thus reducing the burden on patients and benefiting more patients. Since 2022, we continuously optimized the organizational structure of our commercialization team, which greatly improved the efficiency of execution and sales of our commercialization team, and made positive progress in sales.

- MINDEWEI: MINDEWEI obtained a conditional approval from the NMPA in January 2023 and was included in the scope of provisional medical insurance reimbursement, and continued to be included in the scope of provisional medical insurance reimbursement after readjustment of its price on 1 April 2023. As at the end of the Reporting Period, MINDEWEI has been used in more than 2,200 hospitals, including community healthcare service centers, secondary hospitals and tertiary hospitals, covering all provinces in China. Affected by the development of the pandemic, the sales volume of MINDEWEI increased significantly in the second quarter of 2023. We will continue to expand the hospital coverage of MINDEWEI, and further improve the accessibility of MINDEWEI with the combination of the coverage of sales force in existing hospitals and the new investment promotion model.

- JUNMAIKANG: Under the continuous promotion of our commercialization partners, during the Reporting Period, JUNMAIKANG achieved sales revenue of RMB68 million, and completed the tendering process on the procurement platform as well as healthcare and insurance connection in 25 provinces as at the end of the Reporting Period. In 2023, with acceptance of its use by an addition of 67 hospitals, JUNMAIKANG has been used in a total of 172 hospitals, covering 955 pharmacies.

Submitted the application for the tenth indication of TUOYI® in China, made sound progress in overseas applications, and accelerated the R&D work of late-stage drug candidates

At present, the NMPA has approved six indications of TUOYI®. From the beginning of the Reporting Period to the date of this announcement, TUOYI® continued to expand its new indications, with four sNDAs being accepted by the NMPA:

- In April 2023, the sNDA for TUOYI® in combination with chemotherapy as perioperative treatment and monotherapy as consolidation therapy after adjuvant therapy for the treatment of resectable stage III NSCLC was accepted by the NMPA.

- In May 2023, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the treatment of PD-L1 positive (CPS ≥ 1) untreated metastatic or recurrent metastatic triple-negative breast cancer was accepted by the NMPA.

- In July 2023, the sNDA for TUOYI® in combination with axitinib for the first-line treatment of patients with unresectable or metastatic RCC was accepted by the NMPA.

- In July 2023, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was accepted by the NMPA, which is the tenth marketing application submitted for TUOYI® in China.

With regard to progress overseas, the FDA has completed the on-site inspection of our domestic production base, and the marketing application of toripalimab in the United States has been making sound progress. In addition, the MAAs for toripalimab combined with cisplatin and gemcitabine for the first-line treatment of patients with locally recurrent or metastatic NPC, toripalimab combined with paclitaxel and cisplatin for the first-line treatment of patients with unresectable locally advanced/recurrent or metastatic ESCC were accepted by the European Medicines Agency (the "**EMA**") and the MHRA.

The R&D work of various late-stage drug candidates has also been accelerated. In April 2023, the NDA for ongericimab was accepted by the NMPA. We have completed Phase III clinical studies in patients with primary hypercholesterolemia and mixed hyperlipidemia, and Phase II clinical studies in patients with homozygous familial hypercholesterolemia. The enrollment of patients for Phase III clinical studies of heterozygous familial hypercholesterolemia has been completed.

In June 2023 and August 2023, each of the FDA and the NMPA agreed that a randomized, double-blind, placebo-controlled, international multi-center phase III clinical study of our anti-BTLA monoclonal antibody tifcemalimab (code: TAB004/JS004) in combination with toripalimab as consolidation therapy in patients with LS-SCLC without disease progression following chemo-radiotherapy may proceed. With the plan to enroll 756 patients in China, the United States, Europe and other places, we will initiate the phase III clinical study in the near future. Besides, several phase Ib/II clinical studies of tifcemalimab in combination with toripalimab against multiple types of tumors are underway in China and the United States. We believe that the combination of the two is a promising anti-tumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries. On 4 June 2023, we displayed a poster (Abstract No.: #8579) containing preliminary data from the phase I/II clinical study of tifcemalimab for the treatment of ES-SCLC for the first time at the 2023 American Society of Clinical Oncology ("**ASCO**") annual meeting. As of 14 March 2023 (a median follow-up of 26.4 weeks), among the 20 newly diagnosed patients with evaluable efficacy of tumor immunotherapy (I-O), the objective response rate ("**ORR**") of tifcemalimab in combination with toripalimab was 40.0% (95% CI: 19.1-63.9); the disease control rate ("**DCR**") was 70.0% (95% CI: 45.7-88.1); the median duration of response ("**DoR**") was 6.9 months (95% CI: 1.4-6.9), of which three patients (15.0%) had a DoR of more than 6 months; the median progression-free survival ("**PFS**") was 5.5 months (95% CI: 1.4-6.4).

For our recombinant humanized anti-IL-17A monoclonal antibody (code: JS005), we conducted Phase III registrational clinical study for moderate to severe plaque psoriasis. We started the communication for registrational clinical trials for ankylosing spondylitis. The Phase II clinical studies for moderate to severe plaque psoriasis and ankylosing spondylitis have been completed.

Actively explored emerging markets

As of the date of this announcement, we have been cooperating on the commercialization of toripalimab with overseas partners including Coherus BioSciences, Inc. ("**Coherus**"), Hikma MENA FZE ("**Hikma**"), Dr. Reddy's and Rxilient Biotech in over 50 countries, covering the Americas, the Middle East, North Africa, Southeast Asia and other regions, and laying a solid foundation for cooperation for the global layout of toripalimab.

In March 2023, we entered into the Shareholders Agreement with Rxilient Biotech and its wholly-owned subsidiary, Excellmab. We will subscribe for the newly issued shares of Excellmab by payment in kind to obtain 40% equity interest in Excellmab. Subject to the fulfillment of the conditions precedent as agreed under the Shareholders Agreement, we will substantially perform our capital contribution obligations, and intend to enter into the License Agreement with Excellmab in the form as agreed upon by the parties at the time of entering into the Shareholders Agreement, thereby granting Excellmab an exclusive license and other relevant rights to develop and commercialize intravenous toripalimab in Thailand, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines and Vietnam. According to the progress of the R&D of toripalimab and other matters, we may receive a milestone payment of up to approximately US$4.52 million, plus a percentage of royalty on the net sales.

In May 2023, we entered into an exclusive license and commercialization agreement with Dr. Reddy's, pursuant to which we agreed to grant to Dr. Reddy's a license to develop and exclusively commercialize toripalimab injection in Brazil, Mexico, Colombia, Argentina, Peru, Chile, Panama, Uruguay, India and South Africa. Dr. Reddy's may elect to expand the scope of the license to cover Australia, New Zealand and nine other countries.

Business expansion supported by commercialization capacity

We have two production bases. Wujiang production base in Suzhou has been granted with GMP certification and has a fermentation capacity of 4,500L (9*500L). Shanghai Lingang production base was constructed in accordance with the CGMP standard and has a production capacity of 42,000L (21*2,000L). The NMPA granted approval for Shanghai Lingang production base to produce commercial batches of toripalimab injection jointly with Wujiang production base in Suzhou. By virtue of economies of scale, the expansion of production capacity of the Shanghai Lingang production base will enable us to gain the advantage of having more competitive production costs and support the clinical trials of our drug candidates and future production of commercial batches.

