药明巨诺
JW Therapeutics

JW (Cayman) Therapeutics Co. Ltd

藥明巨諾(開曼)有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2126

INTERIM REPORT 2023

* For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Yiping James Li *(Chairman)*

Non-executive Directors

Ms. Xing Gao (高星)
Dr. Sungwon Song[1]
Dr. Cheng Liu

Independent Non-executive Directors

Mr. Yiu Leung Andy Cheung (張耀樑)
Mr. Kin Cheong Kelvin Ho (何建昌)
Dr. Debra Yu
Dr. Krishnan Viswanadhan[2]
Dr. Ann Li Lee[3]

AUDIT COMMITTEE

Mr. Yiu Leung Andy Cheung (張耀樑) *(Chairman)*
Ms. Xing Gao (高星)
Mr. Kin Cheong Kelvin Ho (何建昌)

REMUNERATION COMMITTEE

Dr. Ann Li Lee *(Chairman)*[3]
Mr. Kin Cheong Kelvin Ho (何建昌)[4]
Dr. Debra Yu
Dr. Sungwon Song[1]

NOMINATION COMMITTEE

Dr. Yiping James Li *(Chairman)*
Dr. Krishnan Viswanadhan
Mr. Yiu Leung Andy Cheung (張耀樑)
Dr. Debra Yu

BUSINESS DEVELOPMENT AND STRATEGY COMMITTEE

Dr. Debra Yu *(Co-chairperson)*[6]
Dr. Krishnan Viswanadhan *(Co-chairperson)*[2]
Dr. Yiping James Li[7]

COMPANY SECRETARY

Ms. Ka Man Ng (吳嘉雯)

AUTHORIZED REPRESENTATIVES

Dr. Yiping James Li
Ms. Ka Man Ng (吳嘉雯)

HONG KONG LEGAL ADVISORS

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

REGISTERED OFFICE

The offices of Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

1. Mr. Jinyin Wang has resigned as a non-executive Director with effect from August 29, 2023 and Dr. Sungwon Song has been appointed as a non-executive Director and a member of the Remuneration Committee with effect from August 29, 2023.
2. Dr. Krishnan Viswanadhan has been redesignated from non-executive Director to independent non-executive Director and appointed as the co-chairperson of the Business Development and Strategy Committee with effect from August 29, 2023.
3. Dr. Ann Li Lee has been redesignated from non-executive Director to independent non-executive Director and appointed as the chairman of the Remuneration Committee with effect from August 29, 2023.
4. Mr. Kin Cheong Kelvin Ho ceased to be a member of the Nomination Committee and has been appointed as a member of the Remuneration Committee with effect from August 29, 2023.
5. Mr. Yiu Leung Andy Cheung ceased to be the chairman of the Remuneration Committee with effect from August 29, 2023.
6. Dr. Debra Yu has been appointed as the co-chairperson of the Business Development and Strategy Committee with effect from August 29, 2023.
7. Dr. Yiping James Li has been appointed as a member of the Business Development and Strategy Committee with effect from August 29, 2023.

HEADQUARTERS IN THE PRC

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AUDITOR

PricewaterhouseCoopers
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Registered Public Interest Entity Auditor
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Central, Hong Kong

STOCK CODE

2126

COMPANY'S WEBSITE

www.jwtherapeutics.com

Financial Highlights

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**87,740**	66,007
Cost of sales	**(42,927)**	(42,876)
Gross profit	**44,813**	23,131
General and administrative expenses	**(78,694)**	(90,922)
Research and development expenses	**(216,531)**	(195,887)
Selling expense	**(60,168)**	(84,447)
Other income	**1,836**	7,106
Other gains/(losses), net	**(81,176)**	(90,936)
Operating loss	**(389,920)**	(431,955)
Finance income	**15,088**	5,400
Finance costs	**(5,583)**	(2,699)
Finance income/(costs) — net	**9,505**	2,701
Loss before income tax	**(380,415)**	(429,254)
Income tax expense	**—**	—
Loss for the period	**(380,415)**	(429,254)
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
— Exchange differences on translation	**134,570**	191,324
Other comprehensive income/(loss) for the period, net of tax	**134,570**	191,324
Total comprehensive loss for the period	**(245,845)**	(237,930)
Non-IFRS measure:		
Adjusted loss for the period	**(267,072)**	(289,204)

- **Revenue** was RMB87.7 million for the six months ended June 30, 2023, representing an increase of 32.9% from RMB66.0 million for the six months ended June 30, 2022. This growth was attributed to the ongoing commercialization of our anti-CD19 autologous chimeric antigen receptor T ("**CAR-T**") cell immunotherapy product, Carteyva® (relmacabtagene autoleucel ("**relma-cel**"), R&D code: JWCAR029). Carteyva® was approved for treating adult patients with relapsed or refractory ("**r/r**") large B-cell lymphoma ("**LBCL**") and r/r follicular lymphoma ("**FL**"). As the market continues to evolve, we anticipate a sustained increase in revenue from the sales of Carteyva®, which has a superior product profile that could bring breakthrough value to patients and additional indications are expected to be approved.

- **Gross profit** was RMB44.8 million for the six months ended June 30, 2023, representing an increase of 93.9% from RMB23.1 million for the six months ended June 30, 2022. Gross profit margin of sales was 51.1% for the six months ended June 30, 2023, representing an increase from 35.0% for the six months ended June 30, 2022. The improvement was primarily due to the implementation of our cost reduction plan and achievement of economies of scale by treating more patients with Carteyva®.

- **Research and development ("R&D") expenses** amounted to RMB216.5 million for the six months ended June 30, 2023, representing an increase of 10.5% from RMB195.9 million for the six months ended June 30, 2022, primarily attributable to: (i) an increase in depreciation and amortization which principally resulted from our new vector manufacturing facility in Suzhou being put into use in the second half of 2022; and (ii) an increase in R&D materials and testing and clinical fees which resulted from pre-clinical research activities and different phases of clinical trials. The effects of the foregoing factors were partially offset by decreased employee benefit expenses.

- **Selling expenses** amounted to RMB60.2 million for the six months ended June 30, 2023, representing a decrease of 28.7% compared to RMB84.4 million for the six months ended June 30, 2022. This decrease was primarily due to reduced employee benefit expenses resulting from a streamlined commercial workforce which aimed at operating more efficiently to support the commercialization of Carteyva®.

- **General and administrative expenses** amounted to RMB78.7 million for the six months ended June 30, 2023, representing a decrease of 13.4% from RMB90.9 million for the six months ended June 30, 2022, primarily attributable to a decrease in employee benefit expenses.

- **Other gains and losses** amounted to net other losses of RMB81.2 million for the six months ended June 30, 2023, as compared to net other losses of RMB90.9 million for the six months ended June 30, 2022. These losses mainly arose from the unrealized foreign exchange loss as a result of the continuous weakening of the Renminbi ("**RMB**") against the U.S. dollar ("**USD**") and the HK dollar ("**HKD**") when exchanging from the transactional currency (RMB) to the functional currencies (USD and HKD) for our offshore companies within the Group. These unrealized foreign exchange losses are non-cash items.

- **Loss for the period** was RMB380.4 million for the six months ended June 30, 2023, as compared to RMB429.3 million for the six months ended June 30, 2022. The decrease was primarily attributable to: (i) increased revenue and gross profit generated from sales of Carteyva®; (ii) decreased selling expenses and general and administrative expenses resulting from further improved operation efficiency in the Reporting Period; and (iii) increased net finance income due to effective cash management. The effect of the factors mentioned above were partially offset by higher research and development expenses resulting from the expansion of various research and development initiatives.

- **Cash and cash equivalents** amounted to RMB1,272.9 million as at June 30, 2023, representing a net cash outflow of RMB110.4 million for the six months ended June 30, 2023 compared to RMB314.7 million for the six months ended June 30, 2022.

NON-IFRS MEASURE

To supplement the Group's consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted loss[1] for the period as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that these adjusted measures provide useful information to Shareholders and potential investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

Adjusted loss was RMB267.1 million for the six months ended June 30, 2023, representing a decrease of RMB22.1 million from RMB289.2 million for the six months ended June 30, 2022. The decrease was primarily attributable to increased revenue and gross profit from sales of Carteyva®.

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(380,415)**	(429,254)
Added:		
Share-based compensation expenses	**31,954**	48,970
Net foreign exchange losses	**81,389**	91,080
Adjusted loss for the period (Non-IFRS)	**(267,072)**	(289,204)

[1] *Adjusted loss for the period is not a financial measure defined under IFRS. It represents the loss for the period excluding the effect of the following non-cash items: (a) share-based compensation expenses; and (b) net foreign exchange losses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis — Financial Review — 11. Non-IFRS Measure" in this report.*

For the six months ended June 30, 2023, as an independent, innovative biotechnology company focused on developing, manufacturing and commercializing cell immunotherapy products, we have made significant further progress in our business, achieved important milestones, and comprehensively enhanced operation efficiency, such as further increased gross profit margin, well-controlled selling expenses, streamlined organization and reduced net cash outflow. Our lead product, Carteyva®, continued to make remarkable progress in its commercialization. Additionally, our outstanding clinical development and operational capabilities led to the National Medical Products Administration of China ("**NMPA**") approval of our investigational new drug ("**IND**") application relating to Carteyva® as a second-line therapy for transplant-ineligible patients with r/r LBCL, as well as NMPA approval of our IND application relating to relma-cel as a treatment for systemic lupus erythematosus ("**SLE**"). We also commenced an investigator-initiated trial ("**IIT**") of JWATM 214 for the treatment of solid tumors. Moreover, we have made significant progress in developing innovative products with global commercialization potential.

Since the beginning of 2023, we have achieved the following significant milestones in our business:

Commercialization

- In the first half of 2023, we generated 94 prescriptions of Carteyva® and completed 85 infusions.

- We continued to execute our cost reduction plans in the first half of 2023, which enabled us to further reduce cost of sales per batch and to increase our gross profit margin to 51.1% in the first half of 2023.

- As at June 30, 2023, Carteyva® has been listed in 62 commercial insurance products and 91 local governmental complementary medical insurance programs, and in the six months ended June 30, 2023, 49% of infused patients received insurance reimbursements, with an expense coverage ranging from 38% to 100%.

- We improved commercial operation efficiency with streamlined organization and less spending to drive sustained revenue growth.

Research and Development

Hematologic malignancies

- In March 2023, the NMPA approved our IND application for Carteyva® as a second-line therapy for transplant-ineligible patients with r/r LBCL.

- In March 2023, we announced the commencement of an IIT relating to Carteyva® as a first-line treatment for patients with high risk LBCL, and observed preliminary positive efficacy and safety data.

- In July 2023, we completed patient enrollment in our Phase II clinical trial of Carteyva® as a treatment for adults with r/r mantle cell lymphoma ("**MCL**") and expect to submit a supplemental NDA ("**sNDA**") by the end of 2023.

Autoimmune diseases

- In March 2023, to further evaluate relma-cel's potential for treatment of a broader range of diseases, we commenced an IIT in China to evaluate the safety, tolerability and pharmacokinetic profile of relma-cel as a treatment for patients with moderately or severely active SLE. Although preliminary, we have observed well managed safety profile and significant improvement of clinical symptoms in the first several patients enrolled.

- In April 2023, we received NMPA approval of our IND application relating to relma-cel as a treatment for SLE. We believe that we may be able to secure a first-mover advantage in a highly promising market through development of relma-cel as a treatment for SLE.

Solid tumors

- In February 2023, we commenced an IIT to evaluate JWATM214 as a treatment for patients with advanced hepatocellular carcinoma ("**HCC**"), and JWATM214 has already been administered to the first patient. JWATM214 is our novel product that combines JWATM204 with Lyell's T-cell anti-exhaustion technology.

- In the first half of 2023, we also commenced pre-clinical development of cell therapy products directed to melanoma-associated antigen A4 ("**MAGE-A4**") and Delta-like canonical Notch ligand 3 ("**DLL3**"), based on rights that we in-licensed from 2seventy bio, Inc. ("**2seventy bio**") and Juno Therapeutics Inc. ("**Juno**"), respectively, in the second half of 2022.

Discovery and Early Research

Our early research and development efforts focus on innovative pipeline products, leveraging our established infrastructure and expertise. The Company aims to expand internationally without regional restrictions. The new pipeline targets hematological cancers, solid tumors and autoimmune diseases, with "Armor" elements designed in-house to enhance the CAR therapies' efficacy and durability. We are developing two dual targeting autologous CAR T-cell therapy for broader effectiveness and enhanced performance for treatment of autoimmune diseases and B-cell malignancies. Another two new CAR products for solid tumor indications are engineered for global commercialization. In addition, we are exploring innovative approaches to simplify the manufacturing process through non-viral methods and off-the-shelf CAR products. This strategic approach aims to deliver potent therapies to patients efficiently while managing costs.

Manufacturing

- We continued to maintain the manufacturing success rate of 98% for Carteyva®, close to the level that we obtained in our LBCL registrational clinical trial.

- We continued to implement our cost reduction plans in the first half of 2023, which include procurement of important raw materials from domestic suppliers. As at June 30, 2023, we have commenced sourcing multiple materials from domestic suppliers, and going forward we plan to source additional raw materials from domestic suppliers.

BUSINESS REVIEW

Overview

The Company is an independent, innovative biotechnology company focused on developing, manufacturing and commercializing cell immunotherapy products. Since our founding in 2016, we have built an integrated platform for product development in cell immunotherapy, as well as a product pipeline covering hematologic malignancies, solid tumors and autoimmune diseases. We are committed to bringing breakthrough and quality cell immunotherapy products and the hope of a cure to patients in China and beyond, and to leading the healthy and standardized development of China's cell immunotherapy industry.