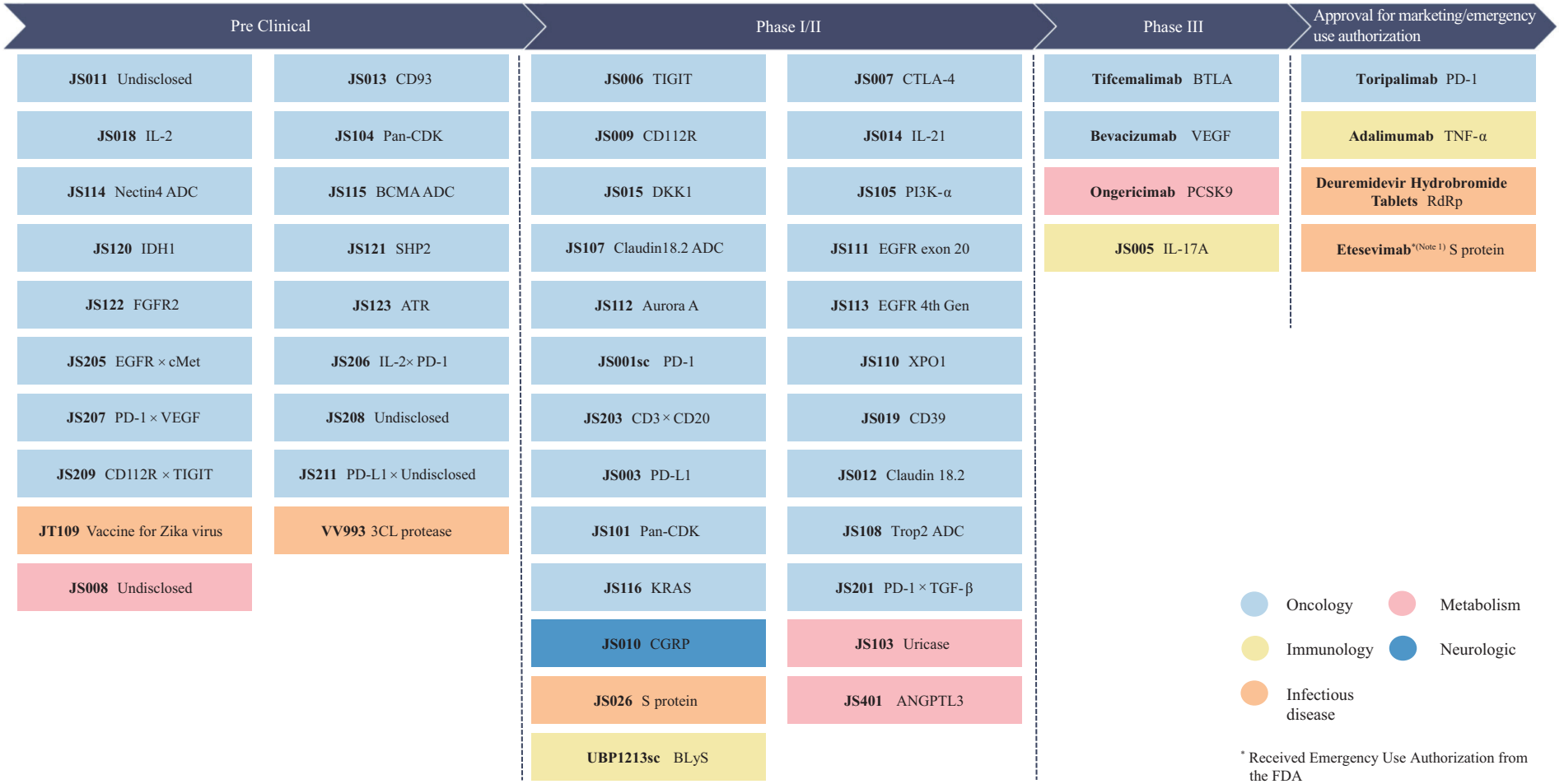
Retained and expanded talent pool

As of the end of the Reporting Period, the Group's number of employees was 2,772, among which 854 employees are responsible for R&D of drugs. We attach importance to the attraction and development of various outstanding talents. We further improve our compensation system by establishing salary ranks and bands, taking into account competitiveness, motivation and fairness. We have also implemented an optimized performance management system across the Group, using scientific management measures to achieve the implementation of corporate strategic objectives and the continuous growth of employees' capabilities, and distinguishing between employees with high and low performance in the process, rewarding outstanding employees and disciplining the under-performing employees, thus forming a virtuous circle for the continuous output of organizational performance. In addition, we are also gradually improving promotion channels and policies within the enterprise to open up career development paths for high-performing and high-potential employees. At the same time, we also care about the working environment of our employees and continue to provide them with numerous employee benefits, including holiday care and a variety of employee activities throughout the year to enrich their work experience. We believe that our comprehensive and excellent talent team can provide inexhaustible impetus to support the Company in continuously advancing numerous innovative drugs from R&D to commercialization.

Product pipeline

Our products concentrate on self-developed biological products with original innovation. At the same time, through co-development, formation of joint enterprises, license-in and other means, we obtained the licenses of drugs or platform technologies that synergized with our own original product pipeline, so as to further expand our product pipeline. After prolonged accumulation of drug development technology, in-depth exploration in the field of translational medicine and the establishment of a new drug type platform, our innovative R&D field has expanded from monoclonal antibodies to the research and development of more drug modalities, including small molecule drugs, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of next-generation innovative therapies for cancer and autoimmune diseases. The Company's product pipelines cover five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. As of the date of this announcement, a total of three drugs (TUOYI®, JUNMAIKANG and MINDEWEI) are being commercialized, around 30 drug candidates are undergoing clinical trials, and over 20 drug candidates are at pre-clinical drug development stage.

R&D Pipelines Covering Various Therapeutic Areas (As of 30 August 2023)



Note 1: Etesevimab is expected to no longer generate revenue.

Note 2: In August 2023, the Company conducted friendly negotiations with IMPACT Therapeutics, Inc. ("**IMPACT Therapeutics**"). Based on the Company's commercial considerations, both parties have agreed to terminate their cooperation on Shanghai Junpai Yingshi Bio Pharmaceutical Co., Ltd. * (上海君派英實藥業有限公司) (the "**JV Company**") and the PARP inhibitor senaparib (code: JS109/IMP4297). Pursuant to the terms of the agreement, the Company will transfer its 50% equity interest in the JV Company to IMPACT Therapeutics, and IMPACT Therapeutics will pay the corresponding share purchase price to the Company.

R&D Progress of Toripalimab

Therapeutic Area	Medicine Code	Clinical Trial Number	Indications	Pre Clinical / Phase I / Phase II / Phase III / NDA	Locations of Clinical Trial	Note
Oncology	JS001 Toripalimab	NCT03013101	Melanoma (second-line treatment, monotherapy)	NMPA approved on 17 December 2018	China	
		NCT02915432	Nasopharyngeal carcinoma (third-line treatment, monotherapy)	NMPA approved in February 2021, marketing application accepted by the FDA	China	FDA BTD, ODD, PR
		NCT03113266	Urothelial carcinoma (second-line treatment, monotherapy)	NMPA approved in April 2021	China	
		NCT03581786	Nasopharyngeal carcinoma (first-line treatment, combo with chemo)	NMPA approved in November 2021, marketing application accepted by the FDA, the EMA, the MHRA	International multi-center	FDA BTD, ODD, PR
		NCT03829969	Esophageal squamous cell carcinoma (first-line treatment, combo with chemo)	NMPA approved in May 2022, marketing application accepted by the EMA, the MHRA	China	FDA ODD
		NCT03856411	EGFR negative non-small cell lung cancer (first-line treatment, combo with chemo)	NMPA approved in September 2022	China	
		NCT04772287	Non-small cell lung cancer (perioperative treatment)	sNDA accepted by the NMPA	China	
		NCT04085276	Triple negative breast cancer (combo with albumin-bound paclitaxel)	sNDA accepted by the NMPA	China	
		NCT04394975	Renal cell carcinoma (first-line treatment, combo with axitinib)	sNDA accepted by the NMPA	China	
		NCT04012606	Small cell lung cancer (first-line treatment, combo with chemo)	sNDA accepted by the NMPA	China	FDA ODD
		NCT03924050	EGFR mutated TKI failed terminal stage non-small cell lung cancer (combo with chemo)	Pivotal registered clinical trial	China	
		NCT04848753	Esophageal squamous cell carcinoma (perioperative treatment)	Pivotal registered clinical trial	China	
		NCT03430297	Melanoma (first-line treatment, monotherapy)	Pivotal registered clinical trial	China	
		NCT04523493	Hepatocellular carcinoma (first-line treatment, combo with lenvatinib)	Pivotal registered clinical trial	International multi-center	
		NCT04 723004	Hepatocellular carcinoma (first-line treatment, combo with bevacizumab)	Pivotal registered clinical trial	International multi-center	
		NCT03859128	Hepatocellular carcinoma (postoperative adjuvant treatment)	Pivotal registered clinical trial	China	
		NCT05342194	Intrahepatic cholangiocarcinoma (first-line treatment, combo with lenvatinib and chemo)	Pivotal registered clinical trial	China	
		NCT05302284	Urothelial carcinoma (first-line treatment, combo with disitamab vedotin)	Pivotal registered clinical trial	China	
		NCT05180734	Adenocarcinoma of the stomach or gastroesophageal junction (postoperative adjuvant treatment)	Pivotal registered clinical trial	International multi-center	
		/	Mucosal melanoma (combo with axitinib)		United States	FDA FTD, ODD; NMPA BTD
		NCT03474640	Sarcoma		United States	FDA ODD

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

BUSINESS REVIEW

Our Core Products

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

- *Milestones and achievements of commercialization*

  Our self-developed TUOYI® (toripalimab) is the first domestic anti-PD-1 monoclonal antibody successfully launched in China, addressing various malignant tumors. It was granted the "China Patent Gold Award", the highest award in the patent field nationally, and has been supported by two National Major Science and Technology Projects for "Major New Drugs Development" during the "Twelfth Five-Year Plan" and "Thirteenth Five-Year Plan" periods. As of the date of this announcement, six indications for TUOYI® have been approved in China: treatment for unresectable or metastatic melanoma after failure of standard systemic therapy (December 2018); treatment for recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy (February 2021); treatment for locally advanced or metastatic UC that failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy (April 2021); first-line treatment in combination with cisplatin and gemcitabine for patients with locally recurrent or metastatic NPC (November 2021); first-line treatment in combination with paclitaxel and cisplatin for patients with unresectable locally advanced/recurrent or distant metastatic ESCC (May 2022); first-line treatment in combination with pemetrexed and platinum for patients with EGFR mutation-negative and ALK mutation-negative, unresectable, locally advanced or metastatic non-squamous NSCLC (September 2022). From the beginning of the Reporting Period to the date of this announcement, the sNDAs for four indications have been accepted by the NMPA. In addition, TUOYI® has been recommended by the Guidelines of the Chinese Society of Clinical Oncology ("**CSCO**") for the Diagnosis and Treatment of Melanoma* (《中國臨床腫瘤學會黑色素瘤診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of Head and Neck Tumors* (《CSCO頭頸部腫瘤診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of NPC* (《CSCO鼻咽癌診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of UC* (《CSCO尿路上皮癌診療指南》), the Clinical Application Guidelines for Immune Checkpoint Inhibitors* (《CSCO免疫檢查點抑制劑臨床應用指南》), Guidelines of CSCO for the Diagnosis and Treatment of Esophageal Cancer* (《CSCO食管癌診療指南》), Guidelines of CSCO for the Diagnosis and Treatment of Non-small Cell Lung Cancer* (《CSCO非小細胞肺癌診療指南》) and others.

During the Reporting Period, TUOYI® achieved sales revenue of RMB447 million. As of the end of the Reporting Period, TUOYI® has been sold in more than 4,000 medical institutions and about 2,000 specialty pharmacies and community pharmacies nationwide. The three indications of TUOYI® that have been included in the NRDL are second-line treatment of melanoma, third-line treatment of NPC and second-line treatment of UC. Even though the other three approved indications, including first-line treatment of ESCC, first-line treatment of NPC and first-line treatment of NSCLC, have not been included in the NRDL, supplementary reimbursement is possible under commercial insurance in most of the cities across the country, providing patients with multi-level medical protection, thus reducing the burden on patients and benefiting more patients. Since 2022, we continuously optimized the organizational structure of our commercialization team, which greatly improved the efficiency of execution and sales of our commercialization team, and made positive progress in sales.

- *Milestones and achievements of clinical development*

Over 40 clinical studies covering more than 15 indications in respect of toripalimab have been conducted in China, the United States, Southeast Asia, Europe and other regions, involving indications such as lung cancer, nasopharyngeal cancer, esophageal cancer, gastric cancer, bladder cancer, breast cancer, liver cancer, renal cancer and skin cancer. Among the pivotal registered clinical studies, the Company has actively deployed perioperative treatment/postoperative adjuvant treatment for lung cancer, liver cancer, gastric cancer, esophageal cancer and other indications in addition to the extensive layout of toripalimab for the first-line treatment of multiple tumor types, to promote the application of cancer immunotherapy in the early treatment of cancer patients.

Progress of clinical trials in China:

— In January 2023, a randomized, double-blind, placebo-controlled, multi-center phase III clinical study (Neotorch study, NCT04158440) of TUOYI® in combination with platinum-containing doublet chemotherapy as perioperative treatment for operable NSCLC patients finished the pre-specified interim analysis. The Independent Data Monitoring Committee (the "**IDMC**") determined that the primary endpoint of event-free survival ("**EFS**") had met the pre-defined efficacy boundary. In April 2023, the sNDA for TUOYI® in combination with chemotherapy as perioperative treatment and monotherapy as consolidation therapy after adjuvant therapy for the treatment of resectable stage III NSCLC was accepted by the NMPA.