We are an early entrant into the field of cell-based immunotherapy in China. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer, representing a paradigm shift and the latest innovation in cancer treatment. Our lead product, Carteyva®, is an autologous anti-CD19 CAR-T cell immunotherapy product independently developed by us based on a CAR-T cell process platform of Juno (a Bristol Myers Squibb company). Carteyva® has been approved by the NMPA for two indications, including the treatment of adult patients with r/r LBCL after two or more lines of systemic therapy, and the treatment of adult patients with r/r FL in which a relapse occurs within 24 months of second-line or higher systemic treatment. Carteyva® is the first CAR-T product approved as a Category 1 biologics product in China, and currently it is the only CAR-T product in China that has been simultaneously included in the National Significant New Drug Development Program and granted priority review and breakthrough therapy designations.

Sales of CAR-T products in China continued strong growth in the first half of 2023. Given the unmet medical needs that can be effectively addressed by CAR-T therapies, the market for CAR-T therapies in China is expected to experience strong growth through 2030, according to Frost & Sullivan. We believe that we are well-positioned to take advantage of this growing market, based on the best-in-class potential of our anti-CD19 CAR-T product profile; our robust and differentiated cell therapy pipeline covering hematological cancers, solid tumors and autoimmune diseases; our fully integrated cell therapy development platform; our leading commercial manufacturing infrastructure and supply chain; and our seasoned management and strong support from the shareholders of the Company (the "**Shareholders**"). In 2023 we made significant progress on the development of Carteyva® for the treatment of hematological malignancies, expanded our portfolio of products for the treatment of solid tumors, and advanced relma-cel as a potential treatment for SLE, an autoimmune disease widely prevalent in China.

Commercialization

Sales of Carteyva® continued its strong growth in the first half of 2023. In the six months ended June 30, 2023, we generated 94 prescriptions of Carteyva® and completed 85 infusions.

We have built a focused and dedicated commercial team to commercialize Carteyva® across China. We have a fully established commercial team with strong commercialization capabilities, including Sales, Marketing, CAR-T Consultant, Innovative Payment, Channel Management and Operation. To meet market development and customer needs, the structure of our commercial team has been optimized in respect of streamlined administration and improved operation efficiency. These teams are led by experienced commercial team leaders with a clear business model. To build a patient centric treatment model, we conducted training for each hospital to help physicians and nurses to gain a comprehensive understanding about Carteyva® and the entire process from prescription to infusion. Furthermore, we conducted a systematic evaluation of hospitals to ensure the administration of CAR-T products meet our standards. As at June 30, 2023, we had completed evaluation and training for 118 hospitals in China, and certified those hospitals as qualified to administer Carteyva®. In partnership with Shanghai Pharma KDL (上藥康德樂), as our national distributor, we have fully developed the distribution infrastructure to provide professional cell therapy product delivery services for each and every Carteyva®-prescribed patient.

To improve affordability, we have leveraged the development of China's multi-layer medical insurance system by listing Carteyva® in more local governmental complementary medical insurance programs and health insurance products. As at June 30, 2023, Carteyva® has been listed in 62 commercial insurance products and 91 local governmental complementary medical insurance programs. In the six months ended June 30, 2023, 42 Carteyva®-infused patients out of a total of 85 Carteyva®-infused patients received insurance reimbursements (representing 49% of the Carteyva® infusions in the six months ended June 30, 2023) with an expense coverage ranging from 38% to 100%. To further alleviate financial pressure on patients, we continued to cooperate with industry-leading innovative payment platforms which are able to provide installment payment services or mortgage loans to patients receiving Carteyva®. We will continue to expand commercial insurance coverage and explore more innovative payment solutions with the goal of improving affordability for patients who are eligible to be treated with Carteyva®.

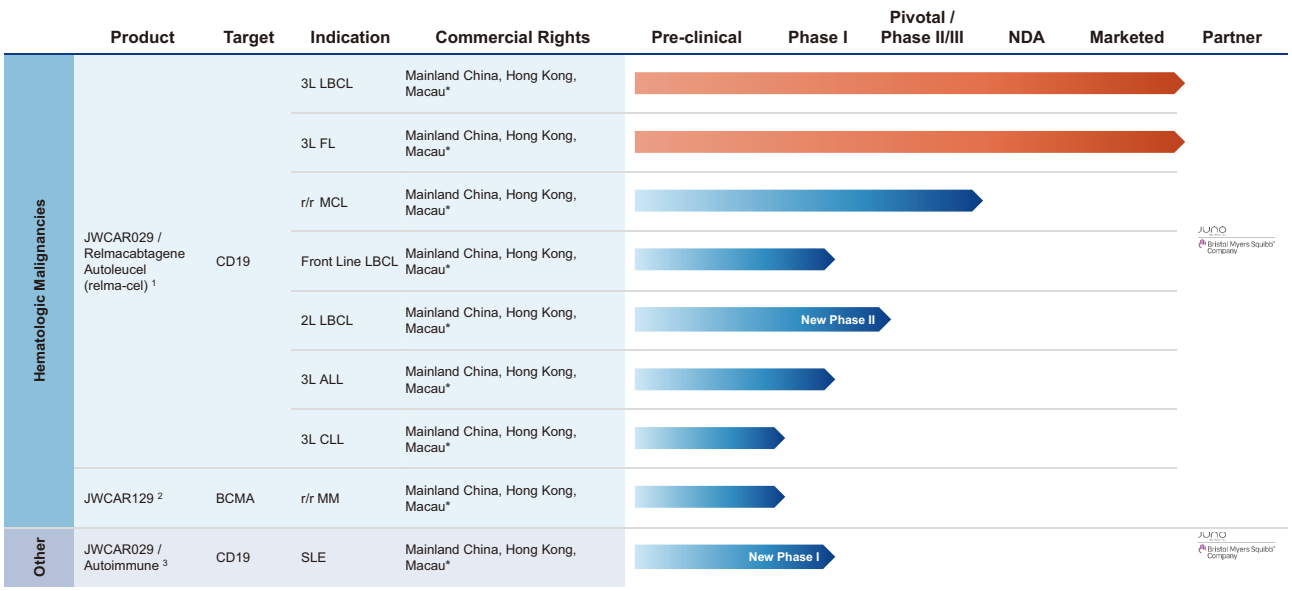
We have made further progress on implementation of the manufacturing cost reduction strategies that we established in 2020, which consist of the following elements: (i) near-term (1–2 years)-realize significant cost reduction by implementing technologies and procedures that optimize the use of raw materials; (ii) mid-term (2–3 years)-realize further cost reduction by replacing imported materials with domestic supplies; and (iii) long-term (3–5 years)-implement new technologies for process improvement and key materials utilization and thereby further reduce raw material and labor costs, and potentially shorten production cycle time. We successfully completed our near-term cost reduction plans in 2022, and we commenced our mid-term cost reduction plans in 2022, which enabled us to procure important raw materials from domestic suppliers. As at June 30, 2023, we have commenced sourcing multiple materials from domestic suppliers, and going forward we plan to source additional raw materials from domestic suppliers. As a result of localization of raw materials and treatment of more patients, cost of sales per batch further decreased by 18.1% in the six months ended June 30, 2023 as compared to the average cost of sales in 2022, which caused our gross profit margin to increase to 51.1%. We continue optimizing our manufacturing operations to improve efficiency and exploring new technologies for process improvement or new process platforms.

We continue to collaborate with stakeholders in the medical industry to establish best practices and industry standards for CAR-T therapies and enhance the administration and monitoring processes of CAR-T therapies to improve patient outcomes. With the proven efficacy of Carteyva®, increased adoption of CAR-T therapies and expanded coverage under the multi-layer medical care system in China, together with our clear strategy and strong commercialization ability, we are confident that Carteyva® is well positioned to benefit more patients in the medium and longer term.

Our Product Pipeline

We have developed a robust and differentiated cell-based immunotherapy pipeline, with a risk-balanced approach that has shown clear benefit in the field of cell therapies for hematological cancers and provides an opportunity to expand into the nascent field of cell therapies for solid tumors and autoimmune diseases. Our product pipeline features a mix of product candidates targeting both proven and novel tumor antigens. In the first half of 2023, we made significant progress on the development of Carteyva® for the treatment of hematological malignancies, expanded our portfolio of products for the treatment of solid tumors, and advanced relma-cel as a potential treatment for SLE, a widely prevalent autoimmune disease. With respect to hematological malignancies, we completed patient enrollment for r/r MCL and made further progress toward the milestone of submitting the sNDA by the end of 2023, among other clinical development milestones. With respect to solid tumors, we not only continued clinical development of JWATM204 and JWATM214, completing first patient infusions for both products as a treatment for HCC, but also commenced pre-clinical development of cell therapy product directed to MAGE-A4 and DLL3. Moreover, in March 2023, we initiated the clinical study of relma-cel as a treatment for patients with moderately or severely active SLE. We also received NMPA approval of an IND application relating to relma-cel as a treatment for SLE in April 2023, expanding our potential range into the treatment of autoimmune diseases. We believe that the Company may be able to secure a first-mover or early-mover advantage in a highly promising market through development of such therapy.

The following chart summarizes the current development status of our hematology pipeline which includes hematologic malignancies and autoimmune diseases:



Abbreviations: LBCL = large B-cell lymphoma; FL = follicular lymphoma; MCL = mantle cell lymphoma; ALL = acute lymphoblastic leukemia; CLL = chronic lymphocytic leukemia; MM = multiple myeloma; NHL = non-Hodgkin lymphoma; SLE = systemic lupus erythematosus.

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

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

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

3. SLE is a chronic autoimmune disease characterized by the production of autoantibodies and abnormal B-lymphocyte function. To further extend relma-cel's potential in broader disease area, we are planning a study to evaluate the safety, tolerability, and pharmacokinetic profile of relma-cel in Chinese patients with moderately or severely active SLE.

Hematologic Malignancies

Our Core Product Candidate — Carteyva® (relma-cel, R&D code: JWCAR029)

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

Carteyva® is based on a CAR construct that we have in-licensed from Juno for Mainland China, Hong Kong and Macau[2]. Juno's biologics license application for its product based on that same CAR construct ("**Breyanzi**" or "**lisocabtagene**" or "**liso-cel**") was approved by the FDA for third-line LBCL in February 2021 and for second-line LBCL that is r/r within 12 months of frontline therapy in June 2022.

Third-line LBCL

On September 1, 2021, the NMPA approved our NDA for Carteyva® as a treatment for adult patients with r/r LBCL after two or more lines of systemic therapy. Carteyva® is the first CAR-T product approved as a Category 1 biologics product in China, and the sixth approved CAR-T product globally.

Carteyva®'s potential to be a best-in-class CAR-T therapy is based on its superior safety profile and competitive efficacy. Our Phase II registrational clinical trial of Carteyva® as a third-line treatment for LBCL demonstrated efficacy results of best overall response rate ("**ORR**") of 77.6% and best complete response rate ("**CRR**") of 53.5%. In the same trial, severe cytokine release syndrome ("**sCRS**") was observed in 5.1% of treated patients, severe neurotoxicity ("**sNT**") was observed in 3.4% of treated patients, and no treatment-related deaths were reported. In addition, the two-year overall survival ("**OS**") rate was 69.3%, and there were no new safety signals. We reported these two years of follow-up results at the Annual Meeting of the American Society of Clinical Oncology held in Chicago, Illinois in June 2022. Although head-to-head studies with comparable products have not

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

been conducted, we believe that these data demonstrate a potential best-in-class safety profile and competitive efficacy of Carteyva® and its ability to provide long-term benefit to patients.

Second-line LBCL

We have completed a single-arm Phase I trial in China to evaluate Carteyva® as a treatment for high risk LBCL patients who are refractory to primary treatment. This was an open-label, single-arm, multi-centre, Phase I study, aiming to evaluate the safety and efficacy of relma-cel in patients with primary refractory disease after first-line standard of care. A total of 12 patients received relma-cel infusion and completed 9 months follow-up. Data showed relma-cel was tolerable, no grade 3 or higher CRS or NT was observed. The most common treatment-emergent adverse event at grade 3 or higher was cytopenia. The best ORR and best CRR were 75.0% and 33.3%, respectively, and 3-month ORR and CRR were 41.7% and 33.3%, respectively. Median duration of response and OS were not yet reached. We reported these findings at the Annual Meeting of the American Society of Clinical Oncology held in Chicago, Illinois in June 2022.

In December 2021, on the basis of data generated from this trial, we submitted to the NMPA an IND application for a multi-center, randomized Phase III registrational clinical trial comparing Carteyva® to second-line LBCL standard of care therapy, including salvage chemotherapy +/- high dose chemotherapy followed by autologous stem cell transplant. The design is similar to the TRANSFORM study evaluating Breyanzi, a CAR-T using the same CAR construct as Carteyva® in this indication, which demonstrated highly statistically significant improvement in Event Free Survival for Breyanzi and led to the U.S. FDA approval of Breyanzi as a second-line treatment for LBCL. In March 2022, the NMPA approved our IND application relating to this trial. Further, we submitted a new IND application for Carteyva® as second-line therapy for transplant-ineligible patients with r/r LBCL in January 2023. The design is similar to the PILOT study evaluating Breyanzi, on the basis of which the U.S. FDA has approved Breyanzi for second-line treatment of transplant-ineligible patients. The NMPA approved our IND application relating to this trial in March 2023.