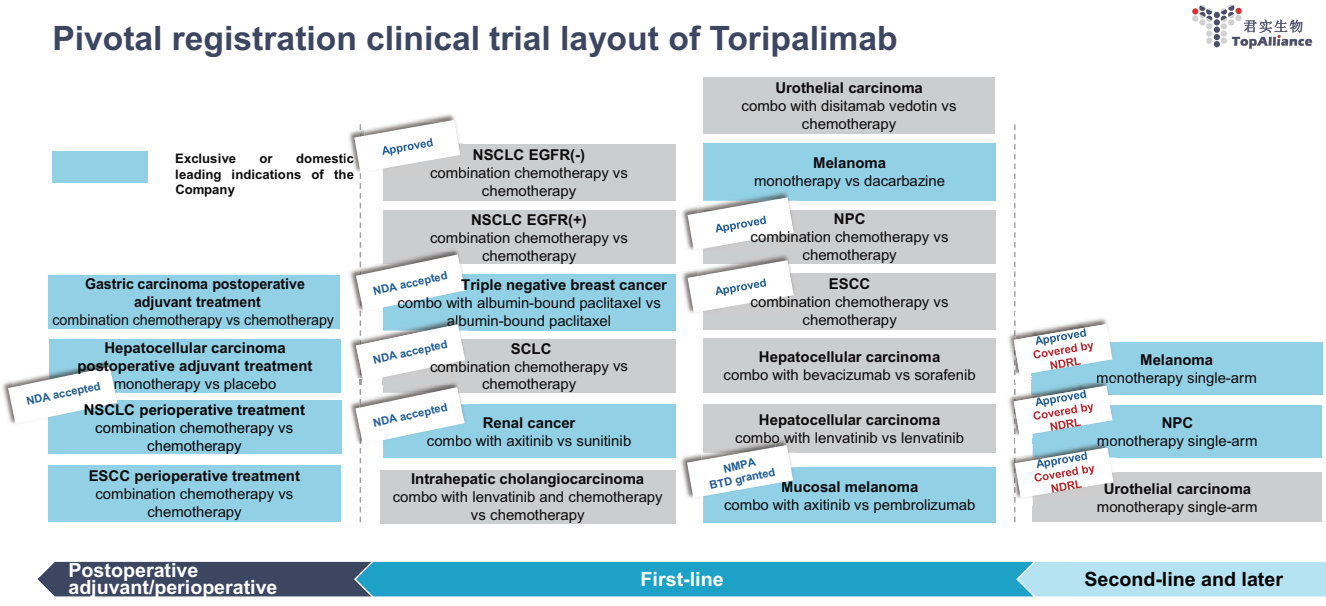
- In February 2023, a randomized, double-blind, placebo-controlled, multi-center phase III clinical study (TORCHLIGHT study, NCT04085276) of TUOYI® in combination with paclitaxel for injection (albumin-bound) in patients with initial diagnosis of stage IV or recurrent metastatic triple-negative breast cancer finished the pre-specified interim analysis. The IDMC determined that the primary endpoint had met the predefined efficacy boundary. In May 2023, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the treatment of PD-L1 positive (CPS ≥ 1) untreated metastatic or recurrent metastatic triple-negative breast cancer was accepted by the NMPA.

- In April 2023, a multi-center, randomized, open-label, active controlled phase III clinical study (RENOTORCH study, NCT04394975) of TUOYI® in combination with axitinib for the first-line treatment of patients with intermediate to high risk, unresectable or distant metastatic RCC has finished the pre-specified interim analysis. The IDMC determined that the primary endpoint of progression free survival (PFS, based on independent radiographic review) had met the pre-defined efficacy boundary. In July 2023, the sNDA for TUOYI® in combination with axitinib for the first-line treatment of patients with unresectable or metastatic RCC was accepted by the NMPA.

- In May 2023, the primary endpoint of a randomized, double-blind, placebo-controlled, multi-center phase III clinical study (EXTENTORCH study, NCT04012606) of TUOYI® in combination with etoposidein plus platinum for the first-line treatment of ES-SCLC had met the pre-defined efficacy boundary. In July 2023, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was accepted by the NMPA.

- In June 2023, the dosing of the first patient was completed in a randomized, double-blind, placebo-controlled, multi-center phase III clinical study (NCT05342194) of the efficacy and safety of TUOYI® in combination with lenvatinib mesylate and GEMOX regimen versus placebo in combination with GEMOX regimen for the first-line treatment of unresectable locally advanced or metastatic intrahepatic cholangiocarcinoma (ICC).

Pivotal registration clinical trial layout of Toripalimab



International progress:

- In February 2023, the MAA for toripalimab combined with cisplatin and gemcitabine for the first-line treatment of patients with locally recurrent or metastatic NPC, toripalimab combined with paclitaxel and cisplatin for the first-line treatment of patients with unresectable locally advanced/recurrent or metastatic ESCC was accepted by the MHRA.

- In May 2023, the FDA completed the Pre-License Inspection (PLI) on our production bases in respect of our Biologics License Application (BLA) for toripalimab in combination with gemcitabine and cisplatin for the first-line treatment of patients with advanced recurrent or metastatic NPC and toripalimab monotherapy for the second-line or later treatment of recurrent or metastatic NPC after platinum-containing chemotherapy.

• *Publication of academic results*

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

- In March 2023, the results of a single-center, single-arm Phase II clinical study on the efficacy and safety of toripalimab in combination with GEMOX and lenvatinib for the treatment of unresectable intrahepatic cholangiocarcinoma were published in *Signal Transduction and Targeted Therapy* (STTT, IF: 39.3), a journal of Nature.

- In April 2023, a prospective phase II clinical study (EC-CRT-001) was published online in *The Lancet Oncology* (IF: 51.1), a leading international oncology journal, which confirmed the safety and efficacy of PD-1 antibody (toripalimab) in combination with radical radiotherapy and chemotherapy in patients with locally advanced ESCC for the first time, and provides the latest strong evidence for the application of immunotherapy in locally advanced esophageal cancer.

- In April 2023, the latest prospective translational research results of advanced ESCC by a team led by Professor Xu Ruihua (徐瑞華) from the Sun Yat-sen University Cancer Center* (中山大學腫瘤防治中心) were published online in *Cancer Cell* (IF: 50.3). In this study, based on the gene sequencing data of the JUPITER-06 study, the team led by Professor Xu Ruihua established the Esophageal cancer Genome-based Immuno-oncology Classification (EGIC) based on genomic characteristics, which broadened the direction of biomarker exploration of the first-line "PD-1 antibody + chemotherapy" model for advanced ESCC, and provides a new approach of immunotherapy decision-making for advanced ESCC.

- In June 2023, we attended the 2023 ASCO annual meeting with 26 of our research results regarding innovative tumor immunology drugs, including five oral reports, 15 poster discussions/presentations, and six abstract presentations, covering 10 tumor types including lung cancer, breast cancer, nasopharyngeal cancer, gastrointestinal tumors, urothelial carcinoma and melanoma, which gained global attention. Our key research included:

- **TORCHLIGHT study: Reduced the risks of disease progression or death by 35%.** The results of Phase III study (TORCHLIGHT study) of toripalimab in combination with paclitaxel (albumin-bound) in patients with initial diagnosis of stage IV or recurrent metastatic triple-negative breast cancer were firstly published in the fast abstract session of the ASCO annual meeting in the form of a late-breaking abstracts (LBA).

- **Neotorch study: The first to achieve positive EFS results in the world, and reduced the risks of disease recurrence, progression or death by as much as 60%.** Neotorch study (NCT04158440) is a randomized, double-blind, placebo-controlled phase III clinical study, enrolled a total of 404 patients with stage III NSCLC, and is the world's first phase III clinical study of anti-PD-1 monoclonal antibody for the treatment of NSCLC in the perioperative period (covering neoadjuvant and adjuvant therapy) with positive EFS results.

- **CHOICE-01 study: Released the final overall survival ("OS") data, in which the median OS of patients with non-squamous NSCLC reached 27.8 months.** CHOICE-01 study (NCT03856411) is a randomized, double-blind, placebo-controlled, multi-center phase III clinical study of anti-PD-1 monoclonal antibody in combination with chemotherapy as first-line treatment, and enrolled a total of 465 newly diagnosed patients without EGFR/ALK mutation with advanced NSCLC. The study was published in international academic conferences for multiple times, and was published in the *Journal of Clinical Oncology* (IF: 45.3), an internationally renowned journal.

- **JUPITER-02 study: Significantly extended the OS of patients with advanced NPC, with the three-year OS rate reaching 64.5%.** The JUPITER-02 study (NCT03581786) is the first international multi-center, randomized, double-blind, placebo-controlled phase III clinical study in the field of NPC immunotherapy, aiming to evaluate toripalimab in combination with gemcitabine and cisplatinin for the first-line treatment of recurrence or metastatic NPC, and enrolled a total of 289 patients with recurrent or metastatic NPC who had not received chemotherapy.

- **In the study of PD-1 inhibitors in the perioperative treatment of locally advanced gastric cancer, the proportion of patients with pathological complete regression/moderate regression rate (TRG 0/1) reached 44.4%.** The study is the first randomized, controlled study of PD-1 inhibitors in combination with chemotherapy in the perioperative treatment of locally advanced gastric cancer in China. The study showed that toripalimab in combination with chemotherapy significantly increased the proportion of patients who achieved pathological complete regression/moderate regression (TRG 0/1) compared with chemotherapy alone.

MINDEWEI (民得維®) (Deuremidevir Hydrobromide Tablets) (code: JT001/VV116)

MINDEWEI is a new oral nucleoside analog antiviral drug, which can be non-covalently bound to the active center of RNA-dependent RNA polymerase ("**RdRp**") of SARS-CoV-2 in the form of nucleoside triphosphate, directly inhibiting the activity of RdRp of the virus and blocking the replication of virus, thus realizing the antiviral effect. Preclinical studies have shown that MINDEWEI exhibited significant antiviral effects against both the original COVID-19 strain and mutant strains, including Omicron, and exhibited no genetic toxicity. MINDEWEI was jointly developed by Shanghai Institute of Materia Medica, Chinese Academy of Sciences* (中國科學院上海藥物研究所), Wuhan Institute of Virology, Chinese Academy of Sciences* (中國科學院武漢病毒研究所), Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences* (中國科學院新疆理化技術研究所), Central Asian Center of Drug Discovery and Development of Chinese Academy of Sciences* (中國科學院中亞藥物研發中心)/China-Uzbekistan Medicine Technical Park (the Belt and Road Joint Laboratory of the Ministry of Science and Technology)* (中烏醫藥科技城(科技部"一帶一路"聯合實驗室)), Lingang Laboratory* (臨港實驗室), Suzhou Vigonvita Biomedical Co., Ltd.* (蘇州旺山旺水生物醫藥有限公司) and the Company.