Frontline LBCL

In March 2023, we announced the commencement of an IIT relating to Carteyva® as a first-line treatment for patients with high risk LBCL, and the first patient infusion was completed. Recent reports have suggested that anti-CD19 CAR-T therapy may be beneficial to individuals who have not fully responded to early frontline therapy. As a result and given Carteyva®'s low frequency of severe toxicity to date, we expect to continue enrolling frontline patients with LBCL for our Phase I IIT. In the planned study, these patients who receive two cycles of conventional frontline therapy with R-CHOP[3] and do not achieve a complete response will then be enrolled and receive a single infusion of Carteyva® at a dose of 100 million cells.

These trial data, if favorable, may then be used to design and conduct an expanded Phase I trial of LBCL patients without prior chemotherapy or a larger registrational trial in frontline LBCL similar to the approach described for the initial IIT in the frontline setting. Although preliminary, we observed an ORR of 75% at 3 months and a superior safety profile. We currently expect to disclose the primary data toward the end of 2023.

[3] *R-CHOP is a cancer drug combination to treat NHL. It includes rituximab, cyclophosphamide, anthracycline, vincristine and corticosteroid.*

Third-line FL

With respect to Carteyva® as a third-line treatment for adult patients with r/r FL, the NMPA granted Breakthrough Therapy Designation in September 2020, accepted our sNDA in February 2022 and approved our sNDA in October 2022. Carteyva® has thus become the first CAR-T product approved for treatment of r/r FL in China.

The NMPA's approval of our sNDA relating to Carteyva® as a third-line treatment for adult patients with r/r FL was based on the 6-months clinical results from cohort B of a single-arm, multi-center pivotal study (the "**RELIANCE**" study) on Carteyva® in adult patients with r/r B cell non-Hodgkin lymphoma in China. The 3-months data had been presented at the 63rd Annual Meeting of the American Society of Hematology in December 2021. The cohort B results of the RELIANCE study showed that Carteyva® demonstrated high rates of durable disease response (ORR=100.0%, CRR=85.2% at month 3; ORR=92.6%, CRR=77.8% at month 6) and controllable CAR-T associated toxicities in patients with r/r FL.

In December 2022, we reported cohort B clinical response of this pivotal Phase II RELIANCE study on efficacy and safety of Carteyva® in adults with r/r FL in China at the 64th Annual Meeting of the American Society of Hematology. As at the data cut-off date of December 17, 2021, based on 28 patients who had been treated with Carteyva® with 11.7 months of median follow-up, Carteyva® demonstrated remarkable clinical responses, achieving high rates of CRR and ORR (best ORR and best CRR were 100.0% and 92.6% respectively) and a manageable safety profile — only one patient experienced grade 3 or above NT, and no patient experienced grade 3 or above CRS. We are continuing the RELIANCE study.

r/r MCL

We have completed enrollment in a registrational trial in China to evaluate Carteyva® as a treatment for MCL patients who previously received chemotherapy, anti-CD20 agent and Bruton tyrosine kinase inhibitors ("**BTKi**"). This is a Phase II, open-label, single-arm, multicenter study which aims to assess the efficacy and safety of Carteyva® in adults with r/r MCL in China. The study enrolled a total of 59 r/r MCL patients who were r/r to second-line or above treatments. Prior therapies must include an anti-CD20 monoclonal antibody, anthracycline-or bendamustine-containing chemotherapy, and BTKi therapy. We plan to follow up on long-term survival (two years or above) for these patients. In April 2022, the NMPA granted Breakthrough Therapy Designation for Carteyva® as a treatment for patients with MCL. Patient enrollment was completed in July 2023.

At the 64th Annual Meeting of the American Society of Hematology in December 2022, we reported preliminary safety and efficacy data for our study of Carteyva® as a treatment for MCL. As at November 30, 2021, the preliminary data based on 11 patients showed a promising clinical efficacy outcome (best ORR = 81.8% and best CRR = 54.5%) in high risk patients with r/r MCL. In those 11 patients, the incidence of safety-related effects was low-only one patient experienced grade 3 or above CRS, and only one patient experienced immune effector cell-associated neurotoxicity syndrome. Based on this progress, we currently expect to submit an sNDA to the NMPA by the end of 2023. Moreover, we currently expect to report updated safety and efficacy data at the 65th Annual Meeting of the American Society of Hematology to be held in December 2023.

Third-line ALL

We have commenced a single-arm Phase I/II registrational trial in China to evaluate Carteyva® in pediatric and young adult patients with r/r ALL after at least two prior lines of therapy. The NMPA approved our IND application with respect to this clinical trial in April 2022, and we have commenced patient enrollment and administered the first several doses of Carteyva® to patients in this trial.

JWCAR129

JWCAR129 is an autologous CAR-T therapy for the treatment of multiple myeloma ("**MM**"), based on a CAR construct that we have in-licensed from Juno (the H125 vector). MM is a cancer of plasma cells, which are an important part of the immune system formed from matured B-cells to produce antibodies that help the body to attack and kill germs. MM is a condition in which plasma cells become cancerous and grow out of control. JWCAR129 targets BCMA, a protein which is highly expressed in a number of hematological malignancies, including MM. In December 2021, the NMPA approved our IND application relating to JWCAR129 as a treatment for fourth-line or greater r/r MM.

We will continue to evaluate opportunities for the development of JWCAR129 and other product candidates intended for the treatment of MM, taking into account the development status and potential of our other product candidates and availability of funding.

Autoimmune Diseases

Systemic Lupus Erythematosus ("SLE")

SLE is a chronic autoimmune disease characterized by the production of autoantibodies and abnormal B-lymphocyte function. Prevalence of SLE in China mainland is about 30/100,000 or around 270,000 cases patient-year[4], 40% of SLE patients develop organ damage in the first year, and 50% of patients develop irreversible organ damage within five years of onset. Current standards of care are neither effective nor safe, which addresses the big unmet medical needs.

B Cell Depletion Therapy ("**BCDT**") has now become one of the main novel therapy candidates targeted at SLE.

CD19 is widely expressed at all differentiation stages from pre-B cells to plasma cells. Hence, CD19-targeted CAR-T cells may target and deplete B cells or plasma cells that are directly responsible for autoantibody production. Compared with antibodies, CAR-T cell therapy could retain potency over time and rapidly lead to lasting remission. We estimate that at least 15,000 patients are CAR-T eligible in the targeted setting with high treatment willingness.

[4] *Rees F, Doherty M, Grainge MJ, et al. The Worldwide Incidence and Prevalence of Systemic Lupus Erythematosus: A Systematic Review of Epidemiological Studies. Rheumatology. 2017; 56(11): 1945 -1961. Applied 30 cases/100,000 and assuming 900 million as China adult population in 2017.*

To further extend relma-cel's potential in broader disease area, we initiated a clinical study to evaluate the safety, tolerability, and pharmacokinetic profile of relma-cel in Chinese patients with moderately or severely active SLE. The efficacy of relma-cel and the recommended Phase II dose ("**RP2D**") in SLE will also be explored in the study. We received NMPA approval of our IND application relating to relma-cel as a treatment for SLE in April 2023. We believe that the Company may be able to secure a first-mover or early-mover advantage in this highly promising market through development of such therapy.

We have already demonstrated successful manufacture of CAR-T cells for SLE patients in our pilot study and observed a well-managed safety profile, significant improvement of clinical symptoms as well as complete depletion of B-cells in the first several patients enrolled.

Solid Tumors

The following chart summarizes the current development status of each of solid tumor candidates:

	Product	Target	Indication	Commercial Rights	Pre-clinical / Phase I	Pivotal / Phase II/III	NDA	Marketed	Partner
Solid Tumors	JWATM204 [1]	GPC3	HCC	Mainland China, Hong Kong, Macau, Taiwan , and member countries of ASEAN*					EUREKA
	JWATM204	GPC3	NSCLC/HAS	Mainland China, Hong Kong, Macau, Taiwan , and member countries of ASEAN*					EUREKA
	JWATM214 [2]	GPC3	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*					Lyell EUREKA
	JWATM203 [1]	AFP	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*					EUREKA
	JWATM213	AFP	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*					Lyell EUREKA
	JWTCR001	MAGE-A4	various solid tumors	Mainland China, Hong Kong, Macau*	New Product				2seventybio
	JWCAR031	DLL3	SCLC	Mainland China, Hong Kong, Macau*	New Product				Bristol Myers Squibb

Abbreviations: HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; AFP = alpha-fetoprotein; GPC3 = glypican-3; r/r = relapsed or refractory; HAS = hepatoid adenocarcinoma of the stomach; MAGE-A4 = melanoma associated antigen A4; DLL3 = Delta-like ligand 3.

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

1. JWATM204 is in a Phase I investigator-initiated trial in China. Eureka's products based on the CAR constructs underlying JWATM203 and JWATM204 are currently in Phase I/II trials in the US conducted by Eureka under an IND application. In November 2021, the FDA granted Fast Track Designation to Eureka's counterpart to JWATM203 for the treatment of hepatoblastoma ("**HB**") and HCC in pediatric patients, as well as "rare pediatric disease designation" for the treatment of HB. In February 2022, the FDA granted Orphan Drug Designation to Eureka's counterparts to JWATM203 and JWATM204.

2. Developing using Lyell technology.

JWATM204/214

JWATM204 is a potentially superior autologous, non-HLA-restricted, T-cell receptor T-cell ("**TCR-T**") therapy candidate built on Eureka's ARTEMIS® and E-ALPHA® platforms and targeting glypican-3 ("**GPC3**") for the treatment of HCC. Treatment of HCC represents a huge unmet medical need in China, and we believe that JWATM204 has the potential to be a promising treatment for patients with GPC3-positive HCC. In June 2020, we in-licensed from Eureka the rights to develop, manufacture and commercialize JWATM204 in Mainland China, Hong Kong, Macau, Taiwan[5] and the member countries of the Association of Southeast Asian Nations (the "**JW Territory**"). We completed manufacturing process development for the JWATM204 in the third quarter of 2021 by leveraging our relma-cel manufacturing process platform. In July 2022, we commenced an IIT of JWATM204 as a treatment for patients with advanced HCC, and we have already administered JWATM204 to several patients in connection with this trial. We plan to continue this clinical trial to further evaluate the initial efficacy and safety profile of JWATM204.

Through our partnerships with Eureka and Lyell, we have combined Lyell's technology in T-cell anti-exhaustion functionality with JWATM204 to create a novel product, JWATM214, for HCC treatment. In 2022, we focused on vector manufacturing process development for the JWATM214 program and have a vector manufacturing process development based entirely in China. In February 2023, we commenced an IIT relating to JWATM214 as a treatment for patients with advanced HCC. We plan to continue to progress to higher cell doses with JWATM214.

JWATM203/213

JWATM203 is a potentially superior autologous T-cell receptor mimic ("**TCRm**") T-cell therapy targeting alpha-fetoprotein ("**AFP**") for the treatment of HCC. In June 2020, we in-licensed from Eureka the rights to develop, manufacture and commercialize JWATM203 in the JW Territory. As with JWATM204, we also plan to combine Lyell's technology in T-cell anti-exhaustion functionality with JWATM203 and Eureka's ARTEMIS® technology platform to create JWATM213, an additional autologous cell therapy for HCC treatment.

JWTCR001

JWTCR001 is a specific cell therapy product directed to MAGE-A4 (including any mutations, fragments, modifications or derivatives of the engineered TCR binding MAGE-A4). MAGE-A4 is a highly prevalent antigen in a wide variety of malignant tumors, including non-small cell lung cancer, melanoma, bladder, head and neck, gastroesophageal and ovarian cancers, and thus an ideal target indication for TCR-T therapy. We have utilized the CTBR12 TGF-beta ("**FLIP**") receptor technique developed by Regeneron, which potentially increases efficacy. Early phase clinical trials[6] have previously demonstrated that TCR-T cell therapies targeting MAGE-A4 can have meaningful clinical efficacy for treatment of MAGE-A4-expressing solid tumors. A biologics license application has been submitted by Adaptimmune to the U.S. FDA for treatment of synovia sarcoma.

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

[6] *Adaptimmune's Surpass and Spearhead trials, as reported at the European Society for Medical Oncology (2022).*

In October 2022, we established a strategic alliance with 2seventy bio to develop and commercialize a cell therapy product directed to MAGE-A4 (including any mutations, fragments, modifications or derivatives of the engineered binding element for MAGE-A4) in oncology indications. The agreement is focused on the technologies and know-how possessed by 2seventy bio, and also includes future prospects for the development and commercialization of the product in Greater China based on addressable patient population and unmet medical needs. We believe that the Company may be able to secure a first-mover or early-mover advantage in a highly promising market through development of such a therapy. We have established our manufacturing process and plan to commence patient screening from the fourth quarter of 2023 and start to dose patients from early of 2024.

JWCAR031

JWCAR031 is a specific CAR-T product specifically directed to DLL3 that contains a construct that we in-licensed from Juno and that is manufactured using the JW manufacturing process. While activation and up-regulation of Notch would generally induce tumor formation and promote tumor development, its activation and up-regulation in neuroendocrine tumors could suppress tumor growth, specifically in small cell lung carcinoma ("**SCLC**"). Thus DLL3 plays a key role in the signaling pathway that regulates tumorigenesis, disease progression and chemoresistance. Taking SCLC as an illustration, DLL3 is highly expressed in about 80% of the patients, and clinical studies have demonstrated that DLL3 in SCLC is negatively correlated with patients' survival.

In December 2022, we strengthened our relationship with Juno and by entering into an agreement with Juno for the research, development, manufacturing and commercialization of a new cellular therapy products specifically directed to DLL3 in Greater China, taking into consideration Juno's leading position in the field of cell therapy and the significant market potential of such products as evidenced by the addressable markets. We believe that we have the potential to be one of the early movers in such highly promising market through this development.

Cautionary Statement required by Rule 18A.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"): We cannot guarantee that we will be able to successfully develop or ultimately market Carteyva® in indications beyond the current NMPA-approved label, or to successfully develop or ultimately market our other pipeline products. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Discovery and Pre-clinical Research

Our early research and development efforts are focused on engineering innovative pipeline products that make the most of our infrastructure and expertise. Following the successful registration and commercialization of our personalized anti-CD19 CAR product in China, we have established an efficient framework for collecting, manufacturing, and delivering autologous CAR therapies to patients in need. Building on this success, our early research aims to further leverage this framework by developing new autologous products with enhanced features and expanding their commercialization to international markets without regional restrictions.

Our new pipeline products will primarily focus on addressing unmet needs for hematological cancers, solid tumors and autoimmune diseases, with an aim to overcome key challenges and limitations in this field. Alongside developing new products, by means of early research, we also invest substantial effort into strengthening our existing pipeline through process modifications and incorporation of additional components. These products will incorporate additional "Armor" elements that are designed in-house to enhance the anti-cancer function of CAR therapies. By combining these Armor elements with the CAR products, we aim to prolong the duration of therapy in patients and make it less responsive to suppressive signals produced by tumors, so as to achieve better outcomes in patients.

Furthermore, all new products will benefit from our next-generation product processing methods, which have been internally developed to accelerate manufacturing, reduce costs and maintain the product in an optimal state compared to conventional methods.

One of our first in-house developed products will be a dual targeting autologous CAR T-cell therapy designed for B-cell malignancies and autoimmune diseases. By incorporating dual targeting, this product is expected to have a broader range of effectiveness, increase the signaling threshold, and significantly reduce the risk of relapse due to antigen downregulation or loss, commonly observed in hematological cancers. Additionally, we plan to equip this product with enhancing Armored elements to improve performance and shield it from suppressive factors produced by the tumor's defense systems. Our next-generation processing techniques will be deployed to manufacture this product, aiming to deliver a more potent, rapid and cost effective therapy. The CAR product for autoimmune diseases is currently expected to be delivered to the clinic by the second or third quarter of 2024 while the enhanced CAR product for B-cell malignancies is currently expected to be delivered to the clinic by the end of 2024. Both of these products are designed for commercialization both within and outside China.

In addition, we are developing two new CAR products for solid tumor indications. Both products are engineered for global commercialization and are expected to be delivered to the clinic in 2025. Both of these products express enhancing Armored elements and take advantage of our next generation cellular processes, designed to increase product potency and reduce manufacturing cost and time.

The following chart summarizes the current development status of our potential new products:

Indication	Target	Commercial Rights	Pre-clinical	IIT
Autoimmune diseases	Dual Targeting	Worldwide		Expected in Q2/3 2024
B-cell malignancies	Dual Targeting	Worldwide		Expected in Q4 2024
Solid tumor 1	To be announced	Worldwide		Expected in Q1 2025
Solid tumor 2	To be announced	Worldwide		Expected in Q3 2025

Lastly, we are exploring innovative approaches to simplify the manufacturing process. We are investigating the feasibility of non-viral methods that involve genomic editing and off-the-shelf CAR products for various indications. These approaches may potentially expedite the delivery of therapies to patients and reduce overall production costs.

Manufacturing

In June 2020, we received a production license from Jiangsu Province authorities for our new commercial manufacturing facility in Suzhou. This facility provides approximately 10,000 square meters for commercial and clinical manufacturing in compliance with Good Manufacturing Practice ("**GMP**") and Quality Management System ("**QMS**") standards. It is designed to house four independent modules. The design of these modules can be adapted to support all cell platforms, including those using gene-modified autologous T-cells and natural killer ("**NK**") cells, gene-modified or non-gene-modified tumor-infiltrating lymphocyte and gene-modified allogeneic immune cells, as well as facilities to produce GMP grade viral vectors that are used to genetically modify these cells.

Our Suzhou operations have been executing according to our commercialization plans and have made significant achievements during the last year. In March 2021, we received and passed relma-cel Pre-approval Inspection ("**PAI**") conducted jointly by the NMPA and Jiangsu Medical Products Administration with no critical or major observations. In June 2021, our production license for Suzhou site was renewed with the license type changed from As to As+Cs (A as Marketing Authorization Holder ("**MAH**") owner and manufacturer, C as contract manufacturing organization ("**CMO**"), s as bio products). Currently, two of these modules have been approved and are in full GMP operations. The third module is in the process of regulatory review and approval. With current regulatory approval, we can meet manufacturing needs for both commercial and clinical supplies and have maintained a high manufacturing success rate of 98% since our LBCL registrational clinical trial. After initial product launch, we have gained multiple approvals for manufacturing capacity expansion in the fourth quarter of 2022 and the first quarter of 2023. We continue working with relevant regulatory agencies to further increase our manufacturing capacity in order to meet the increased demands.

As a critical material, sustainable lentiviral vector supply is necessary to ensure our final product manufacturing and supply. We continuously invest resources in establishing our own capability in vector development and manufacturing. We have developed a platform process and successfully manufactured vectors to support clinical programs. Furthermore, we are establishing vector capability for commercial product.

Future and Development

Our vision is becoming an innovation leader in cell immunotherapy, we intend to focus on pursuing the following strategies to achieve that vision:

- Drive full scale commercialization of Carteyva®.
- Solidify our leadership in hematology by continuing to develop Carteyva® for earlier lines of treatment and additional indications, as well as further expanding clinical development for autoimmune diseases.
- Leverage our integrated cell therapy platform to expand into the solid tumor market.
- Continuously enhance our manufacturing capability and implement cost reduction plan through innovation and scale.
- Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house R&D.

FINANCIAL REVIEW

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

IFRS Measure:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**87,740**	66,007
Cost of sales	**(42,927)**	(42,876)
Gross profit	**44,813**	23,131
General and administrative expenses	**(78,694)**	(90,922)
Research and development expenses	**(216,531)**	(195,887)
Selling expense	**(60,168)**	(84,447)
Other income	**1,836**	7,106
Other gains/(losses), net	**(81,176)**	(90,936)
Operating loss	**(389,920)**	(431,955)
Finance income	**15,088**	5,400
Finance costs	**(5,583)**	(2,699)
Finance income/(costs) — net	**9,505**	2,701
Loss before income tax	**(380,415)**	(429,254)
Income tax expense	**—**	—
Loss for the period	**(380,415)**	(429,254)
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
— Exchange differences on translation	**134,570**	191,324
Other comprehensive income/(loss) for the period, net of tax	**134,570**	191,324
Total comprehensive loss for the period	**(245,845)**	(237,930)
Non-IFRS measure:		
Adjusted loss for the period	**(267,072)**	(289,204)

1. Revenue

Revenue was RMB87.7 million for the six months ended June 30, 2023, as compared to RMB66.0 million for the six months ended June 30, 2022. Revenue was recognized at the point of infusion. This growth was attributed to the ongoing commercialization of our anti-CD19 autologous CAR-T cell immunotherapy product, Carteyva® (relma-cel, R&D code: JWCAR029). Carteyva® was approved for treating adult patients with r/r LBCL and r/r FL. As the market continues to evolve, we anticipate a sustained increase in revenue from the sales of Carteyva®, which has a superior product profile that could bring break through value to patients and additional indications are expected to be approved.

The following table sets forth a breakdown of revenue from our products for the period indicated:

	Six months ended June 30,			
	2023		2022	
	RMB'000	**%**	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Carteyva®	**87,740**	**100.0**	66,007	100.0
Total revenue	**87,740**	**100.0**	66,007	100.0

2. Cost of Sales

Cost of sales was RMB42.9 million for the six months ended June 30, 2023, as compared to RMB42.9 million for the six months ended June 30, 2022. Cost of sales primarily consists of raw material costs, staff costs, depreciation and amortization, manufacturing overhead and others.

The following table sets forth a breakdown of cost of sales for the period indicated:

	Six months ended June 30,			
	2023		2022	
	RMB'000	**%**	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Carteyva®	**42,927**	**100.0**	42,876	100.0
Total cost of sales	**42,927**	**100.0**	42,876	100.0

3. Gross Profit and Gross Profit Margin

Gross profit represents revenue minus cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue.

Gross profit was RMB44.8 million with 93.9% growth and gross profit margin was 51.1% for the six months ended June 30, 2023, compared to RMB23.1 million and 35.0%, respectively, for the six months ended June 30, 2022.

4. Research and Development Expenses

The following table provides a breakdown of research and development expenses for the six months ended June 30, 2022 and 2023:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**92,012**	94,135
R&D materials	**42,297**	34,630
Testing and clinical fees	**38,520**	33,057
Depreciation and amortization	**30,648**	23,083
Office expenses	**8,512**	4,450
Others	**4,542**	6,532
Research and development expenses	**216,531**	195,887

Research and development expenses increased from RMB195.9 million for the six months ended June 30, 2022 to RMB216.5 million for the six months ended June 30, 2023. This increase was primarily attributable to: (i) an increase of approximately RMB7.6 million in depreciation and amortization which principally resulted from our new vector manufacturing facility in Suzhou being put into use in the second half of 2022; and (ii) an increase of approximately RMB7.7 million and RMB5.5 million in R&D materials and testing and clinical fees respectively which resulted from pre-clinical research activities and different phases of clinical trials. The effects of the foregoing factors were partially offset by decreased employee benefit expenses.

5. General and Administrative Expenses

The following table provides a breakdown of general and administrative expenses for the six months ended June 30, 2022 and 2023:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**46,831**	56,462
Professional service fees	**15,471**	16,816
Depreciation and amortization	**6,344**	6,048
Office expenses	**6,019**	6,647
Non-audit remuneration	**555**	497
Others	**3,474**	4,452
General and Administrative Expenses	**78,694**	90,922

General and administrative expenses decreased from RMB90.9 million for the six months ended June 30, 2022 to RMB78.7 million for the six months ended June 30, 2023. This decrease resulted primarily from a decrease of approximately RMB9.6 million in employee benefit expenses.

6. Selling Expenses

The following table provides a breakdown of selling expenses for the six months ended June 30, 2022 and 2023:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**30,122**	51,917
Business promotion fees	**25,932**	26,383
Professional service fees	**1,508**	4,590
Office expenses	**2,044**	968
Others	**562**	589
Selling expenses	**60,168**	84,447

Selling expenses decreased from RMB84.4 million for the six months ended June 30, 2022 to RMB60.2 million for the six months ended June 30, 2023. This decrease was primarily due to reduced employee benefit expenses resulting from a streamlined commercial workforce which aimed at operating more efficiently to support the commercialization of Carteyva®.

7. Other Income

Other income amounted to RMB1.8 million for the six months ended June 30, 2023, as compared to RMB7.1 million for the six months ended June 30, 2022. Other income in both periods was related to government grants.

8. Other Gains and Losses

Other gains and losses amounted to net other losses of RMB81.2 million for the six months ended June 30, 2023, as compared to net other losses of RMB90.9 million for the six months ended June 30, 2022. This change resulted primarily from a net foreign exchange loss of RMB81.4 million for the six months ended June 30, 2023, as compared to a net foreign exchange loss of RMB91.1 million for the six months ended June 30, 2022. These losses mainly arose from the unrealized foreign exchange loss as a result of the continuous weakening of RMB against USD and HKD when exchanging from the transactional currency (RMB) to the functional currencies (USD and HKD) for our offshore companies within the Group. These unrealized foreign exchange losses are non-cash items.

9. Income Tax Expense

For the six months ended June 30, 2022 and 2023, we did not incur any income tax expense, as we did not generate taxable income in either period.

10. Loss for the Period

As a result of the above items, loss for the period was RMB380.4 million for the six months ended June 30, 2023, as compared to RMB429.3 million for the six months ended June 30, 2022. The decrease was primarily attributable to: (i) increased revenue and gross profit generated from sales of Carteyva®; (ii) decreased selling expenses and general and administrative expenses resulting from further improved operation efficiency in the Reporting Period; and (iii) increased net finance income due to effective cash management. The effect of the factors mentioned above were partially offset by higher research and development expenses resulting from the expansion of various research and development initiatives.

11. Non-IFRS Measure

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

Adjusted loss was RMB267.1 million for the six months ended June 30, 2023, representing a decrease of RMB22.1 million from RMB289.2 million for the six months ended June 30, 2022. The decrease was primarily attributable to increased revenue and gross profit from sales of Carteyva®.

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(380,415)**	(429,254)
Added:		
Share-based compensation expenses	**31,954**	48,970
Net foreign exchange losses	**81,389**	91,080
Adjusted loss for the period (Non-IFRS)	**(267,072)**	(289,204)

Selected Data from Statement of Financial Position

	As at June 30, 2023	As at December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total current assets	**1,341,204**	1,485,168
Total non-current assets	**1,311,171**	1,306,179
Total assets	**2,652,375**	2,791,347
Total current liabilities	**348,552**	310,835
Total non-current liabilities	**163,403**	126,228
Total liabilities	**511,955**	437,063
Net current assets	**992,652**	1,174,333

12. Liquidity and Sources of Funding and Borrowing

As at June 30, 2023, current assets amounted to RMB1,341.2 million, including cash and cash equivalents of RMB1,272.9 million and other current assets of RMB68.3 million. As at the same date, current liabilities amounted to RMB348.6 million, primarily including borrowings of RMB213.3 million, trade and other payables of RMB93.0 million, and contract liability of RMB25.2 million.