On 28 January 2023, the marketing of MINDEWEI for the treatment of adult patients with mild to moderate COVID-19 has been conditionally approved by the NMPA. This approval was mainly based on a multi-center, double-blind, randomized, placebo-controlled phase III clinical study (NCT05582629) to evaluate the efficacy and safety of MINDEWEI among mild to moderate COVID-19 patients with or without high risk for progression to severe COVID-19 led by academician Li Lanjuan (李蘭娟), director of the State Key Laboratory for Diagnosis & Treatment of Infectious Diseases (Zhejiang University)* (浙江大學傳染病診治國家重點實驗室), as primary researcher. The primary endpoint of the study was the time from the first administration to sustained clinical symptoms resolution, while the secondary endpoints included time to sustained clinical symptoms alleviation, proportion of patients with disease progression through day 28, changes of SARS-CoV-2 nucleic acid and viral load, and safety, etc. The study results showed that, as of the data cut-off date of the interim analysis, among 1,277 randomized and treated subjects, compared with placebo, the primary endpoint from the first administration to sustained clinical symptoms resolution (the score of 11 COVID-19 related clinical symptom =0 and lasted for two days) of MINDEWEI was significantly shortened, the median time difference was two days; the time to sustained clinical symptoms alleviation was significantly shortened, the change of viral load from baseline and other virological indicators were better than those of the placebo group. The Company is hoping to provide better and safer treatment options for COVID-19 patients in China and around the world with this new therapy.

During the Reporting Period, MINDEWEI achieved sales revenue of RMB110 million. MINDEWEI has been included in the scope of provisional medical insurance reimbursement since January 2023, and continued to be included in the scope of provisional medical insurance reimbursement after re-adjusting its price on 1 April 2023. As of the end of the Reporting Period, MINDEWEI has been used in more than 2,200 hospitals, including community healthcare service centers, secondary hospitals and tertiary hospitals, covering all provinces in the territory. Affected by the development of the pandemic, the sales volume of MINDEWEI increased significantly in the second quarter of 2023. We will continue to expand the hospital coverage of MINDEWEI, and further improve the accessibility of MINDEWEI with the combination of the coverage of sales force in existing hospitals and the new investment promotion model.

Tifcemalimab (code: TAB004/JS004)

Tifcemalimab is the world's first-in-human recombinant humanized anti-tumor anti-BTLA monoclonal antibody specific to B - and T-lymphocyte attenuator (BTLA) independently developed by us that has commenced clinical trial. Tifcemalimab was allowed to enter phase III clinical study with several phase Ib/II clinical studies in combination with toripalimab against multiple types of tumors underway in China and the United States. We believe that the combination of the two is a promising anti-tumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries. On 4 June 2023, we displayed a poster (Abstract No.: #8579) containing preliminary data from the phase I/II clinical study of tifcemalimab for the treatment of ES-SCLC for the first time at the 2023 ASCO annual meeting. As of 14 March 2023 (a median follow-up of 26.4 weeks), among the 20 newly diagnosed patients with evaluable efficacy of tumor immunotherapy (I-O), the objective response rate (ORR) of tifcemalimab in combination with toripalimab was 40.0% (95%CI: 19.1-63.9); the disease control rate (DCR) was 70.0% (95%CI: 45.7-88.1); the median duration of response (DoR) was 6.9 months (95%CI: 1.4-6.9), of which three patients (15.0%) had a DoR of more than six months; the median progression-free survival (PFS) was 5.5 months (95%CI: 1.4-6.4).

In June 2023 and August 2023, each of the FDA and the NMPA agreed that a randomized, double-blind, placebo-controlled, multi-regional phase III clinical study of tifcemalimab in combination with toripalimab as consolidation therapy in patients with LS-SCLC without disease progression following chemo-radiotherapy may proceed. This study is the first confirmatory study of anti-BTLA monoclonal antibody, and will be led by academician Yu Jinming (于金明), being the president of the Cancer Hospital affiliated to Shandong First Medical University* (山東第一醫科大學附屬腫瘤醫院), as the principal investigator. It plans to enroll 756 patients in China, the United States, Europe and other places.

Other Products That Have Been Commercialized or Are in the Late Clinical Stage R&D

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

JUNMAIKANG is an adalimumab jointly developed by us, Mabwell Bio and its subsidiaries. As our third commercialized product, JUNMAIKANG has received support from the national "Major New Drug Development", a major scientific and technological project, during the "Twelfth Five-Year Plan", which would bring new treatment options for Chinese patients at large with autoimmune disease after its launch. In March 2022, the marketing of JUNMAIKANG for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis was approved by the NMPA, with the first prescription issued in May 2022. In November 2022, the supplemental application for five additional indications of JUNMAIKANG for the treatment of Crohn's disease, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and pediatric Crohn's disease was approved by the NMPA. Under the continuous promotion of our commercialization partners, during the Reporting Period, JUNMAIKANG achieved sales revenue of RMB68 million, and completed the tendering process on the procurement platform as well as healthcare and insurance connection in 25 provinces as at the end of the Reporting Period. In 2023, with acceptance by an additional of 67 hospitals on its use, JUNMAIKANG has been used in a total of 172 hospitals, covering 955 pharmacies.

Ongericimab (code: JS002)

Ongericimab is a recombinant humanized anti-PCSK9 monoclonal antibody independently developed by us. We have completed Phase III clinical studies in patients with primary hypercholesterolemia and mixed hyperlipidemia, and Phase II clinical studies in patients with homozygous familial hypercholesterolemia. The enrollment of patients for Phase III clinical studies of heterozygous familial hypercholesterolemia has been completed.

In April 2023, the NDA for ongericimab was accepted by the NMPA for the treatment of: (1) primary hypercholesterolemia (including familial and non-familial heterozygous) and mixed dyslipidemia; and (2) homozygous familial hypercholesterolemia in adults or adolescents aged 12 or above.

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

JS005 is a specific anti-IL-17A monoclonal antibody developed independently by us. In preclinical studies, JS005 has shown efficacy and safety comparable to those of anti-IL-17 monoclonal antibodies that have been marketed. Data from preclinical study fully shows that JS005 has a clear target, definite efficacy, good safety, stable production process, and controllable product quality. As of the date of this announcement, the Phase II clinical studies of JS005 for moderate to severe plaque psoriasis and ankylosing spondylitis have been completed. We have conducted Phase III registrational clinical study for moderate to severe plaque psoriasis, and started the communication for registrational clinical trials for ankylosing spondylitis.

Clinical Progress of Other Products in the Early Stage of R&D during the Reporting Period

Recombinant humanized anti-PD-1/VEGF bispecific antibody (code: JS207)

JS207 is a recombinant humanized anti-PD-1/VEGF bispecific antibody self-developed by us, mainly used for the treatment of advanced malignant tumors. In view of the co-expression of VEGF and PD-1 in the tumor microenvironment, JS207 can simultaneously bind to PD-1 and VEGFA with high affinity, block the binding of PD-1 to PD-L1 and PD-L2 while blocking the binding of VEGF to the VEGF receptor. JS207 has the efficacy properties of both immunotherapeutic drugs and anti-angiogenic drugs, and can utilize the synergistic effects of immunotherapy and anti-angiogenesis to achieve better anti-tumor activity. The combination therapy with PD-1 antibody and VEGF blocking agent has shown strong efficacy in a variety of tumor types such as RCC, NSCLC and hepatocellular carcinoma. Compared with combination therapy, JS207 as a single agent blocking both targets, may be more effective in blocking both pathways and thus enhancing anti-tumor activity. Preclinical in vivo efficacy trials have demonstrated that JS207 has a significant anti-tumor effect, presenting a dose effect as well. In addition, JS207 is well tolerated by animals. As of the date of this announcement, there is no bispecific antibody drug with similar targets approved for marketing domestically and overseas. In June 2023, the IND application for JS207 was accepted by the NMPA.

siRNA drug targeting ANGPTL3 mRNA (code: JS401)

JS401 is a siRNA drug targeting ANGPTL3 mRNA jointly developed by us and Risen (Shanghai) Medical Technology Co., Ltd.* (潤佳(上海)醫藥技術有限公司), which is intended to be mainly used for the treatment of hyperlipidemia and other treatments. ANGPTL3 is a member of the angiopoietin-like protein family expressed by the liver that regulates lipid metabolism by inhibiting lipoprotein lipase (LPL) and endothelial lipase (EL). Loss-of-function or inhibition of ANGPTL3 can significantly reduce the levels of triglycerides and other atherogenic lipoproteins. JS401 is delivered into hepatocytes through N-acetylgalactosamine (GalNac), where it specifically degrades ANGPTL3 mRNA and continuously inhibits the expression of ANGPTL3 protein, thereby exerting its lipid-lowering effect on triglycerides and cholesterol. As of the date of this announcement, there is only one monoclonal antibody drug Evkeeza® (Evinacumab-dgnb) targeting ANGPTL3 approved in the world, and no similar target siRNA product has been approved for marketing globally. In April 2023, the IND application for JS401 was approved by the NMPA.

Recombinant humanized anti-CGRP monoclonal antibody injection (code: JS010)

JS010 is a recombinant humanized anti-CGRP monoclonal antibody injection independently developed by us, which is mainly used for the preventive treatment of migraine in adults. CGRP is a 37 amino acid neuropeptide that is expressed in the central and peripheral nervous system of mammals and is generally divided into two subtypes: α-CGRP and β-CGRP. CGRP peptide levels increase during the onset of migraine, the symptoms of which can be improved by CGRP antagonist treatment. The results of pre-clinical studies have shown that JS010 can bind to human α-CGRP and β-CGRP proteins with high affinity, and cell biological activity studies based on the reporter gene system have shown that JS010 can effectively bind to α-CGRP or β-CGRP peptides, blocking its combination with receptors, thereby inhibiting the intracellular cAMP signaling pathway, which in turn plays a role in migraine prevention. Pre-clinical in vivo pharmacodynamics showed that JS010 has a significant inhibitory effect on vasodilation. In addition, JS010 is well

tolerated by animals, with no significant abnormalities seen in all animals during the study. As of the date of this announcement, a total of eight products targeting CGRP or its receptor have been approved for marketing globally, and no similar target product has been approved for marketing in China. In March 2023, the IND application for JS010 was approved by the NMPA.