Since 2022, we strictly controlled our cash expenditures and actively diversified and expanded our financing channels to provide financial assurance for our future development. As at June 30, 2023, we have unsecured bank borrowings in the amount of RMB337.3 million, which includes: (i) unsecured long term bank borrowings in the amount of RMB135.0 million; and (ii) unsecured bank liquidity borrowings drawdown in the amount of RMB202.3 million from the bank facilities which multiple banks have granted. As at June 30, 2023, 71% and 29% (2022: 43% and 57%) of the Group's borrowings are at fixed interest rate and floating interest rate, respectively. As at the date of this report, the Group has available unutilized bank loan facilities of RMB400.2 million.

As at June 30, 2023, cash and cash equivalents were RMB1,272.9 million, representing a net cash outflow of RMB110.4 million for the six months ended June 30, 2023 compared to RMB314.7 million for the six months ended June 30, 2022. The cash outflow was primarily due to payments of research and development expenses, general and administrative expenses, selling expenses and capital expenditure for long term assets. Those payments were partially offset by increased revenue and above bank borrowings.

13. Key Financial Ratios

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

	As at June 30, 2023	As at December 31, 2022
Current ratio[(1)]	**3.8**	4.8
Ratio of total liabilities to total assets[(2)]	**0.2**	0.2
Gearing ratio[(3)]	**N/A[(4)]**	N/A[(4)]

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

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

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%.

(4) Gearing ratio is not applicable as our interest-bearing borrowings less cash equivalents was negative.

14. Significant Investments

We did not make any significant investments during the six months ended June 30, 2023.

15. Material Acquisitions and Disposals

We did not engage in any material acquisitions or disposals during the six months ended June 30, 2023.

16. Pledge of Assets

As at June 30, 2023, the Group had no pledge of assets.

17. Contingent Liabilities

As at June 30, 2023, we did not have any material contingent liabilities.

18. Foreign Exchange Exposure

The Group mainly operated in Mainland China and a majority of its transactions were settled in RMB. We have financed our business principally through equity financings and the Global Offering with related proceeds denominated in USD ultimately. We converted a portion of those USD proceeds to RMB, with the remaining amounts reserved for additional conversions to RMB as needed. With the continuous appreciation of USD against the RMB, holding USD assets will enhance the purchasing power of the Group.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the Reporting Period. Differences arising on settlement or translation of monetary items are recognized in profit or loss. During the six months ended June 30, 2023, foreign exchange risk arose from the assets and liabilities denominated in RMB which is different from the functional currencies of the Company due to the weakening of RMB against USD and HKD in the first half of 2023. The management seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

19. Employees and Remuneration

As at June 30, 2023, we had 490 employees representing a decrease of 16.8% from 589 employees as at June 30, 2022. The following table sets forth the total number of employees by function as at June 30, 2023:

	Number of Employees	% of total
Technical operations	196	40.0
Quality	94	19.2
Research and development	85	17.3
Commercial	73	14.9
Support functions and business development	42	8.6
Total	490	100.0

The total remuneration cost (including Directors' emoluments) incurred by the Group for the six months ended June 30, 2023 was RMB174.5 million, as compared to RMB207.8 million for the six months ended June 30, 2022.

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

The Company has also adopted the Pre-IPO Incentivization Scheme, the Restricted Share Unit Schemes, the Post-IPO Incentivization Scheme and the Post-IPO Restricted Share Unit Scheme while no restricted share units or share options being granted to any directors or employees for the six months ended June 30, 2023. Please refer to the section headed "Statutory and General Information — D. Share Incentivization Schemes" in Appendix V to the Prospectus for further details.

To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides the employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance during the six months ended June 30, 2023.

Except as expressly described below, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code during the six months ended June 30, 2023.

Separation of the Roles of the Chairman of the Board and CEO

Dr. Li is currently the Chairman and CEO. We consider that having Dr. Li acting as both the Chairman and CEO will provide a strong and consistent leadership to us and allow for more effective planning and management of our Group. Pursuant to code provision C.2.1 in Part 2 of the CG Code, the roles of the chairman of the Board and CEO should be separate and should not be performed by the same individual. However, in view of Dr. Li's extensive experience in the industry, personal profile and critical role in our Group and our historical development, we consider that it is beneficial to the business prospects of our Group that Dr. Li continues to act as both the Chairman and CEO.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Non-Compliance with the Requirements

Following the resignation of Mr. Chi Shing Li ("**Mr. Li**") as Director on January 1, 2023, the composition of the Board comprises one executive Director, five non-executive Directors and two independent non-executive Directors, and each of the Remuneration Committee and Nomination Committee comprise two members only. Accordingly, the Company failed to meet the following requirements during the three months grace period granted under the Listing Rules:

(a) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules;

(b) the Remuneration Committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors under Rule 3.25 of the Listing Rules and the relevant terms of reference of the Company; and

(c) the Nomination Committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors under Rule 3.27A of the Listing Rules and the relevant terms of reference of the Company.

Following the appointment of Dr. Debra Yu as a Director which took effect from March 1, 2023, the Company has fully complied with the requirements as set out in Rules 3.10(1), 3.25 and 3.27A of the Listing Rules. For details, please refer to the Company's announcement dated March 1, 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding securities transactions, namely the Code for Securities Transactions by Directors (the "**Securities Transactions Code**"), which applies to all Directors on terms no less than the required standard indicated by the Model Code.

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the Securities Transactions Code during the six months ended June 30, 2023.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of interim dividend for the six months ended June 30, 2023.

AUDIT COMMITTEE

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

The Audit Committee had, together with the management and external auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended June 30, 2023 have also been reviewed by PricewaterhouseCoopers in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties involved in our operations, some of which are beyond our control:

Risks Relating to Our Financial Position

- We have incurred significant losses since our inception, and we expect to continue to incur losses for the foreseeable future;

- An impairment in the carrying value of intangible assets could have a material adverse effect on our financial condition and results of operations.

Risks Relating to Our Business

- Changes in international trade or investment policies and barriers to trade or investment, the ongoing conflict and trade tension war between the U.S. and China may have an adverse effect on our business and expansion plans;

- We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered non-competitive or obsolete;

- Our proprietary CAR-T preparation technologies and the manufacturing platform for our CAR-T product candidates represent emerging approaches to cancer treatment that face significant challenges and hurdles;

- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;

- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;

- We may not be successful in our efforts to build or in-license a pipeline of new product candidates. If we fail to do so, our commercial opportunity will be limited;

- We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success.

Risks Relating to Extensive Government Regulation

- All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards, or any adverse actions by the NMPA or other comparable regulatory authorities against us, could negatively impact our reputation and our business, financial condition, results of operations and prospects;

- The regulatory approval processes of the NMPA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or experience delays in obtaining, regulatory approval for our product candidates, our business will be substantially harmed;

- Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may result in additional costs;

- Even if we are able to commercialize any approved product candidates, the products may become subject to unfavorable pricing regulations, or to unfavorable changes in national or third-party reimbursement practices, which could harm our business.

Risks Relating to Manufacturing of Our Product Candidates

- Our product candidates are cell therapies. The manufacture of our product candidates is complex, and we may encounter difficulties in production, particularly with respect to development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure;

- Cell-based therapies rely on the availability of reagents, specialized equipment, and other specialty materials, which may not be available to us on acceptable terms or at all. For some of these reagents, equipment, and materials, we rely or may rely on sole source vendors or a limited number of vendors, which could impair our ability to manufacture and supply our products.

Risks Relating to Commercialization of Our Product Candidates

- The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect;

- We may not be successful in achieving cost of goods at commercial scale that provide for an attractive margin. We believe that our current, robust manufacturing processes are fit for commercial scale and we anticipate they will enable commercial supply at an economical cost. However, we have not yet established manufacturing capacity at sufficient commercial scale and may underestimate the cost and time required to do so, or overestimate cost reductions from economies of scale that can be realized with our manufacturing processes. We may ultimately be unable to manage the cost of goods for our product candidates to levels that will allow for a margin in line with our expectations and return on investment if and when those product candidates are commercialized;

- Product liability claims or lawsuits could cause us to incur substantial liabilities, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur;

- The increasing use of social media platforms presents new risks and challenges.

Risks Relating to Our Intellectual Property Rights

- We depend on intellectual property licensed from third parties, and termination of any of these licenses or disruption to our business relationship with our licensors could result in monetary damages or the loss of significant rights, which would harm our business;

- If we or our licensors are unable to obtain and maintain adequate patent and other intellectual property protection for our product candidates and other intellectual property, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our product candidates or technologies may be adversely affected;

- If we determine that our intellectual property rights (including rights in-licensed from third parties) or other intangible assets are impaired, our results of operations and financial condition may be adversely affected;

- Even if we are able to obtain patent protection for our product candidates, the life of such protection, if any, is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

Risks Relating to Our Doing Business in China

- The biopharmaceutical industry in China is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our product candidates;

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies;

- Our business benefits from certain financial incentives and preferential policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For further details, please refer to the section headed “Risk Factors” in the Prospectus.

CHANGES IN DIRECTORS' INFORMATION

Name of Director	Change
Dr. Sungwon Song	Dr. Song has been appointed as a non-executive Director and a member of the Remuneration Committee with effect from August 29, 2023.
Mr. Jinyin Wang	Mr. Wang has resigned as a non-executive Director with effect from August 29, 2023.
Dr. Krishnan Viswanadhan	Dr. Viswanadhan has been redesignated as an independent non-executive Director, appointed as a member of the Remuneration Committee and the co-chairperson of the Business Development and Strategy Committee with effect from August 29, 2023.
Dr. Ann Li Lee	Dr. Lee has been redesignated as an independent non-executive Director and appointed as the chairman of the Remuneration Committee with effect from August 29, 2023.
Mr. Yiu Leung Andy Cheung	Mr. Cheung ceased to be the chairman of the Remuneration Committee with effect from August 29, 2023.
Mr. Kin Cheong Kelvin Ho	Mr. Ho ceased to be a member of the Nomination Committee and has been appointed as a member of the Remuneration Committee with effect from August 29, 2023.
Dr. Debra Yu	Dr. Yu has been appointed as the co-chairperson of the Business Development and Strategy Committee with effect from August 29, 2023.
Dr. Yiping James Li	Dr. Li has been appointed as a member of the Business Development and Strategy Committee with effect from August 29, 2023.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2023.

USE OF NET PROCEEDS FROM LISTING

Our shares were listed on the main board of the Stock Exchange on November 3, 2020. The Group received net proceeds (after deducting the underwriting fees and related costs and expenses) from the issue of new shares by the Company in its Listing and the subsequent over-allotment option partially exercised by the Joint Global Coordinators approximately HKD2,495.8 million.

The net proceeds (adjusted on a pro rata basis based on the actual net proceeds) have been utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2023:

Intended Applications	Amount of net proceeds *(HKD million)*	Percentage of total net proceed	Net proceeds brought forward for the Reporting Period *(HKD million)*	Actual usage up to June 30, 2023 *(HKD million)*	Unutilized net proceeds as at June 30, 2023 *(HKD million)*
Research and development activities relating to relma-cel	748.74	30.0%	135.46	135.46	—
Building a focused in-house sales and marketing team to market relma-cel across Mainland China	249.58	10.0%	—	—	—
Research and development activities relating to JWCAR129	149.75	6.0%	78.34	—	78.34
Research and development activities relating to our other pre-clinical product candidates including our JWATM203 Program, our JWATM204 Program and Nex-G	698.82	28.0%	454.69	38.93	415.76
Acquisition of the Acepodia license through exercising the Acepodia Option	99.83	4.0%	99.83	—	99.83
New potential acquisitions and in-licensing opportunities	299.50	12.0%	275.79	—	275.79
Working capital and general corporate purposes	249.58	10.0%	65.01	46.24	18.77
Total	2,495.80	100.0%	1,109.12	220.63	888.49

As at June 30, 2023, the net proceeds applied for building a focused in-house sales and marketing team to market relma-cel across Mainland China has been fully utilized and the rest of the planned applications of the net proceeds are expected to be fully utilized by June 30, 2025. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares and underlying Shares

Name of Director	Capacity/nature of interest	Number of shares/ underlying shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
Dr. Li[(1)]	Beneficial interest	18,623,515	4.53%	Long position
	Interest in controlled corporation	9,206,460	2.24%	Long position
Mr. Liu Cheng	Beneficial interest	5,764,582	1.40%	Long position

Notes:

(1) Dr. Li held (i) 7,500,000 Shares through his direct interests in JDI Capital Management Limited and (ii) 1,706,460 Shares through his indirect interests in Park Place Capital Management & Consulting Limited. Park Place Capital Management & Consulting Limited is wholly-owned by JDI Capital Management Limited which in turn is wholly-owned by Dr. Li.

As at June 30, 2023, Dr. Li is interested in a total of 18,623,515 underlying Shares in the Company, which comprises 14,605,766 Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme and 4,017,749 share options granted to him pursuant to the Post-IPO Incentivization Scheme. As at June 30, 2023, out of the total number of Restricted Share Units and share options granted to Dr. Li, 1,265,726 Restricted Share Units and 1,004,437 share options were vested on April 1, 2023, and 1,770,014 Restricted Share Units and 2,008,875 share options granted to Dr. Li remain unvested.

Accordingly, Dr. Li is interested in an aggregate of 27,829,975 Shares in the Company.

(2) The calculation is based on the total number of 411,431,837 Shares in issue as at June 30, 2023.

Save as disclosed above, as at June 30, 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company	Long Position/ Short Position/ Lending Pool
Juno[1]	Beneficial interest	70,231,140	17.07%	Long position
Celgene Corporation[1]	Interest in controlled corporation	70,231,140	17.07%	Long position
BMS[1]	Interest in controlled corporation	70,231,140	17.07%	Long position
Dr. Li[2]	Beneficial interest, interest in a controlled corporation	27,829,975	6.76%	Long position
Ms. Li Dan[3]	Interest of spouse	27,829,975	6.76%	Long position

Notes:

(1) As at June 30, 2023, Juno directly held 70,231,140 Shares. Pursuant to the BCMA License Agreement, the 4,665,530 Juno Settlement Shares may be issued to Juno upon exercise of the second warrant as part of the second upfront payment in relation to Juno's orva-cel. In February 2021, BMS announced that it would discontinue clinical development of orva-cel and therefore, the 4,665,530 Juno Settlement Shares shall no longer be issued to Juno. Juno is wholly-owned by Celgene which is in turn wholly-owned by BMS. As such, under the SFO, BMS (through its interest in a controlled corporation) is deemed to be interested in 70,231,140 Shares held by Juno.

(2) As at June 30, 2023, Dr. Li held (i) 7,500,000 Shares through his direct interests in JDI Capital Management Limited and (ii) 1,706,460 Shares through his indirect interests in Park Place Capital Management & Consulting Limited. Park Place Capital Management & Consulting Limited is wholly-owned by JDI Capital Management Limited which in turn is wholly-owned by Dr. Li.

As at June 30, 2023, Dr. Li is interested in a total of 18,623,515 underlying Shares in the Company, which comprises 14,605,766 Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme and 4,017,749 share options granted to him pursuant to the Post-IPO Incentivization Scheme. As at June 30, 2023, out of the total number of Restricted Share Units and share options granted to Dr. Li, 1,265,726 Restricted Share Units and 1,004,437 share options were vested on April 1, 2023, and 1,770,014 Restricted Share Units and 2,008,875 share options granted to Dr. Li remain unvested.

Accordingly, Dr. Li is interested in an aggregate of 27,829,975 Shares in the Company.

(3) Ms. Li Dan's spouse, Dr. Li, was interested in 27,829,975 Shares and therefore Li Dan is deemed to be interested in the same number of Shares.

(4) The calculation is based on the total number of 411,431,837 Shares in issue as at June 30, 2023.

Save as disclosed above, as at June 30, 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE INCENTIVIZATION SCHEMES

Pre-IPO Incentivization Scheme

Our Company adopted the Pre-IPO Incentivization Scheme on September 4, 2019. The purpose of the Pre-IPO Incentivization Scheme is to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group.

Options granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

The options under the Pre-IPO Incentivization Scheme were granted to the grantees at nil consideration. An option may be exercised in accordance with the terms of the Pre-IPO Incentivization Scheme at any time for a period of 10 years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters.

As at January 1, 2023 and June 30, 2023, the total number of share options available for grant under the scheme mandates of the Pre-IPO Incentivization Scheme and the Post-IPO Incentivization Scheme is 17,614,195.

The Pre-IPO Incentivization Scheme has a remaining term of approximately five years and six months as at the date of this report.

Details of options granted under the Pre-IPO Incentivization Scheme during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Number of options held at January 1, 2023	Number of options granted during the Reporting Period	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of options held at June 30, 2023	Exercise Price *(HKD)*	Weighted average closing price of the shares immediately before the dates on which the options were vested *(HKD)*	Fair value of options at the date of grant *(USD)*
Other employee participants	September 4, 2019	1,235,350	—	—	—	39,970	1,195,380	0.775	3.80	0.63
	September 4, 2019	382,370	—	—	—	—	382,370	5.07625	3.65	0.33
	June 30, 2020	1,060,660	—	11,640	—	73,970	975,050	0.000775	3.65	1.92
	September 10, 2020	3,513,782	—	—	—	282,407	3,231,375	0.000078	—	2.43

Notes:

(1) An option may be exercised in accordance with the terms of the Pre-IPO Incentivization Scheme at any time for a period of 10 years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters.

(2) Options granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) For the year ended December 31, 2022, 345,270 options were lapsed and no option was cancelled.

(4) The closing price of the Shares immediately before the dates on which the options were granted was not applicable as the Company was not yet listed on the dates of grant.

(5) During the Reporting Period, no options were granted to any directors, chief executive, Substantial Shareholders of the Company (or their respective associates) or suppliers of goods and services. There were no participants with options granted in excess of the 1% individual limit pursuant to Rule 17.07 of the Listing Rules.

(6) For details of the basis of measurement for the fair value of options granted, please refer to note 22 headed "Share-based payments" of the consolidated financial statements.

Post-IPO Incentivization Scheme

Our Company adopted the Post-IPO Incentivization Scheme on October 14, 2020. The purpose of the Post-IPO Incentivization Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group.

The options under the Post-IPO Incentivization Scheme were granted to the grantees at nil consideration. Options granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

An option may be exercised in accordance with the terms of the Post-IPO Incentivization Scheme at any time for a period of ten years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters.

As at January 1, 2023 and June 30, 2023, the total number of share options available for grant under the scheme mandates of the Pre-IPO Incentivization Scheme and the Post-IPO Incentivization Scheme is 17,614,195.

The Post-IPO Incentivization Scheme has a remaining term of approximately five years and six months as at the date of this report.

Details of options granted under the Post-IPO Incentivization Scheme during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted (HK$)	Number of options held at January 1, 2023	Number of options granted during the Reporting Period	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of options held at June 30, 2023	Exercise Price (HKD)	Weighted average closing price of the shares immediately before the dates on which the options were vested (HKD)	Fair value of options at the date of grant (HKD)
Director											
Dr. Li, CEO and executive Director	September 30, 2021	14.74	4,017,749	—	—	—	—	4,017,749	—	3.65	6.928
Other employee participants	September 30, 2021	14.74	2,125,534	—	116,069	—	—	2,009,465	16.2	3.75	6.928/7.336
	December 17, 2021	11.36	754,254	—	71,304	—	—	682,950	11.992	—	5.472/5.779
	June 24, 2022	8.26	2,212,886	—	43,000	—	—	2,169,886	8.94	3.65	4.588/4.818
	September 29, 2022	3.25	660,001	—	—	—	—	660,001	3.31	—	1.578/1.676
	December 16, 2022	4.34	41,667	—	—	—	—	41,667	4.83	—	2.058/2.194

Notes:

(1) An option may be exercised in accordance with the terms of the Post-IPO Incentivization Scheme at any time for a period of ten years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters.

(2) The options under the Post-IPO Incentivization Scheme were granted to the grantees at nil consideration. Options granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) For the year ended December 31, 2022, 785,554 options were lapsed and no option was cancelled.

(4) During the Reporting Period, no options were granted to any Substantial Shareholders of the Company (or their respective associates) or suppliers of goods and services. There were no participants with options granted in excess of the 1% individual limit pursuant to Rule 17.07 of the Listing Rules.

(5) For details of the basis of measurement for the fair value of options granted, please refer to note 22 headed "Share-based payments" of the consolidated financial statements.

Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme (the "Restricted Share Unit Schemes")

Our Company adopted the Pre-IPO Restricted Share Unit Scheme on September 4, 2019 and the Post-IPO Restricted Share Unit Scheme on October 14, 2020. The purpose of the Restricted Share Unit Schemes is to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of RSUs for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group.

The RSUs under the Restricted Share Unit Schemes were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration. RSUs granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

As at January 1, 2023 and June 30, 2023, the total number of the RSUs available for grant under the scheme mandates of the Restricted Share Unit Schemes is 5,171,473.

The Restricted Share Unit Schemes will remain in force for a period of ten years unless terminated sooner, and has a remaining term of approximately five years and six months as at the date of this report.

Details of RSUs granted under the Pre-IPO Restricted Share Unit Scheme during the Reporting Period are as follows:

Name of Participant or Category of Participant	Date of grant	Number of RSUs held at January 1, 2023	Number of RSUs granted during the Reporting Period	Number of RSUs lapsed	Number of RSUs cancelled	Number of RSUs vested	Number of RSUs held at June 30, 2023	Weighted average closing price of the shares immediately before the dates on which the RSUs were vested *(HKD)*	Fair value of RSUs at the date of grant *(USD)*
Directors									
Dr. Li, CEO and executive Director	June 30, 2020	1,522,880	—	—	—	761,440	761,440	3.65	1.92
Mr. Hans Edgar Bishop (resigned as a director on December 3, 2021 and remains as a senior advisor)	September 10, 2020	—	—	—	—	—	—	—	2.43
Other employee participants	September 4, 2019	3,750	—	3,750	—	—	—	—	0.73
	June 30, 2020	711,540	—	61,900	—	307,690	341,950	4.08	1.92
	September 10, 2020	472,674	—	—	—	6,598	466,076	3.65	2.43

Notes:

(1) RSUs granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(2) For the year ended December 31, 2022, 919,060 RSUs were lapsed and 68,432 RSUs were cancelled.

(3) During the Reporting Period, there were no participants with RSUs granted in excess of the 1% individual limit pursuant to Rule 17.07 of the Listing Rules and no RSUs were granted to suppliers of goods and services.

(4) For details of the basis of measurement for the fair value of RSUs granted, please refer to note 22 headed "Share based payments" of the consolidated financial statements.

Details of RSUs granted under the Post-IPO Restricted Share Unit Scheme during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted *(HKD)*	Number of RSUs held at January 1, 2023	Number of RSUs granted during the Reporting Period	Number of RSUs lapsed	Number of RSUs cancelled	Number of RSUs vested	Number of RSUs held at June 30, 2023	Weighted average closing price of the shares immediately before the dates on which the RSUs were vested *(HKD)*	Fair value of RSUs at the date of grant *(HKD)*
Director										
Dr. Li, CEO and executive Director	September 30, 2021	14.74	1,512,860	—	—	—	504,286	1,008,574	3.65	14.92
Other employee participants	September 30, 2021	14.74	1,392,640	—	268,669	—	276,763	847,208	3.72	14.92
	December 17, 2021	11.36	472,182	—	71,304	—	—	400,878	—	11.48
	June 24, 2022	8.26	1,624,244	—	43,000	—	268,011	1,313,233	3.65	8.94
	September 29, 2022	3.25	360,001	—	—	—	—	360,001	—	3.18
	December 16, 2022	4.34	41,667	—	—	—	—	41,667	—	4.25

Notes:

(1) RSUs granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(2) For the year ended December 31, 2022, 846,162 RSUs were lapsed and 13,613 RSUs were cancelled.

(3) During the Reporting Period, there were no participants with RSUs granted in excess of the 1% of the individual limit pursuant to Rule 17.07 of the Listing Rules and no RSUs were granted to suppliers of goods and services.

(4) For details of the basis of measurement for the fair value of RSUs granted, please refer to note 22 headed "Share-based payments" of the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the six months ended June 30, 2023, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group does not have other plans for material investments and capital assets.

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023

	Note	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	**87,740**	66,007
Cost of sales	9	**(42,927)**	(42,876)
Gross profit		**44,813**	23,131
Other income	7	**1,836**	7,106
Other losses — net	8	**(81,176)**	(90,936)
Selling expenses	9	**(60,168)**	(84,447)
General and administrative expenses	9	**(78,694)**	(90,922)
Research and development expenses	9	**(216,531)**	(195,887)
Operating loss		**(389,920)**	(431,955)
Finance income	10	**15,088**	5,400
Finance costs	10	**(5,583)**	(2,699)
Finance income — net	10	**9,505**	2,701
Loss before income tax		**(380,415)**	(429,254)
Income tax expense	11	**—**	—
Loss for the period and attribute to the equity holders of the Company		**(380,415)**	(429,254)
Loss per share for the loss attributable to owners of the Company			
— Basic and diluted *(in RMB)*	12	**(0.93)**	(1.05)

Condensed Consolidated Statement of Comprehensive Loss

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(380,415)**	(429,254)
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
— Exchange differences on translation	**134,570**	191,324
Other comprehensive income for the period, net of tax	**134,570**	191,324
Total comprehensive loss for the period and attribute to the equity holders of the Company	**(245,845)**	(237,930)

Condensed Consolidated Balance Sheet

As at June 30, 2023

	Note	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**317,509**	348,107
Right-of-use assets		**53,970**	45,112
Intangible assets	*14*	**916,655**	893,684
Prepayment for license	*15*	**7,226**	6,965
Other non-current assets	*17*	**15,811**	12,311
Total non-current assets		**1,311,171**	1,306,179
Current assets			
Inventories	*16*	**41,058**	40,159
Other current assets		**9,158**	9,700
Trade receivable	*18*	**—**	5,305
Amount due from related party	*19*	**—**	24,115
Other receivables and prepayments		**18,095**	22,553
Cash and cash equivalents		**1,272,893**	1,383,336
Total current assets		**1,341,204**	1,485,168
Total assets		**2,652,375**	2,791,347

As at June 30, 2023

	Note	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
EQUITY			
Equity attribute to the owners of the Company			
Share capital	*20*	**27**	27
Reserves	*21*	**6,718,146**	6,551,595
Accumulated losses		**(4,577,753)**	(4,197,338)
Total equity		**2,140,420**	2,354,284
LIABILITIES			
Non-current liabilities			
Borrowings	*25*	**124,000**	92,500
Lease liabilities		**39,403**	33,728
Total non-current liabilities		**163,403**	126,228
Current liabilities			
Lease liabilities		**13,934**	10,600
Borrowings	*25*	**213,300**	142,300
Trade and other payables	*24*	**93,049**	157,935
Contract liability		**25,154**	—
Other current liabilities		**3,115**	—
Total current liabilities		**348,552**	310,835
Total liabilities		**511,955**	437,063
Total equity and liabilities		**2,652,375**	2,791,347