Future and Prospects

With strong R&D capabilities, we are at the forefront of medical innovation. In respect of R&D of drugs, with the focus on the development of macromolecular drugs, we will continue to track and conduct exploratory research on potential targets suitable for the development of macromolecular drugs on the basis of accelerating the R&D and commercialization progress of pipelines. Meanwhile, we will invest appropriate resources in the field of small molecule R&D to explore and develop new drug targets. Based on independent R&D, we will further expand the product pipeline through licensing and other methods to stay on the front line of R&D of innovative drugs. As for production, we plan to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further improve the competitiveness of our production costs. In respect of commercialization, we will continue to improve the establishment of our marketing and commercialization teams while carrying out commercial cooperation with outstanding pharmaceutical companies in global arena to continuously expand our international business layout. 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 2023, total revenue reached approximately RMB670 million, representing a decrease of approximately 29% compared to the corresponding period in 2022, which includes revenue from pharmaceutical products of approximately RMB641 million, increased by approximately 108% compared to the corresponding period in 2022, which was mainly due to approval and launch of more indications for TUOYI®, improvement of JUNMAIKANG's supply capacity and the approval of MINDEWEI at the beginning of the Reporting Period. During the Reporting Period, the sales revenue of TUOYI® was approximately RMB447 million, representing an increase of approximately 50% compared to the corresponding period in 2022. The sales revenue of JUNMAIKANG was approximately RMB68 million and the sales revenue of MINDEWEI was approximately RMB110 million.

2. R&D Expenses

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

During the Reporting Period, R&D expenses were approximately RMB949 million, which decreased by approximately RMB113 million as compared to the corresponding period in 2022, representing a decrease of approximately 11%. R&D expenses included clinical research and technical service expenses of approximately RMB620 million, staff salary and welfare expenses of approximately RMB231 million, depreciation and amortization expenses of approximately RMB64 million, share-based payment expenses of approximately RMB9 million and other operating expenses of approximately RMB25 million. In particular, clinical research and technical service expenses and share-based payment expenses decreased by approximately 17% and 69%, while staff salary and welfare expenses, depreciation and amortization expenses and other operating expenses increased by approximately 6%, 25% and 22% as compared to the corresponding period in 2022, respectively.

The decrease in R&D expenses was mainly due to the Group's control of R&D investments in certain early-stage pipelines, while optimizing resource allocation and focusing on R&D pipelines with greater potential.

3. Selling and Distribution Expenses

Selling and distribution expenses mainly include staff salary and welfare expenses, expenses for marketing and promotion activities, share-based payment expenses and other operating expenses.

During the Reporting Period, selling and distribution expenses amounted to approximately RMB373 million, which increased by approximately RMB66 million as compared to the corresponding period in 2022, representing an increase of approximately 21%. Selling and distribution expenses included staff salary and welfare expenses of approximately RMB204 million, expenses for marketing and promotion activities of approximately RMB149 million, share-based payment expenses of approximately RMB1 million and other operating expenses of approximately RMB19 million. In particular, staff salary and welfare expenses, expenses for marketing and promotion activities and other operating expenses increased by approximately 10%, 43% and 41% respectively, while share-based payment expenses decreased by approximately 76% as compared to the corresponding period in 2022.

The increase in selling and distribution expenses was mainly due to additional demand for market promotion of the newly launched MINDEWEI and new indications for TUOYI®, which led to the increase of marketing and promotion expenses, and staff salary and welfare expenses.

4. Administrative expenses

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

During the Reporting Period, administrative expenses amounted to approximately RMB242 million, which decreased by approximately RMB53 million as compared to the corresponding period in 2022, representing a decrease of approximately 18%. Administrative expenses included: administrative staff cost of approximately RMB106 million, depreciation and amortization expenses of approximately RMB56 million, office administration expenses of approximately RMB49 million, share-based payment expenses of approximately RMB5 million and other miscellaneous expenses of approximately RMB26 million. In particular,

administrative staff cost, depreciation and amortization expenses, share-based payment expenses and other miscellaneous expenses decreased by approximately 21%, 13%, 70% and 30% respectively, while office administration expenses increased by approximately 9% as compared to the corresponding period in 2022.

The decrease in administrative expenses was mainly due to (i) the effective implementation of cost control policy; and (ii) the reduction of share-based compensation.

5. Liquidity and Capital Resources

As at 30 June 2023, bank balances and cash decreased to approximately RMB4,854 million from approximately RMB5,997 million as at 31 December 2022. The decrease in bank balances and cash mainly came from net cash outflow of approximately RMB1,228 million from operating activities and net cash outflow of approximately RMB160 million from investing activities, which was partially offset by net cash inflow of approximately RMB220 million from financing activities.

6. Non-IFRS Measures

To supplement the Group's consolidated financial statements which are prepared in accordance with the IFRS, the Company has provided adjusted total comprehensive expenses for the period (excluding effects from non-cash related items and one-off events which include, but not limited to, share-based payment expenses and net exchange losses), as additional financial measures, which are not required by, nor presented in accordance with, the IFRS. The Company believes that the non-IFRS financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these non-IFRS financial measures in assessing the Group's financial performance by eliminating the impacts of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS financial results on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

Non-IFRS adjusted total comprehensive expenses for the period:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
IFRS total comprehensive expense for the year	**(1,163,516)**	(1,101,333)
Add:		
Share-based payment expenses	**16,659**	52,454
Net exchange gains	**(2,068)**	(30,002)
Adjusted total comprehensive income for the year	**(1,148,925)**	(1,078,881)

7. Listing on the STAR Market, Placing of H Shares, Issuance of A Shares and Use of Proceeds

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

Committed investment projects	Planned use of proceeds *RMB'000*	Unutilized proceeds as at 31 December 2022 *RMB'000*	Proceeds utilized during the Reporting Period *RMB'000*	Utilized Proceeds as at 30 Jun 2023 *RMB'000*	Unutilized Proceeds as at 30 Jun 2023 *RMB'000*	Expected timeline for application of the unutilized proceeds
Research and development projects of innovative drugs	1,200,000	–	11,681	1,211,681	–	Was fully utilized by 31 December 2022
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	–	14,582	824,509	–	Was fully utilized by 30 June 2022
Surplus proceeds	1,796,978	751,217	(208)*(Note 3)*	1,077,979	726,206	Expected to be fully utilized by 31 December 2024
	4,496,978*(Note 1)*	751,217*(Note 2)*	26,055*(Note 2)*	3,814,169*(Note 1)*	726,206*(Notes 1&2)*	

Notes:

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

2. The difference between (i) the sum of proceeds utilized during the Reporting Period and unutilized proceeds as at 30 June 2023 and (ii) unutilized proceeds as at 31 December 2022 represents foreign exchange losses and interests generated from bank saving accounts.

3. The amounts represent refunds from suppliers.

On 23 June 2021, the Company completed the placing of an aggregate of 36,549,200 new H Shares (the "**Placing Shares**") under general mandate pursuant to a placing agreement dated 16 June 2021 entered into by and among the Company, J.P. Morgan Securities plc (as sole placing agent), Guotai Junan Securities (Hong Kong) Limited (as co-managers) and Caitong International Securities Co., Limited (as co-managers). The Placing Shares were issued to not less than six placees who were 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**")) at a placing price of HK$70.18 per H

Share. The market price of the H Shares on 16 June 2021 was HK$70.65 per H Share. The net cash inflow from the placing was approximately RMB2,104 million. The net proceeds from the placing are intended to be used by the Group toward the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, and business development, and general corporate purposes. The Board considered that the Placing was beneficial to the Company for the following reasons: (a) available funds would be brought by the net proceeds from the Placing for the Company's sustainable development to enhance the development and commercialized layout of potential first-in-class drugs in the international market, promote and accelerate the implementation of clinical trials of more first-in-class drugs in international multi-centers, and arrange and expand new-generation platforms and R&D technologies, to further improve the Company's competitiveness; and (b) it could expand the Shareholders base of the Company, optimize the shareholding structure and further attract more international renowned investment institutions with long-term strategic values through the platform of the Hong Kong Stock Exchange. For further details of the placing, please refer to the Company's announcements dated 16 June 2021 and 23 June 2021.

As at 30 June 2023, approximately RMB2,098 million of the net proceeds from the placing has been utilized. The Company will gradually utilize the remaining net proceeds from the placing in accordance with such intended purposes based on the estimate of future market conditions and business operations of the Company, and will remain subject to change based on current and future development of market conditions and actual business needs.

The following table sets out the intended use and actual usage of the net proceeds from the placing as at 30 June 2023:

Purpose of the proceeds	**Intended use of the net proceeds** *(Approx. RMB million)*	**Unutilized proceeds as at 31 December 2022** *(Approx. RMB million)*	**Proceeds utilized during the Reporting Period** *(Approx. RMB million)*	**Proceeds utilized as at 30 June 2023** *(Approx. RMB million)*	**Unutilized proceeds as at 30 June 2023** *(Approx. RMB million)*	**Expected timeline for application of the unutilized proceeds**
R&D of drugs and pipeline expansion	815	8	5	812	3	Expected to be fully utilized by 30 June 2024
Expansion of the commercialization team	1	–	–	1	–	Was fully utilized by 31 December 2022
Domestic and overseas investment, mergers and acquisitions & business development	285	–	–	285	–	Was fully utilized by 30 June 2022
General corporate purpose	1,003	–	–	1,000	–	Was fully utilized by 31 December 2022
	2,104*(Note)*	8	5	2,098*(Note)*	3*(Note)*	

Note:

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

As approved by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2022] No. 2616) (證監許可[2022]2616 號文), the Company issued 70,000,000 ordinary shares (A Shares) to 17 target subscribers (including securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal persons investors and natural persons, who/which satisfy the relevant requirements of the China Securities Regulatory Commission) on 2 December 2022 at the issue price of RMB53.95 per Share. The gross proceeds amounted to approximately RMB3,777 million. After deducting issuance expenses of approximately RMB32 million in accordance with the related requirements, the net proceeds amounted to approximately RMB3,745 million. The net proceeds from the issuance of A Shares have been used and will be used in accordance with the uses disclosed in the Company's circular dated 7 March 2022, announcements dated 7 March 2022 and 14 June 2022. The market price of A Shares on 2 December 2022 was RMB61.23 per A Share. The Company considered that the projects funded by the proceeds involved in the issuance of A Shares would accelerate the Company's clinical research work and promote the marketing process of relevant products in the PRC and overseas, enhance the synergy between preclinical and clinical research, and relieve tensions in R&D and operation funds of the Company to a certain extent, which are conducive to the realization of the Company's core development strategy and the sustainable and sound development of the production and operation of the Company.

Purpose of the proceeds	**Intended use of the net proceeds** *(Approx. RMB million)*	**Unutilized proceeds as at 31 December 2022** *(Approx. RMB million)*	**Proceeds utilized during the Reporting Period** *(Approx. RMB million)*	**Proceeds utilized as at 30 June 2023** *(Approx. RMB million)*	**Unutilized proceeds as at 30 June 2023** *(Approx. RMB million)*	**Expected timeline for application of the unutilized proceeds**
R&D projects of innovative drugs	3,464	3,324	99	239	3,225	Expected to be fully utilized by 31 December 2025
Shanghai Junshi Biotech headquarters and R&D base project	281	211	43	114	167	Expected to be fully utilized by 31 December 2024
	3,745	3,535*(Note)*	142*(Note)*	353	3,392*(Note)*	

Note:

The difference between (i) the sum of proceeds utilized during the Reporting Period and unutilized proceeds as at 30 June 2023 and (ii) unutilized proceeds as at 31 December 2022 are due to rounding.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	For the six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**669,703**	946,049
Cost of sales and services		**(288,513)**	(320,472)
Gross profit		**381,190**	625,577
Other income	*4*	**92,153**	35,147
Other gains and losses	*5*	**(21,183)**	68,302
Impairment losses under expected credit loss model, net of reversal		**(1,122)**	41
Research and development expenses		**(948,599)**	(1,062,242)
Selling and distribution expenses		**(373,126)**	(307,388)
Administrative expenses		**(241,972)**	(295,292)
Share of losses of joint ventures		**(2,057)**	(514)
Share of losses of associates		**(30,249)**	(27,735)
Finance costs		**(14,548)**	(13,699)
Other expenses		**(16,320)**	(11,109)
Loss before tax		**(1,175,833)**	(988,912)
Income tax credit (expense)	*6*	**50,495**	(9,448)
Loss for the period		**(1,125,338)**	(998,360)
Other comprehensive (expense) income for the period			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial asset designated as at fair value through other comprehensive income ("FVTOCI")		**(60,569)**	(132,488)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**22,391**	29,515
Other comprehensive expense for the period		**(38,178)**	(102,973)
Total comprehensive expense for the period		**(1,163,516)**	(1,101,333)
Loss for the period attributable to:			
– Owners of the Company		**(996,421)**	(911,329)
– Non-controlling interests		**(128,917)**	(87,031)
		(1,125,338)	(998,360)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		**(1,034,599)**	(1,014,302)
– Non-controlling interests		**(128,917)**	(87,031)
		(1,163,516)	(1,101,333)
Loss per share	*8*		
– Basic (RMB yuan)		**(1.01)**	(1.00)
– Diluted (RMB yuan)		**(1.01)**	(1.00)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTES	**As at 30 June 2023** ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**3,173,614**	2,979,327
Right-of-use assets		**278,471**	299,129
Intangible assets		**97,787**	98,913
Interests in joint ventures		**107,449**	109,506
Interests in associates	*9*	**352,884**	383,133
Deferred tax assets		**172,690**	228,427
Other assets, prepayments and other receivables		**354,426**	362,749
Other financial assets	*10*	**849,009**	910,197
		5,386,330	5,371,381
Current assets			
Inventories		**652,531**	599,021
Trade receivables	*11*	**484,346**	232,725
Other assets, prepayments and other receivables		**394,718**	345,137
Restricted bank deposits		**26,570**	31,086
Bank balances and cash		**4,853,762**	5,996,936
		6,411,927	7,204,905
Current liabilities			
Trade and other payables	*12*	**1,375,589**	1,338,400
Borrowings	*13*	**396,759**	391,750
Contract liabilities		**30,936**	–
Deferred income		**21,840**	440
Lease liabilities		**43,012**	43,664
		1,868,136	1,774,254
Net current assets		**4,543,791**	5,430,651
Total assets less current liabilities		**9,930,121**	10,802,032

	NOTES	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Non-current liabilities			
Borrowings	*13*	**936,899**	839,582
Other financial liabilities		**11,000**	–
Deferred income		**147,735**	121,615
Lease liabilities		**30,196**	46,585
		1,125,830	1,007,782
Net assets		**8,804,291**	9,794,250
Capital and reserves			
Share capital	*14*	**985,690**	982,872
Reserves		**7,526,166**	8,518,544
Equity attributable to owners of the Company		**8,511,856**	9,501,416
Non-controlling interests		**292,435**	292,834
Total equity		**8,804,291**	9,794,250

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 on the National Equities Exchange and Quotations ("**NEEQ**") (stock code: 833330). On 24 December 2018, the Company's H shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1877). The domestic shares of the Company were delisted from NEEQ since 8 May 2020 and were converted into A shares and listed on the STAR Market of the Shanghai Stock Exchange on 15 July 2020 (stock code: 688180). The respective addresses of the registered office and principal place of business of the Company are Room 1003, Level 10, Building 2, Nos. 36 and 58, Hai Qu Road, China (Shanghai) Pilot Free Trade Zone, the PRC and 5/F, Manulife Place 348 Kwun Tong Road, Kowloon, Hong Kong.

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 ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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.

Other than additional/change in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), and application of certain accounting policy which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

3. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major revenue sources:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
At a point in time		
Sale of pharmaceutical products	**641,292**	308,254
Licensing income	**–**	476,474
	641,292	784,728
Over time		
Service income	**28,411**	161,321
	669,703	946,049

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

During the period ended 30 June 2022, the Group recognised an option exercise payment from Coherus of USD35,000,000 (equivalent to RMB221,508,000) as licensing income at a point in time when Coherus has the ability to use the license upon exercise of option.

4. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**55,027**	26,908
Government grants related to property, plant and equipment *(Note a)*	**1,080**	726
Other subsidies *(Note b)*	**36,046**	7,513
	92,153	35,147

Notes:

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

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

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fair value change of other financial assets measured at fair value through profits or loss ("**FVTPL**"), net	**(23,532)**	(22,674)
Exchange gains, net	**2,068**	30,002
Loss on disposal of property, plant and equipment	**(324)**	(80)
Other gain *(Note a)*	**–**	32,200
Gain on deemed disposal of an associate *(Note b)*	**–**	28,847
Others	**605**	7
	(21,183)	68,302

Notes:

(a) During the period ended 30 June 2022, the Group transferred in-process research and development pipelines to an associate, Junshi Risen (Shanghai) Pharmaceutical Technology Co., Ltd.* (君實潤佳(上海)醫藥科技有限公司).

(b) During the period ended 30 June 2022, the Company injected capital to an associate Suzhou Junjing Biosciences Co., Ltd.* (蘇州君境生物醫藥科技有限公司)("Suzhou Junjing") and after the capital injection, the equity interest in Suzhou Junjing increased from 50% to 51% and Suzhou Junjing has become a non-wholly owned subsidiary of the Company since the Company has obtained the control over Suzhou Junjing with majority shareholding. The acquisition has been accounted for as acquisition of business using the acquisition method, resulting in a gain of RMB28,847,000.

6. INCOME TAX (CREDIT) EXPENSE

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
United States Corporate Income Tax ("**CIT**")	**(106,231)**	46,770
Deferred tax	**55,736**	(37,322)
	(50,495)	9,448

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 certain PRC subsidiaries of the Group were accredited as High and New Technology Enterprises and enjoyed the reduced 15% EIT rate.

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

During the period ended 30 June 2023, the Company received a refund of United States CIT previously withheld on licensing income from a United States based customer amounting to RMB106,231,000.

7. 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.

8. LOSS PER SHARE

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

Loss

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(996,421)**	(911,329)

Number of shares

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**985,191,620**	910,828,061

In February 2023, the Company issued 2,818,231 ordinary shares (A Shares) to eligible persons upon the exercise of RSUs. On 2 February 2023, the shares newly issued were registered in China Securities Depository and Clearing Corporation Limited Shanghai Branch. The weighted average number of ordinary shares for the purpose of basic earning per share for the six months ended 30 June 2023 has been adjusted for the issuance of shares upon such exercise.

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

The computation of diluted loss per share for the six months ended 30 June 2023 does not assume the exercise of the Company's outstanding RSUs as this would result in a decrease in loss per share.

9. INTERESTS IN ASSOCIATES

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Cost of investments in associates	**518,061**	518,061
Share of post-acquisition losses	**(142,851)**	(113,791)
Less: elimination of unrealised intercompany transactions	**(16,100)**	(16,100)
Exchange realignment	**(6,226)**	(5,037)
	352,884	383,133

10. OTHER FINANCIAL ASSETS

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Financial assets measured at FVTPL		
– Unlisted equity investments in partnership	**156,612**	156,235
– Unlisted equity investments	**42,182**	12,182
– Investments in preference shares	**573,327**	604,323
	772,121	772,740
Financial asset designated as at FVTOCI *(Note)*	**76,888**	137,457
	849,009	910,197

Note: The amount represents equity investment in Coherus whose shares are listed on the National Association of Securities Dealers Automated Quotations of the United States of America. The investment is not held for trading; instead, it is held for long-term strategic purpose. The management of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising the performance potential in the long run.

11. TRADE RECEIVABLES

The Group allows a normal credit period of 45 to 150 days (31 December 2022: 60 days) to its trade customers.

The following is an analysis of trade receivables by age (net of allowance for credit losses) presented based on invoice dates, which approximated the revenue recognition date, at the end of the reporting period.

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**305,436**	232,364
31 to 90 days	**96,152**	361
91 to 150 days	**82,743**	–
Over 150 days	**15**	–
	484,346	232,725

12. TRADE AND OTHER PAYABLES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**318,379**	281,600
Accrued expenses in respect of		
– construction cost of properties under construction	**245,694**	133,382
– research and development expenses *(Note a)*	**489,710**	415,751
– selling and distribution expenses	**49,895**	65,783
– others	**49,946**	75,205
Payables to licensor *(Note b)*	**–**	69,097
Payables to collaboration parties under collaboration agreements *(Note c)*	**10,175**	16,639
Salary and bonus payables	**138,690**	191,903
Other tax payables	**24,519**	35,187
Payable for transaction costs for the issue of new shares	**145**	2,898
Other payables	**48,436**	50,955
	1,375,589	1,338,400

Notes:

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

(b) Amount as at 31 December 2022 represents the accrual on license income payable to a licensor at the end of the reporting period, which is repayable upon 30 days after issuance of invoice.

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

Payment terms with suppliers are mainly with credit term of 0 to 90 days (31 December 2022: 0 to 90 days) from the time when the goods and services are received from the suppliers. The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
0 to 30 days	**229,044**	87,591
31 to 60 days	**43,227**	66,244
61 to 180 days	**26,808**	72,321
Over 180 days	**19,300**	55,444
	318,379	281,600

13. BORROWINGS

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Bank borrowings		
– secured	**783,523**	797,783
– unsecured	**550,135**	433,549
	1,333,658	1,231,332
The maturity profile of bank borrowings is as follows:		
– within one year	**396,759**	391,750
– within a period of more than one year but not exceeding two years	**97,759**	84,836
– within a period of more than two years but not exceeding five years	**589,249**	397,708
– within a period of more than five years	**249,891**	357,038
	1,333,658	1,231,332
Less: amount due within one year shown under current liabilities	**(396,759)**	(391,750)
Amount shown under non-current liabilities	**936,899**	839,582

As at 30 June 2023, the Group's variable-rate borrowings of RMB988,625,000 (31 December 2022: RMB977,397,000) carry interest at 3.5% to 3.9% (31 December 2022: 3.7% to 3.9%) per annum.

As at 30 June 2023, the Group's fixed-rate borrowings of RMB345,033,000 (31 December 2022: RMB253,935,000) carry interest at 2% to 5% (31 December 2022: 2% to 5%) per annum.

14. SHARE CAPITAL

	Total number of shares	Amount *RMB'000*
Registered, issued and fully paid at RMB1.0 per share:		
At 1 January 2022 (Audited)	910,756,700	910,757
Exercise of share options	1,845,200	1,845
At 30 June 2022 (Unaudited)	912,601,900	912,602
At 1 January 2023 (Audited)	982,871,640	982,872
Exercise of RSUs	2,818,231	2,818
At 30 June 2023 (Unaudited)	985,689,871	985,690

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 2023 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 2023

Unit: Yuan Currency: RMB

Item	**30 June 2023**	31 December 2022
Current assets:		
Cash and bank balances	**4,881,481,873.90**	6,030,741,479.31
Accounts receivable	**487,862,881.29**	238,185,594.33
Prepayments	**249,922,233.85**	231,081,379.53
Other receivables	**47,122,194.34**	26,178,446.53
Including: Interest receivable	**–**	–
Dividend receivable	**–**	–
Inventories	**652,530,730.01**	599,021,105.13
Non-current assets due within one year	**2,208,866.69**	3,112,887.71
Other current assets	**102,376,277.90**	88,163,174.46
Total current assets	**6,423,505,057.98**	7,216,484,067.00
Non-current assets:		
Long-term equity investments	**460,333,741.39**	492,638,900.50
Investments in other equity instruments	**76,888,211.42**	137,457,141.03
Other non-current financial assets	**772,121,230.00**	772,740,011.57
Fixed assets	**1,926,591,034.44**	1,894,630,921.83
Construction in progress	**1,208,033,461.54**	1,043,663,689.21
Right-of-use assets	**65,063,156.22**	81,947,640.61
Intangible assets	**311,195,148.57**	316,094,405.40
Long-term prepaid expenses	**20,207,977.67**	23,242,343.69
Deferred tax assets	**172,690,349.96**	228,427,087.13

Item	30 June 2023	31 December 2022
Other non-current assets	**342,847,517.76**	351,169,967.46
Total non-current assets	**5,355,971,828.97**	5,342,012,108.43
Total assets	**11,779,476,886.95**	12,558,496,175.43
Current liabilities:		
Short-term loans	**345,033,305.73**	351,362,075.93
Accounts payable	**1,163,798,877.67**	1,057,456,669.83
Contract liabilities	**39,621,451.99**	4,114,783.77
Payroll payable	**138,690,868.90**	191,903,014.09
Taxes payable	**24,518,963.22**	35,112,108.67
Other payables	**32,386,429.09**	42,234,909.99
Including: Interest payable	**–**	–
Dividend payable	**–**	–
Non-current liabilities due within one year	**94,737,776.60**	84,052,062.89
Other current liabilities	**53,817.02**	74,986.71
Total current liabilities	**1,838,841,490.22**	1,766,310,611.88
Non-current liabilities:		
Long-term borrowings	**936,898,939.76**	839,581,860.04
Lease liabilities	**30,196,087.53**	46,584,759.61
Deferred income	**169,575,031.99**	122,055,113.23
Other non-current liabilities	**18,455,640.92**	7,503,567.45
Total non-current liabilities	**1,155,125,700.20**	1,015,725,300.33
Total liabilities	**2,993,967,190.42**	2,782,035,912.21
Owners' equity:		
Share capital	**985,689,871.00**	982,871,640.00
Capital reserves	**15,388,019,121.59**	15,345,797,913.57
Other comprehensive income	**-106,586,674.39**	-68,408,497.07
Retained earnings	**-7,774,047,311.28**	-6,776,634,904.80
Total equity attributable to owners of the Company	**8,493,075,006.92**	9,483,626,151.70
Minority interests	**292,434,689.61**	292,834,111.52
Total equity attributable to owners	**8,785,509,696.53**	9,776,460,263.22
Total liabilities and equity attributable to owners	**11,779,476,886.95**	12,558,496,175.43

CONSOLIDATED INCOME STATEMENT

January-June 2023

Unit: Yuan Currency: RMB

Item	January-June 2023	January-June 2022
I. Total operating income	**669,702,667.07**	946,048,587.10
Including: Operating income	**669,702,667.07**	946,048,587.10
II. Total operating costs	**1,772,814,913.95**	1,929,421,459.42
Including: Operating costs	**252,155,636.11**	306,635,148.40
Taxes and surcharges	**8,775,955.55**	4,856,527.45
Selling expenses	**373,126,850.39**	307,387,922.14
Administrative expenses	**232,304,096.15**	291,091,176.40
R&D expenses	**948,598,826.58**	1,062,242,440.32
Financial expenses	**-42,146,450.83**	-42,791,755.29
Including: Interest expenses	**12,720,671.54**	9,897,820.07
Interest income	**55,026,734.29**	26,907,578.46
Add: Other gains	**33,625,928.15**	8,220,404.28
Investment gains ("-" for losses)	**-28,070,638.56**	850,697.58
Including: Gains from investments in associates and joint ventures	**-32,305,159.11**	-28,248,326.44
Gains from changes in fair value ("-" for losses)	**-27,766,182.96**	-22,918,902.55
Credit impairment loss ("-" for losses)	**-1,122,091.90**	40,960.38
Impairment loss of assets ("-" for losses)	**-36,357,648.87**	-13,836,505.00
Gains from disposal of assets ("-" for losses)	**510,895.52**	32,200,000.00
III. Operating revenue ("-" for losses)	**-1,162,291,985.50**	-978,816,217.63
Add: Non-operating income	**3,611,791.11**	18,580.78
Less: Non-operating expenses	**18,144,094.93**	11,190,011.64
IV. Total profit ("-" for total losses)	**-1,176,824,289.32**	-989,987,648.49
Less: Income tax expenses	**-50,494,762.83**	9,447,969.70
V. Net profit ("-" for net losses)	**-1,126,329,526.49**	-999,435,618.19
(I) Classified by business continuity		
1. Net profit from continuous operations ("-" for net losses)	**-1,126,329,526.49**	-999,435,618.19
2. Net profit from discontinued operations ("-" for net losses)	**–**	–
(II) Classified by ownership		
1. Net profit attributable to the shareholders ("-" for net losses)	**-997,412,406.48**	-912,405,010.11
2. Profit or loss attributable to minority interests ("-" for net losses)	**-128,917,120.01**	-87,030,608.08

Item	**January-June 2023**	January-June 2022
VI. Other comprehensive income after-tax, net	**-38,178,177.32**	-102,972,974.93
(I) Other comprehensive income after-tax attributable to owners of the Company, net	**-38,178,177.32**	-102,972,974.93
1. Other comprehensive income that cannot be reclassified into profit or loss	**-60,568,929.61**	-132,488,126.92
(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 investments in other equity instruments	**-60,568,929.61**	-132,488,126.92
(4) Change in fair value due to enterprise's own credit risk	**–**	–
2. Other comprehensive income that can be reclassified to profit or loss	**22,390,752.29**	29,515,151.99
(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	**22,390,752.29**	29,515,151.99
(II) Other net comprehensive income after-tax attributable to minority shareholders	**–**	–
VII. Total comprehensive income	**-1,164,507,703.81**	-1,102,408,593.12
(I) Total comprehensive income attributable to owners of the Company	**-1,035,590,583.80**	-1,015,377,985.04
(II) Total comprehensive income attributable to minority shareholders	**-128,917,120.01**	-87,030,608.08
VIII. Earnings per share		
(I) Basic earnings per share (RMB/Share)	**-1.01**	-1.00
(II) Diluted earnings per share (RMB/Share)	**-1.01**	-1.00

CONSOLIDATED CASH FLOW STATEMENT

January-June 2023

Unit: Yuan Currency: RMB

Item	January-June 2023	January-June 2022
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	**493,939,610.73**	1,906,163,725.08
Receipts of tax refunds	**129,854,553.65**	236,169,461.67
Other cash receipts relating to operating activities	**100,460,611.03**	11,111,501.90
Subtotal of cash inflows from operating activities	**724,254,775.41**	2,153,444,688.65
Cash payments for goods purchased and services received	**1,088,928,491.83**	1,807,052,158.02
Cash payments to and on behalf of employees	**657,743,224.13**	683,122,137.93
Payments of various types of taxes	**41,171,147.98**	14,574,839.53
Other cash payments relating to operating activities	**162,133,712.54**	106,922,445.17
Subtotal of cash outflows from operating activities	**1,949,976,576.48**	2,611,671,580.65
Net cash flows from operating activities	**-1,225,721,801.07**	-458,226,892.00
II. Cash flows from investing activities:		
Cash receipts from recovery of investments	**1,202,852,598.61**	91,000,000.00
Cash receipts from investment income	**4,234,520.55**	244,527.26
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**22,123.88**	660.00
Other cash receipts relating to investing activities	**58,169,603.96**	26,431,143.48
Subtotal of cash inflows from investing activities	**1,265,278,847.00**	117,676,330.74
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**201,430,071.66**	151,459,064.90
Cash payments to acquire investments	**1,230,000,000.00**	195,484,047.00
Subtotal of cash outflows from investing activities	**1,431,431,071.66**	346,943,111.90
Net cash flows from investing activities	**-166,151,224.66**	-229,266,781.16

Item	**January-June 2023**	January-June 2022
III. Cash flows from financing activities:		
Cash receipts from capital contributions	**155,594,530.50**	396,975,840.00
Including: cash receipts from capital contributions from minority owners of subsidiaries	**3,000,000.00**	380,000,000.00
Cash receipts from borrowings	**214,726,408.64**	420,110,764.46
Other cash receipts relating to investing activities	**41,299,690.39**	1,301,133.76
Subtotal of cash inflows from financing activities	**411,620,629.53**	818,387,738.22
Cash repayments of borrowings	**116,669,118.43**	5,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	**17,998,153.66**	9,904,306.41
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	**–**	–
Other cash payments relating to financing activities	**53,355,135.28**	268,567,830.77
Subtotal of cash outflows from financing activities	**188,022,407.37**	283,472,137.18
Net cash flows from financing activities	**223,598,222.16**	534,915,601.04
IV. Effects of exchange rate fluctuations on cash and cash equivalents	**25,100,592.95**	55,032,607.85
V. Net increase in cash and cash equivalents	**-1,143,174,210.62**	-97,545,464.27
Add: Opening balance of cash and cash equivalents	**5,996,935,997.83**	3,504,604,838.72
VI. Closing balance of cash and cash equivalents	**4,853,761,787.21**	3,407,059,374.45

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January-June 2023

Unit: Yuan Currency: RMB

Item	January-June 2023						
	Equity attributable to owners of the Company						
	Share Capital	Capital reserves	Other comprehensive income	Retained earnings	Subtotal	Minority interests	Total equity
I. Closing balance of the preceding year	**982,871,640.00**	**15,345,797,913.57**	**-68,408,497.07**	**-6,776,634,904.80**	**9,483,626,151.70**	**292,834,111.52**	**9,776,460,263.22**
Add: Changes in accounting policies	-	-	-	-	-	-	-
II. Balance at the beginning of year	**982,871,640.00**	**15,345,797,913.57**	**-68,408,497.07**	**-6,776,634,904.80**	**9,483,626,151.70**	**292,834,111.52**	**9,776,460,263.22**
III. Changes in the current period ("-" for decreases)	**2,818,231.00**	**42,221,208.02**	**-38,178,177.32**	**-997,412,406.48**	**-990,551,144.78**	**-399,421.91**	**-990,950,566.69**
(I) Total comprehensive income	-	-	-38,178,177.32	-997,412,406.48	-1,035,590,583.80	-128,917,120.01	-1,164,507,703.81
(II) Increase of capital from shareholders	2,818,231.00	42,221,208.02	-	-	45,039,439.02	128,517,698.10	173,557,137.12
1. Ordinary shares contributed by shareholders	2,818,231.00	153,593,589.50	-	-	156,411,820.50	-	156,411,820.50
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-
3. Share-based payments recognized in owners' equity	-	17,110,122.63	-	-	17,110,122.63	35,193.99	17,145,316.62
4. Others	-	-128,482,504.11	-	-	-128,482,504.11	128,482,504.11	-
IV. Balance at the end of period	**985,689,871.00**	**15,388,019,121.59**	**-106,586,674.39**	**-7,774,047,311.28**	**8,493,075,006.92**	**292,434,689.61**	**8,785,509,696.53**

Unit: Yuan Currency: RMB

Item	January-June 2022						
	Equity attributable to owners of the Company						
	Share Capital	Capital reserves	Other comprehensive income	Retained earnings	Subtotal	Minority interests	Total equity
I. Closing balance of the preceding year	910,756,700.00	11,422,714,543.28	209,175.29	-4,388,585,020.16	7,945,095,398.41	371,278,888.27	8,316,374,286.68
Add: Changes in accounting policies	–	–	–	–	–	–	–
II. Balance at the beginning of year	910,756,700.00	11,422,714,543.28	209,175.29	-4,388,585,020.16	7,945,095,398.41	371,278,888.27	8,316,374,286.68
III. Changes in the current period ("-" for decreases)	1,845,200.00	197,373,240.22	-102,972,974.93	-912,405,010.11	-816,159,544.82	29,464,828.06	-786,694,716.76
(I) Total comprehensive income	–	–	-102,972,974.93	-912,405,010.11	-1,015,377,985.04	-87,030,608.08	-1,102,408,593.12
(II) Increase of capital from shareholders	1,845,200.00	197,373,240.22	–	–	199,218,440.22	116,495,436.14	315,713,876.36
1. Ordinary shares contributed by shareholders	1,845,200.00	274,005,640.00	–	–	275,850,840.00	121,125,000.00	396,975,840.00
2. Capital contributed by holders of other equity instruments	–	–	–	–	–	–	–
3. Share-based payments recognized in owners' equity	–	55,651,065.45	–	–	55,651,065.45	336,970.91	55,988,036.36
4. Others	–	-132,283,465.23	–	–	-132,283,465.23	-4,966,534.77	-137,250,000.00
IV. Balance at the end of period	912,601,900.00	11,620,087,783.50	-102,763,799.64	-5,300,990,030.27	7,128,935,853.59	400,743,716.33	7,529,679,569.92

RISK FACTORS

1. Risks related to pending profitability

A long profit cycle is one of the most salient features of the biopharmaceutical industry. It typically takes a relatively long period for a biopharmaceutical company at the R&D stage to grow before it becomes profitable. As an innovative biopharmaceutical company, the Company is currently in an important R&D investment phase, and our R&D investment is expected to increase significantly and consistently in line with the expansion of R&D pipeline and acceleration of domestic and overseas drug clinical trial activities. Our future profitability depends on the pace of the launch and the conditions of post-launch sales of drugs that we are currently developing. On the other hand, heavy R&D investments and high marketing and operating costs will add uncertainties to the Company's profitability. Therefore, the Company is exposed to the risk of not being able to become profitable in the short term.

A total of three drugs (TUOYI®, JUNMAIKANG and MINDEWEI) are being commercialized by the Company, and various drug candidates in the late stage of research and development close to commercialization. The accelerated development of more and more drug candidates as well as the successive completion of registrational clinical trials for more indications of the approved products will further improve the Company's financial position and help create conditions for a turnaround in the profitability of the Company as soon as possible.

2. Risks related to significant decline in performance or loss

The Company is committed to the discovery, development and commercialization of innovative therapies. The Company actively deploys a product pipeline that covers various therapeutic areas. In the future, it will maintain a corresponding scale of investment in R&D for the pre-clinical research, global clinical trials and preparation for NDAs 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 expenses, which may result in greater losses for the Company in the short run, thereby adversely affecting the Company's daily operations and financial position. During the Reporting Period, there were no material adverse changes in the principal business and core competitiveness of the Company.

3. Risks related to core competitiveness

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

4. Risks related to operations

The Company's business operations require certain R&D technical services and raw materials supply. Currently, the relationship between the Company and existing suppliers are stable. If the price of R&D technical services or raw materials increased significantly, the Company's profitability may be adversely affected. At the same time, the Company's suppliers may not be able to keep up with the rapid development of the Company, such that they may have to reduce or terminate the supply of the Company's R&D services or raw materials. If such R&D technical services or the supply of raw materials were disrupted, the Company's business operations may be adversely affected. Furthermore, some of the Company's raw materials, equipment and consumables are directly or indirectly imported. If there are significant changes in the international trade situation, the Company's production and drug development may be affected to a certain extent.

The Company's core products toripalimab injection and adalimumab injection have been included in Category B of the NRDL, while the Deuremidevir Hydrobromide Tablets have also been included in the scope of provisional medical insurance reimbursement. The reduction in price after being included into the drug list can effectively improve the accessibility and affordability of the Company's products, which is conducive to a significant increase in product sales. However, if the increase in sales is less than expected, it may adversely affect the Company's revenue.

5. Finance risks

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

6. Risks related to the industry

In view of the constant reforms in the medical and health system, the implementation of a series of policies such as control on medical insurance fees, publication of the new edition of the National Essential Medicine List* (《國家基本藥物目錄》), consistency evaluation, reform in drug approval, compliance regulations, commencement of centralized procurement of "4+7" drugs on a trial basis and "zero tariff" on imported drugs, encouraging pharmaceutical enterprises to be innovative and reduce prices of drugs have become a general trend, and the industry landscape is about to be reshaped. If the Company fails to keep up with industry trends and continue with its innovation in the future, or if there are adverse changes in relevant industry policies, the Company's development may be adversely affected.

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In August 2023, the Company conducted friendly negotiations with IMPACT Therapeutics. Based on the Company's commercial considerations, both parties have agreed to terminate their cooperation on the JV Company and the PARP inhibitor senaparib (code: JS109/IMP4297). Pursuant to the terms of the agreement, the Company will transfer its 50% equity interest in the JV Company to IMPACT Therapeutics, and IMPACT Therapeutics will pay the corresponding share purchase price to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 2 February 2023, the Company issued 2,818,231 new restricted A Shares pursuant to the attribution results of the second attribution tranche of the first grant and the first attribution tranche of the reserved grant under the 2020 Restricted Share Incentive Scheme (further details of the 2020 Restricted Share Incentive Scheme are set out in the Company's overseas regulatory announcement dated 29 September 2020, and further details of the attribution results of the second attribution tranche of the first grant and the first attribution tranche of the reserved grant under the 2020 Restricted Share Incentive Scheme are set out in the Company's overseas regulatory announcement dated 3 February 2023).

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

CHANGES IN THE BOARD DURING THE REPORTING PERIOD

During the Reporting Period, the composition of the Board of Directors changed as follows:

Dr. Meng Anming – *appointed as an independent non-executive Director on 30 June 2023*
Dr. Chen Lieping – *resignation from the position of independent non-executive Director took effect on 30 June 2023*

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. Tang Yi. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

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

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2023 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 published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

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

Shanghai, the PRC, 30 August 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xiong Jun, Dr. Li Ning, Dr. Feng Hui, Mr. Zhang Zhuobing, Dr. Yao Sheng, Mr. Li Cong and Dr. Zou Jianjun as executive Directors; Mr. Tang Yi as non-executive Director; and Dr. Roy Steven Herbst, Mr. Qian Zhi, Mr. Zhang Chun, Dr. Feng Xiaoyuan and Dr. Meng Anming as independent non-executive Directors.

* *For identification purpose only*