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Note	Attributable to equity holders of the Company			
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2022		27	6,142,033	(3,351,203)	2,790,857
Loss for the period		—	—	(429,254)	(429,254)
Other comprehensive income		—	191,324	—	191,324
Total comprehensive income/ (loss)		—	191,324	(429,254)	(237,930)
Transactions with owners					
Issuance of ordinary shares		—	95	—	95
Share-based compensation expenses		—	48,970	—	48,970
Total transactions with owners		—	49,065	—	49,065
Balance at June 30, 2022 (Unaudited)		27	6,382,422	(3,780,457)	2,601,992
Balance at January 1, 2023		**27**	**6,551,595**	**(4,197,338)**	**2,354,284**
Loss for the period		**—**	**—**	**(380,415)**	**(380,415)**
Other comprehensive income		**—**	**134,570**	**—**	**134,570**
Total comprehensive income/ (loss)		**—**	**134,570**	**(380,415)**	**(245,845)**
Transactions with owners					
Issuance of ordinary shares		**—**	**27**	**—**	**27**
Share-based compensation expenses		**—**	**31,954**	**—**	**31,954**
Total transactions with owners		**—**	**31,981**	**—**	**31,981**
Balance at June 30, 2023 (Unaudited)		**27**	**6,718,146**	**(4,577,753)**	**2,140,420**

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Note	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows used in operating activities			
Cash used in operations		**(252,833)**	(375,984)
Interest received		**14,803**	5,265
Net cash used in operating activities		**(238,031)**	(370,719)
Cash flows used in investing activities			
Purchases of property, plant and equipment		**(6,761)**	(26,974)
Purchases of intangible assets		**(122)**	(1,433)
Repayment of loan from related party		**23,552**	—
Payments for financial assets at fair value through profit or loss		**—**	(30,000)
Repayment of interest from related party		**848**	—
Loans to related party		**—**	(23,552)
Net cash generated from/(used in) investing activities		**17,517**	(81,959)
Cash flows used in financing activities			
Proceeds from issuance of ordinary shares		**27**	95
Payment of lease liabilities		**(8,047)**	(7,560)
Interest paid for lease liabilities		**(1,102)**	(345)
Repayments of bank borrowings		**(27,500)**	(2,500)
Proceeds from bank borrowings		**130,000**	—
Interest paid for bank borrowings		**(4,481)**	(2,370)
Net cash generated from/(used in) financing activities		**88,897**	(12,680)
Net decrease in cash and cash equivalents		**(131,617)**	(465,358)
Cash and cash equivalents at beginning of the period		**1,383,336**	1,834,399
Exchange gain on cash and cash equivalents		**21,174**	150,690
Cash and cash equivalents at end of the period		**1,272,893**	1,519,731

1 GENERAL INFORMATION

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

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

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

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

The condensed interim financial information was approved for issue by the directors on August 29, 2023.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

This condensed interim financial information for the six months ended June 30, 2023 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**"). This Condensed Interim Financial Information should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the IASB.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities at fair value through profit or loss, which are carried at fair value.

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earning, the material accounting policy information and methods of computation used in the preparation of the Condensed Interim Financial Information are consistent with the 2022 Annual Financial Statements.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 New standards, amendments and interpretation adopted by the Group

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

- Insurance Contracts — Amendments to IAS 16
- Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

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

2.3 New standards and interpretations not yet adopted

Certain new accounting standard, amendments and interpretation have been published but are not mandatory for the financial year beginning January 1, 2023 and have not been early adopted by the Group. These new accounting standard, amendments and interpretation are not expected to have a material impact on the Group's financial statements when they become effective.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cashflow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 Annual Financial Statements.

There have been no changes in the risk management policies since December 31, 2022.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the 2022 Annual Financial Statements.

5 SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision-makers.

As a result of this evaluation, the executive directors of the Group consider that the Group's operations are operated and managed as a single reportable segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

6 REVENUE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
— at point in time	**87,740**	66,007

7 OTHER INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants		
— cost related *(Note)*	**1,836**	7,106

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

8 OTHER LOSSES — NET

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange loss	**(81,389)**	(91,080)
Fair value gain on financial instruments at fair value through profit or loss	**—**	223
Others	**213**	(79)
Total	**(81,176)**	(90,936)

9 EXPENSES BY NATURE

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' emoluments)	**173,387**	207,177
Materials and consumables	**63,646**	55,269
Testing and clinical expenses	**38,568**	33,096
Business promotion fee	**26,800**	27,014
Depreciation of property, plant and equipment *(Note 13)*	**31,038**	26,432
Professional service expenses	**16,989**	21,736
Office expenses	**14,349**	12,882
Depreciation-right of use assets	**8,198**	6,224
Amortization of license *(Note 14)*	**5,896**	5,421
Royalty fee	**5,263**	3,960
Short term lease and low value lease expenses	**3,307**	2,864
Amortization of other intangible assets *(Note 14)*	**2,942**	2,765
Auditors' remuneration-audit service	**555**	497
Other expenses	**7,382**	8,795
Total cost of sales, selling expenses, general and administrative expenses and research and development expenses	**398,320**	414,132

10 FINANCE INCOME — NET

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income:		
Interest income on bank deposits	**15,088**	5,400
Total finance income	**15,088**	5,400
Finance costs		
Interest expense on bank borrowings	**(4,481)**	(2,354)
Interest expense on lease liabilities	**(1,102)**	(345)
Total finance costs	**(5,583)**	(2,699)
Finance income — net	**9,505**	2,701

11 INCOME TAX EXPENSE

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

(a) Cayman Islands income tax

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

(b) Hong Kong income tax

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

(c) The PRC corporate income tax

Subsidiaries in Mainland China are subject to income tax at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), with the exception of JW Shanghai obtained its High-Tech Enterprise status in year 2022 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2022.

No provision for Mainland China corporate income tax was provided for, as there's no assessable profit.

11 INCOME TAX EXPENSE (Continued)

(c) The PRC corporate income tax (Continued)

The taxation of the Group's profit before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(380,415)**	(429,254)
Tax calculated at applicable tax rate of 25%	**(95,104)**	(107,313)
Effect of different tax rate	**35,371**	28,153
Expenses not deductible for taxation purposes	**5,207**	12,083
Super deduction in respect of research and development expenditures	**(25,355)**	(19,771)
Utilization of previously unrecognized tax loss	**(3,446)**	—
Tax loss not recognized as deferred tax assets	**83,327**	86,848
Income tax expense	**—**	—

12 LOSS PER SHARE

(a) Basic loss per share

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

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to the ordinary equity holders of the Company *(RMB'000)*	**(380,415)**	(429,254)
Weighted average number of ordinary shares in issue *(in thousand)*	**411,127**	408,382
Basic loss per share *(RMB)*	**(0.93)**	(1.05)

(b) Diluted loss per share

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

For the six months ended June 30, 2023, the Company had one category of potential ordinary shares: the stock options granted to employees (June 30, 2022: one category of potential ordinary shares: the stock options granted to employees). As the Group incurred losses for the six months ended June 30, 2022 and 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2023 and 2022 are the same as basic loss per share.

13 PROPERTY, PLANT AND EQUIPMENT

	Machinery	Electronic equipment	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2022 (Unaudited)					
Opening net book amount	96,285	20,366	186,083	17,160	319,894
Additions	—	—	1,359	26,746	28,105
Transfer	7,141	1,174	1,704	(10,019)	—
Disposals	—	(197)	—	—	(197)
Depreciation charges	(9,036)	(2,430)	(15,458)	—	(26,924)
Closing net book amount	94,390	18,913	173,688	33,887	320,878
As at June 30, 2022 (Unaudited)					
Cost	120,328	29,770	211,442	33,887	395,427
Accumulated depreciation	(25,938)	(10,857)	(37,754)	—	(74,549)
Net book amount	94,390	18,913	173,688	33,887	320,878
Six months ended June 30, 2023 (Unaudited)					
Opening net book amount	**117,174**	**18,390**	**179,648**	**32,895**	**348,107**
Additions	**—**	**—**	**214**	**1,608**	**1,822**
Transfer	**27,170**	**407**	**1,434**	**(29,011)**	**—**
Depreciation charges	**(12,071)**	**(2,603)**	**(17,746)**	**—**	**(32,420)**
Closing net book amount	**132,273**	**16,194**	**163,550**	**5,492**	**317,509**
As at June 30, 2023 (Unaudited)					
Cost	**183,461**	**33,433**	**236,305**	**5,492**	**458,691**
Accumulated depreciation	**(51,188)**	**(17,239)**	**(72,755)**	**—**	**(141,182)**
Net book amount	**132,273**	**16,194**	**163,550**	**5,492**	**317,509**

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Depreciation of the Group charged to profit or loss is analyzed as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**4,612**	5,565
Selling expenses	**4**	4
General and administrative expenses	**2,662**	2,393
Research and Development expenses	**23,760**	18,470
	31,038	26,432

(b) No capitalized borrowing costs for the six months ended June 30, 2023 (the six months ended June 30, 2022: nil).

14 INTANGIBLE ASSETS

	Computer software *RMB'000*	Licenses *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Six months ended June 30, 2022 (Unaudited)				
Opening net book amount	46,710	768,002	1,577	816,289
Additions	—	—	1,433	1,433
Transfer	1,433	—	(1,433)	—
Amortization charges	(2,798)	(5,421)	—	(8,219)
Currency translation differences	—	40,299	—	40,299
Closing net book amount	45,345	802,880	1,577	849,802
As at June 30, 2022 (Unaudited)				
Cost	50,767	811,823	1,577	864,167
Accumulated amortization	(5,422)	(8,943)	—	(14,365)
Net book amount	45,345	802,880	1,577	849,802

14 INTANGIBLE ASSETS (Continued)

	Computer software *RMB'000*	Licenses *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Six months ended June 30, 2023 (Unaudited)				
Opening net book amount	**44,222**	**849,334**	**128**	**893,684**
Additions	**—**	**—**	**122**	**122**
Transfer	**85**	**—**	**(85)**	**—**
Amortization charges	**(3,001)**	**(5,896)**	**—**	**(8,897)**
Currency translation differences	**—**	**31,746**	**—**	**31,746**
Closing net book amount	**41,306**	**875,184**	**165**	**916,655**
As at June 30, 2023 (Unaudited)				
Cost	**52,623**	**895,698**	**165**	**948,486**
Accumulated amortization	**(11,317)**	**(20,514)**	**—**	**(31,831)**
Net book amount	**41,306**	**875,184**	**165**	**916,655**

(a) Amortization of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

	Six months ended June 30,	
	2023 *RMB'000* (Unaudited)	2022 *RMB'000* (Unaudited)
Cost of sales	**6,357**	6,032
Selling expense	**110**	110
Administrative expenses	**1,607**	1,541
Research and development Expenses	**764**	503
	8,838	8,186

14 INTANGIBLE ASSETS (Continued)

(b) Licenses

(i) License and Strategic Alliance Agreement

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

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

In December 2022, the Group provided Juno reimbursement in cash in an amount of USD150,000 (equivalent to RMB1,045,000) and further recognized it as intangible assets.

(ii) BCMA license

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

(iii) Eureka licenses

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

(iv) 2seventy license

In October 2022, the Group entered into the Collaboration Agreement with 2seventy bio, Inc. ("**2seventy**") for the development and commercialization a cell therapy product directed to MAGE-A4 in Greater China. The Group provided 2seventy upfront payment in cash in an amount of USD3,000,000 (equivalent to RMB20,894,000) and recognized it as intangible assets.

As at June 30, 2023, BCMA license, Eureka licenses and 2seventy license with total net book value of RMB776,340,000 were not ready for use.

14 INTANGIBLE ASSETS (Continued)

(b) Licenses (Continued)

Impairment

The impairment test of intangible assets not ready for use was performed by engaging an independent valuer to estimate the value in use as the recoverable amount of each drug. The fair value is based on value in use calculations using the discounted cash flow model. The estimated revenue of each drug is based on management's expectations of timing of commercializing related products to respective drug. The cost and operating expenses are estimated by considering margins levels of the Group's business, expected revenue contribution of respective drug to the Group's total revenue and appropriate adjustments to reflect the characteristics of respective license. The discount rates used are pre-tax and reflect specific risks relating to the relevant drug that would be considered by market participants.

The key assumptions used for recoverable amount calculations are as followed:

JWCAR129:

	As at June 30,	
	2023	2022
Gross margin	**73.2%–78.1%**	78.8%–83.7%
Pre-tax discount rate	**29.9%**	26.6%
Revenue growth rate	**0%–63.4%**	0.5%–40.4%
Recoverable amount of CGU *(in RMB million)*	**126**	128

Eureka licenses:

	As at June 30,	
	2023	2022
Gross margin	**84.0%–87.8%**	83.7–87.5%
Pre-tax discount rate	**28.5%**	27.5%
Revenue growth rate	**2.7%–229.4%**	0.9%–229.4%
Recoverable amount of CGU *(in RMB million)*	**884**	716

14 INTANGIBLE ASSETS (Continued)

(b) Licenses (Continued)

Impairment (Continued)

2seventy licenses:

	As at June 30, 2023
Gross margin	**67.5%–78.1%**
Pre-tax discount rate	**28.3%**
Revenue growth rate	**-18.6%–108.6%**
Recoverable amount of CGU *(in RMB million)*	**55**

Based on the result of above assessment, there was no impairment for the intangible asset as at June 30, 2023 (2022: nil).

15 PREPAYMENT FOR LICENSE

	As at June 30, 2023 *RMB'000* (Unaudited)	As at December 31, 2022 *RMB'000* (Audited)
Prepayment for license *(Note)*	**7,226**	6,965

Note: In January 2020, the Company entered into an Option and License Agreement with Acepodia Biotechnologies, Ltd. ("**Acepodia**"), pursuant to which, the Company was granted an exclusive option to acquire an exclusive right and license to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize certain products. On 3 February, 2020, the Company paid first instalment of USD1,000,000 to Acepodia.

16 INVENTORIES

	As at June 30, 2023 *RMB'000* (Unaudited)	As at December 31, 2022 *RMB'000* (Audited)
Raw materials	**32,516**	29,821
Work in progress	**8,542**	10,338
	41,058	40,159

17 OTHER NON-CURRENT ASSETS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Prepayments for property, plant and equipment	**124**	494
Rental deposits	**4,083**	4,590
Value-added tax recoverable	**11,604**	7,227
	15,811	12,311

18 TRADE RECEIVABLE

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade receivables from contracts with customers	**—**	5,305

As at June 30, 2023 and December 31, 2022, the aging analysis of the trade receivables based on invoice date is as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Within 30 days	**—**	5,305

The maximum exposure to credit risk at June 30, 2023 and December 31, 2022 is the carrying value of each class of receivables mentioned above.

The carrying amounts of the Group's trade receivables approximate their fair values.

The carrying amounts of trade receivables are primarily denominated in RMB.

19 AMOUNT DUE FROM RELATED PARTY

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Yiping James Li *(Note)*	—	24,115

Note: On March 6, 2022, the Company, JW Shanghai and Dr. Yiping James Li, the Chairman of the Company entered into a tri-party agreement (the "**Agreement**"). Pursuant to the Agreement, JW Shanghai provides Dr. Li one year loan facility of up to HK$43 million for the purpose to withhold the individual income tax in relation to the restricted share units and share options granted to Dr. Li by the Company. Total amount of RMB23.6 million was drew in April and May of 2022. This loan was secured by certain shares legally and beneficially owned by Dr. Li himself or through companies wholly-owned by him and bearing an interest rate of 3.6% per annum. This loan was fully repaid in April and May of 2023.

20 SHARE CAPITAL

Authorized:

	Number of ordinary shares *In thousands*	Nominal value of ordinary shares *USD*	RMB equivalent value *RMB'000*
As at January 1, 2023 and June 30, 2023	**5,000,000**	**50,000**	**332**

Issued and fully paid:

	Number of ordinary shares *In thousands*	Nominal value *USD*	RMB equivalent value *RMB'000*
As at December 31, 2022	**411,036**	**4,110**	**27**
Issuance of ordinary shares *(Note (a))*	**396**	**4**	**0**
As at June 30, 2023 (Unaudited)	**411,432**	**4,114**	**27**

(a) During the six months ended June 30 2023, the Group issued a total of 396,347 ordinary shares to the Group's employees as the result of exercise of stock option and RSU after vesting period with a total exercise price of USD4,000 (equivalent to RMB27,000).

21 RESERVES

	Share premium RMB'000	Share-based compensation reserve RMB'000 Note(a)	Treasury shares held in trust RMB'000	Foreign currency translation RMB'000 Note(b)	Capital reserve RMB'000	Total RMB'000
Balance at January 1, 2022	6,080,667	239,063	(1)	(189,922)	12,226	6,142,033
Share based compensation expenses	—	48,970	—	—	—	48,970
Currency translation differences	—	—	—	191,324	—	191,324
Issuance of ordinary shares *(Note 20)*	95	—	—	—	—	95
Balance at June 30, 2022 (Unaudited)	6,080,762	288,033	(1)	1,402	12,226	6,382,422
Balance at January 1, 2023	**6,080,761**	**321,565**	**(1)**	**137,044**	**12,226**	**6,551,595**
Share based compensation expenses	**—**	**31,954**	**—**	**—**	**—**	**31,954**
Currency translation differences	**—**	**—**	**—**	**134,570**	**—**	**134,570**
Issuance of ordinary shares *(Note 20)*	**27**	**—**	**—**	**—**	**—**	**27**
Balance at June 30, 2023 (Unaudited)	**6,080,788**	**353,519**	**(1)**	**271,614**	**12,226**	**6,718,146**

(a) Share-based compensation reserve arises from share-based payment granted to employees of the Group.

(b) Foreign currency translation represents the difference arising from the translation of financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group.

22 SHARE-BASED PAYMENTS

(a) Stock option and restricted share unites

Pursuant to a resolution dated June 24 2022, the Company adopted 2022 June Stock Option and 2022 June RSU (together, "**2022 June Plan**"). The Company granted 2,282,395 stock options and 1,703,625 RSUs to certain directors, senior management and employees of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

Pursuant to a resolution dated September 29, 2022, the Company adopted 2022 September Stock Option and 2022 September RSU (together, "**2022 September Plan**"). The Company granted 660,001 stock options and 360,001 RSUs to certain senior management and employees of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

22 SHARE-BASED PAYMENTS (Continued)

(a) Stock option and restricted share unites (Continued)

Pursuant to a resolution dated December 16, 2022, the Company adopted 2022 December Stock Option and 2022 December RSU (together, "**2022 December Plan**"). The Company granted 41,667 stock options and 41,667 RSUs to certain senior management and employees of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

There are two types of vesting schedules for the remaining 2022 June Plan, 2022 September Plan and 2022 December Plan (i) with 30% will vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% will vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% will vest on each anniversary of the vesting commencement date, respectively.

During the six months ended June 30, 2023, 396,347 stock options and 1,237,887 RSUs are exercised.

(b) Fair value of stock option and RSU granted of the Company

Fair value of RSU is measured based on the fair value of the Group's ordinary shares, which is USD7.26 for 2019 Plan, USD19.16 for 2020 June Plan (before subdivision) and USD2.43 for 2020 September Plan (after subdivision). The fair value of ordinary shares is determined by discounted cash flow method. The key assumption for discounted cash flow model is the discount rate, which is 18% for 2019 Plan, 17% for 2020 June Plan and 16.5% for 2020 September Plan.

Fair value of RSU is HKD14.92 for 2021 September Plan and HKD11.48 for 2021 December Plan, which is the closing price of the grant shares in the stock market on the grant date. Fair value of RSU is HKD8.94 for 2022 June Plan, HKD3.18 for 2022 September Plan and HKD4.25 for 2022 December Plan, which is the closing price of the grant shares in the stock market on the grant date.

22 SHARE-BASED PAYMENTS (Continued)

(b) Fair value of stock option and RSU granted of the Company (Continued)

Based on fair value of the underlying ordinary shares, the Group has used Binomial option-pricing model to determine the fair value of the stock option as at the grant date. Key assumptions are set as below:

	2022 December Plan (after subdivision)	2022 September Plan (after subdivision)	2022 June Plan (after subdivision)	2021 December Plan (after subdivision)	2021 September Plan (after subdivision)	2020 September Plan (after subdivision)	2020 June Plan (before subdivision)	2019 Plan (before subdivision)
Risk-free interest rate	3.30%	3.87%	2.82%	1.14%	1.14%	0.69%	0.66%	1.47%
Volatility	61%	58%	58%	58%	58%	45%	47%	47%
Grant date option fair value per share	HKD2.058, HKD2.194	HKD1.578, HKD1.676	HKD4.588, HKD4.818	HKD5.472, HKD5.779	HKD6.928, HKD7.336	USD2.43	USD19.16	USD3.32, USD6.31
Exercise price	HKD4.83	HKD3.31	HKD8.94	HKD11.99	HKD16.20	USD0.00001	USD0.001	USD1, USD6.55

The key assumptions, used in computing the fair value of the options granted are required to be determined by the directors of the Company with best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

(c) Expenses arising from share-based payment transactions

Expenses for the share-based payments have been charged to the consolidated statements of comprehensive loss as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Administrative expenses	**22,690**	32,859
Research and development expenses	**10,992**	8,658
Selling expenses	**(1,728)**	7,453
Total	**31,954**	48,970

23 DIVIDEND

No dividend was paid nor declared by the Company for the six months ended June 30, 2023.

24 TRADE AND OTHER PAYABLES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade payables	**6,825**	7,604
Payables for purchase of services and R&D materials	**35,625**	63,551
Accrued expenses	**24,718**	32,523
Payables for purchase of property, plant and equipment	**5,398**	10,288
Staff salaries and welfare payables	**17,072**	38,941
Payroll tax	**2,411**	4,028
Deferred income	**1,000**	1,000
Total	**93,049**	157,935

The aging of trade payables based on the demand note are as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Less than 1 year	**6,825**	7,604

25 BORROWINGS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current	**135,000**	97,500
Less: Current portion of long-term borrowings	**(11,000)**	(5,000)
Total non-current unsecured bank borrowings	**124,000**	92,500
Current		
Current unsecured bank borrowings	**202,300**	137,300
Current portion of long-term borrowings	**11,000**	5,000
Total current unsecured bank borrowings	**213,300**	142,300
Total	**337,300**	234,800

25 BORROWINGS (Continued)

The weighted average effective interest rates at each balance sheet date were as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Bank borrowings — RMB	**3.25%**	3.18%

26 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at the balance sheet date but not yet incurred is as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Intangible assets	**482**	306
Property, plant and equipment	**873**	2,906
	1,355	3,212

(b) Operating lease commitments — where the Group is the lessee

At the balance sheet dates, lease commitments of the Group for leases not yet commenced for short-term lease and low-value lease are as follows:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
No later than 1 year	**374**	1,073
Later than 1 year and no later than 2 years	**20**	48
Later than 2 years and no later than 5 years	**6**	12
	400	1,133

27 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the report, the major related parties that had transactions and balances with the Group were as follows:

Name of related parties	Relationship with the Group
Juno	Shareholder
Yiping James Li	Connected person

(a) Transactions with related parties

(i) Purchase of materials

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Juno	**17,203**	4,600

(ii) Loan to connected person

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Yiping James Li	**—**	23,552

(iii) Interest of loan to connected person

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Yiping James Li	**285**	135

(iv) Royalty fee

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Juno	**5,263**	3,960

27 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

(v) Repayment of Loan from connected person

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Yiping James Li	**23,552**	—

(vi) Repayment of interest from connected person

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Yiping James Li	**848**	—

(b) Balances with related parties

(i) Amount due from related party

	As at June 30, 2023	As at December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Yiping James Li	**—**	24,115

(ii) Trade and other payables

	As at June 30, 2023	As at December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Juno	**2,147**	11,838

Note: The balances due to Juno were unsecured, trade in nature and non-interest bearing. These balances were due within 15 to 30 days.

Their fair values approximated their carrying amounts due to their short maturities.

In this report, unless the context otherwise requires, the following expressions have the meanings set out below. These expressions and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled expressions adopted by other companies operating in the same industries as our Company.

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"BCMA License Agreement"	the license agreement entered into between our Company and Juno dated April 11, 2019
"Board", "our Board" or "Board of Directors"	the board of Directors of our Company
"Business Development and Strategy Committee"	the business development and strategy committee of the Board
"CAR"	chimeric antigen receptor
"CAR-T"	chimeric antigen receptor T-cell
"CEO"	the chief executive officer of our Group
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company" or "JW Therapeutics"	JW (Cayman) Therapeutics Co. Ltd (Stock code: 2126), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 6, 2017, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Shanghai Ju Ming and its subsidiaries Shanghai Ming Ju and Suzhou Ming Ju Biotechnology Co., Ltd. (蘇州明聚生物科技有限公司)
"Director(s)"	the director(s) of the Company
"Dr. Li"	Dr. Yiping James Li, our executive Director, the Chairman and the CEO

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent industry consultant
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Joint Global Coordinators"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, China International Capital Corporation HongKong Securities Limited and CLSA Limited
"Juno"	Juno Therapeutics, Inc., a company incorporated in Delaware, the United States on August 5, 2013 under its former name, FC Therapeutics, Inc., a wholly-owned subsidiary of Celgene which is in turn wholly-owned by BMS, and is one of our Substantial Shareholders
"License and Strategic Alliance Agreement"	the license and strategic alliance agreement entered into between our Company and Juno in December 2017
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	November 3, 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules

"NDA"	new drug application
"NMPA"	National Medical Products Administration of China (國家藥品監督管理局) and its predecessor, China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"Post-IPO Incentivization Scheme"	the Post-IPO Share Incentivization Scheme adopted by the Company on October 14, 2020
"Post-IPO Restricted Share Unit Scheme"	the Post-IPO Restricted Share Unit Scheme adopted by the Company on October 14, 2020
"Pre-IPO Incentivization Scheme"	the Pre-IPO Incentivization Scheme adopted by the Company on September 4, 2019
"Prospectus"	the prospectus of the Company dated October 22, 2020
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended June 30, 2023
"Restricted Share Unit Scheme"	the Restricted Share Unit Scheme adopted by the Company on September 4, 2019
"Restricted Share Unit Schemes"	the Restricted Share Unit Scheme and the Post-IPO Restricted Share Unit Scheme
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU(s)"	the restricted share unit(s) granted pursuant to the Restricted Share Unit Scheme
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Ju Ming"	Shanghai Ju Ming Medical Technology Co., Ltd.* (上海炬明醫療技術有限公司), a limited liability company established under the laws of the PRC on July 10, 2017 and our Consolidated Affiliated Entity
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Share Incentivization Schemes"	our Pre-IPO Incentivization Scheme, Restricted Share Unit Schemes and Post-IPO Incentivization Scheme

"Shareholder(s)"	holder(s) of Share(s)
"sNDA"	supplemental new drug application
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent