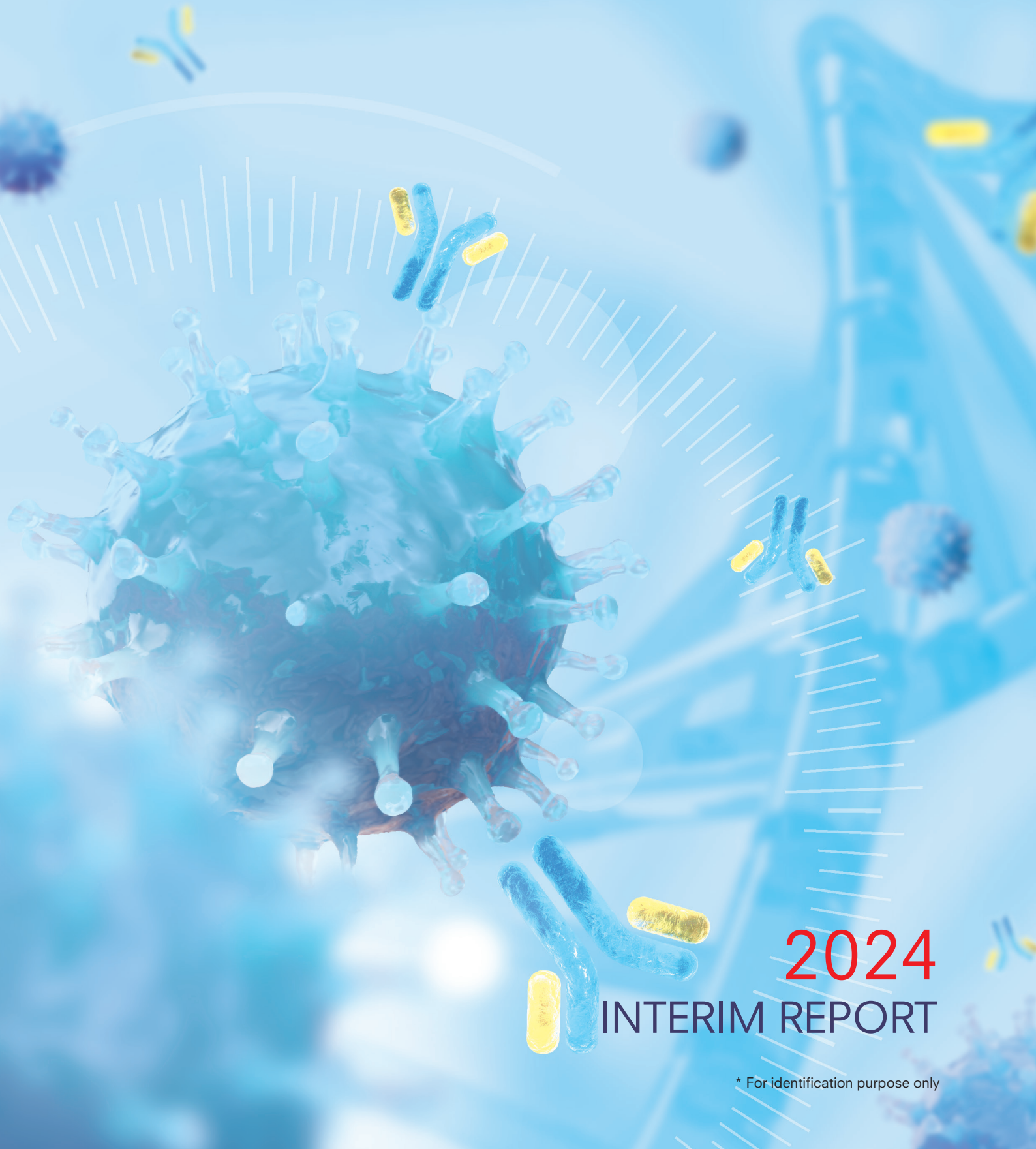
君实生物
TopAlliance

上海君實生物醫藥科技股份有限公司
Shanghai Junshi Biosciences Co., Ltd.*

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

Stock code: 1877



2024 INTERIM REPORT

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Vice Chairman)*[1]
Dr. Zou Jianjun *(Chief Executive Officer and General Manager)*[2]
Mr. Li Cong *(Co-Chief Executive Officer)*
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Wang Gang
Dr. Li Xin[3]

NON-EXECUTIVE DIRECTORS

Mr. Tang Yi
Dr. Feng Hui[4]

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Chun
Dr. Feng Xiaoyuan
Dr. Meng Anming
Dr. Shen Jingkang[5]
Dr. Yang Yue[6]
Dr. Roy Steven Herbst[7]
Mr. Qian Zhi[8]

SUPERVISORS

Ms. Kuang Hongyan[9] *(Chairman of the Board of Supervisors)*
Ms. Wang Pingping
Ms. Huo Yilian
Mr. Wu Yu[10]

AUDIT COMMITTEE

Mr. Zhang Chun *(Chairman)*
Mr. Tang Yi
Dr. Shen Jingkang[5]
Mr. Qian Zhi[8]

NOMINATION COMMITTEE

Dr. Feng Xiaoyuan *(Chairman)*
Mr. Xiong Jun
Dr. Yang Yue[6]
Mr. Qian Zhi[8]

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Zhang Chun *(Chairman)*
Mr. Xiong Jun
Dr. Zou Jianjun[2]
Dr. Feng Xiaoyuan
Dr. Yang Yue[6]
Dr. Li Ning[1]
Mr. Qian Zhi[8]

STRATEGIC COMMITTEE

Mr. Xiong Jun *(Chairman)*
Dr. Zou Jianjun[2]
Mr. Zhang Chun
Dr. Meng Anming
Dr. Shen Jingkang[5]
Dr. Roy Steven Herbst[7]
Dr. Li Ning[1]

JOINT COMPANY SECRETARIES

Mr. Wang Zhengyu[11]
Ms. Lai Siu Kuen
Ms. Chen Yingge[12]

AUTHORIZED REPRESENTATIVES

Mr. Wang Zhengyu[11]
Ms. Lai Siu Kuen
Ms. Chen Yingge[12]

REGISTERED ADDRESS, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1003, Level 10, Building 2, Nos. 36 and 58, Hai Qu Road, China (Shanghai) Pilot Free Trade Zone, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

NUMBER OF SHARES (AS AT THE DATE OF THIS REPORT)

985,689,871 Shares
(including 219,295,700 H Shares and 766,394,171 A Shares)

CORPORATE INFORMATION

BOARD LOT OF H SHARES

200 H Shares

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISERS

Jones Day (as to Hong Kong law)
Jia Yuan Law Offices (as to PRC law)

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LISTING

H Shares on the Hong Kong Stock Exchange
(Stock code: 01877)
A Shares on the STAR Market
(Stock code: 688180)

COMPANY'S WEBSITE

www.junshipharma.com

INVESTOR RELATIONS

Corporate press releases, financial reports and other investor information of the Group are available on the Company's website

1 Elected as Vice Chairman of the Board on 12 January 2024, and retired from his position as members of remuneration and appraisal committee and strategic committee on 21 June 2024
2 Appointed as Chief Executive Officer and General Manager on 12 January 2024, and appointed as members of remuneration and appraisal committee and strategic committee on 21 June 2024
3 Re-designated as an executive Director from her position as a non-executive Director on 28 February 2024
4 Retired with effect from 21 June 2024
5 Appointed on 21 June 2024
6 Appointed on 21 June 2024
7 Retired with effect from 21 June 2024
8 Retired with effect from 21 June 2024
9 Appointed on 21 June 2024
10 Retired with effect from 21 June 2024
11 Appointed on 24 April 2024
12 Resigned with effect from 24 April 2024

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- As at 30 June 2024, total revenue of the Group was approximately RMB786 million for the Reporting Period, representing an increase of approximately 17% compared to the corresponding period in 2023, which was mainly due to the increase in revenue from pharmaceutical products by approximately 11% compared to the corresponding period in 2023, in particular: the domestic sales revenue of our core product TUOYI® (toripalimab) was approximately RMB671 million, representing an increase of approximately 50% compared to the corresponding period in 2023.

- Total R&D expenses of the Group were approximately RMB546 million for the Reporting Period, representing a decrease of approximately 42% compared to the corresponding period in 2023. The decrease in R&D expenses was mainly due to the Group's cost control policy and efforts to optimize resource allocation and focusing on R&D pipelines with greater potential. In addition, a number of clinical trials of our core product TUOYI® successively met the primary endpoints, which also contributed to natural decline of R&D expenditure.

- Loss attributable to owners of the Company decreased to RMB646 million for the Reporting Period, representing a decrease of approximately RMB351 million or approximately 35% compared to the corresponding period in 2023.

- As at 30 June 2024, the aggregate balance of bank balances and cash and financial products of the Group was approximately RMB3,311 million, slightly decreased by RMB467 million compared to the balance of 31 December 2023, which ensured our cash position relatively sufficient to support the Group's development.

BUSINESS HIGHLIGHTS

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

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

  – In January 2024, the NRDL (Year 2023) was officially implemented. The Company has three drugs included in the new edition of the NRDL. In particular, TUOYI® has three new indications included, namely the first-line treatment of NPC, the first-line treatment of ESCC and the first-line treatment of non-squamous NSCLC and there is currently a total of six indications included in the NRDL. The indication of MINDEWEI for adult patients with mild to moderate COVID-19 was officially included in the NRDL for the first time. Eight approved indications of JUNMAIKANG continued to be included in the NRDL.

HIGHLIGHTS

- In January 2024, Coherus, a partner of the Company, announced that toripalimab was available for access and administration in the United States. Prior to that, toripalimab (U.S. trade name: LOQTORZI®) was approved for marketing by the FDA in October 2023, and became the first innovative biological drug from China being included as preferred treatment options in the NPC guidelines of the NCCN in December 2023.

- In January 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the HSA.

- In April 2024, the PMDA agreed that the Company may proceed with a randomized, double-blind, placebo-controlled, international multi-regional phase III clinical study of tifcemalimab (a recombinant humanized anti-BTLA monoclonal antibody, code: TAB004/JS004) in combination with toripalimab as consolidation therapy in patients with LS-SCLC without disease progression following chemo-radiotherapy.

- In April 2024, two sNDA for ongericimab (a recombinant humanized anti-PCSK9 monoclonal antibody, code: JS002) were accepted by the NMPA.

- In April 2024, the sNDA for TUOYI® in combination with axitinib for the first-line treatment for patients with medium to high risk unresectable or metastatic RCC was approved by the NMPA. This is the first approved immunotherapy for renal carcinoma in China.

- In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the DO.

- In June 2024, the primary endpoints of PFS (based on independent radiographic review) and OS of a multi-center, randomized, open-label, active controlled phase III clinical study (the HEPATORCH study, NCT04723004) of TUOYI® in combination with bevacizumab for the first-line treatment of advanced HCC met the pre-defined efficacy boundary, and the relevant sNDA was accepted by the NMPA in July 2024.

- In June 2024, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was approved by the NMPA.

- In June 2024, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥1) was approved by the NMPA. This is the 10th indication for toripalimab approved in Chinese mainland.

• Business operations

- As of the end of the Reporting Period, we completed the GMP and Good Clinical Practice inspections of the EU. Currently, the EC is reviewing the MAA for toripalimab for the first-line treatment of NPC and the first-line treatment of ESCC.

- In June 2024, the Company convened the 2023 annual general meeting, the 2024 first class meeting of A shareholders and the 2024 first class meeting of H shareholders, and completed the election of the fourth session of the Board of Directors and the Board of Supervisors.

HIGHLIGHTS

IFRS

	For the six months ended 30 June		
	2024	2023	Changes
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**786,056**	669,703	17
Gross Profit	**575,255**	381,190	51
Research and development expenses	**(546,376)**	(948,599)	(42)
Selling and distribution expenses	**(427,554)**	(373,126)	15
Administrative expenses	**(252,599)**	(241,972)	4
Loss for the period	**(688,445)**	(1,125,338)	(39)
Total comprehensive expense for the period	**(712,787)**	(1,163,516)	(39)
Loss per share			
– Basic (RMB yuan)	**(0.66)**	(1.01)	(35)
– Diluted (RMB yuan)	**(0.66)**	(1.01)	(35)

	At	At	
	30 June	31 December	
	2024	2023	Changes
	RMB'000	RMB'000	%
	(Unaudited)	(Audited)	
Financial position			
Non-current assets	**6,186,979**	5,812,637	6
Current assets	**4,820,897**	5,549,827	(13)
Total assets	**11,007,876**	11,362,464	(3)
Non-current liabilities	**2,053,426**	1,547,100	33
Current liabilities	**2,331,030**	2,475,156	(6)
Total liabilities	**4,384,456**	4,022,256	9
Net assets	**6,623,420**	7,340,208	(10)

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Business Review

We have all-round capabilities in innovative drug discovery and development, clinical research on a global scale, and large-scale production capacity to commercialization on the full industry chain, with an aim to become an innovative pharmaceutical company pursuing "in China, for global". Adhering to the corporate values of being quality-oriented, realistic and pragmatic, and keeping integrity and compliance in pursuit of excellence, we are committed to develop first-in-class or best-in-class drugs by way of original innovation and co-development. With our outstanding capacity for innovative drug discovery, strong biotechnology R&D capability, and large-scale production capacity, we have successfully developed a drug candidate portfolio with tremendous market potential. Multiple products have milestone significance: one of our core products, toripalimab (trade name: TUOYI® (拓益®)/LOQTORZI®, code: JS001), was the first domestic anti-PD-1 monoclonal antibody approved to be marketed in China by the NMPA, with ten indications approved and also two sNDAs accepted in Chinese mainland as of the date of this report, many of which are exclusive or leading indications by the Company. Moreover, toripalimab is the first innovative biological drug independently developed and manufactured in China that was approved for marketing by the FDA, and also the first and only drug approved in the United States for the treatment of NPC. In addition to the United States, the NDAs for toripalimab were accepted in various countries and regions. Our independently developed product tifcemalimab, being the world's first-in-human anti-tumor anti-BTLA monoclonal antibody, received IND application approval from the FDA and the NMPA, and two phase III registrational clinical studies with several phase Ib/II clinical studies in combination with toripalimab against multiple types of tumors are underway.

As we continue to expand our product pipeline and further explore drug combination therapies, our innovation field has continued to expand to cover R&D of more drug modalities, including small molecules, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies and nucleic acid drugs, as well as the exploration of the next-generation innovative therapies including cancer and autoimmune diseases. For the first half of 2024, the Company recorded revenue of RMB786 million, representing a year-on-year increase of 17%. In particular, the domestic sales revenue of our core product TUOYI® increased by approximately 50% compared with the same period last year, and the loss was significantly narrowed compared with the same period last year. Centering on our goal of "improving quality, reducing cost and enhancing efficiency", while controlling different kinds of costs, we made various major achievements in R&D, production, sales and other aspects, which are summarized as follows:

Experienced rapid growth in the revenue from sales of pharmaceutical products, and further strengthened the efficiency of commercialization and our income-generating capacity

During the Reporting Period, the Company continued to enhance the efficiency of commercialization, and experienced rapid growth in the revenue from sales of the core product toripalimab. At the same time, we continued to strengthen cost control, optimize resource allocation, and further strengthen our income-generating capacity. The domestic sales revenue of TUOYI® reached RMB671 million, representing a year-on-year increase of approximately 50%. As of the end of the Reporting Period, TUOYI® had been sold in more than 5,000 medical institutions and more than 2,000 specialty pharmacies and community pharmacies nationwide.

Starting from 2024, TUOYI® has three new indications included in the new edition of the NRDL. There are currently a total of six indications included in the NRDL. It is the only anti-PD-1 monoclonal antibody included in the NRDL for the treatment of melanoma. As of the date of this report, TUOYI® has 10 indications approved in Chinese mainland, many of which are exclusive or leading indications by the Company.

In addition, we continuously optimized the management of the organizational structure and personnel of our commercialization team, which greatly improved the efficiency of execution and sales of our commercialization team, and made positive progress in sales. With the improved affordability and accessibility for patients by virtue of the expanded indications of toripalimab in the NDRL, the wider target population brought about by successive data readouts and approvals of more indications, as well as continuous commercialization expansion in global markets, the commercialization capabilities of toripalimab will continue to improve.

MANAGEMENT DISCUSSION AND ANALYSIS

Accelerated global registration process of toripalimab, with ten indications being approved in Chinese mainland and NDAs accepted in various overseas countries

From the beginning of the Reporting Period to the date of this report, we continued to improve the efficiency of clinical studies and accelerate the registration process of toripalimab. It took only 36 days for a new indication from data readout to NDA acceptance by the NMPA, and various milestones were achieved in both domestic and overseas markets, further expanding the potential patient population.

During the Reporting Period, three sNDAs for TUOYI® were approved by the NMPA. As of the date of this report, the NMPA has approved ten indications of TUOYI®, and accepted two sNDAs, many of which are exclusive or leading indications by the Company and are expected to gain first-mover advantages in the marketing of corresponding indications:

- In April 2024, the sNDA for TUOYI® in combination with axitinib for the first-line treatment for patients with medium to high risk unresectable or metastatic RCC was approved by the NMPA. This is the first approved immunotherapy for renal carcinoma in China.

- In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the DO.

- In June 2024, the primary endpoints of PFS (based on independent radiographic review) and OS of a multi-center, randomized, open-label, active controlled phase III clinical study (the HEPATORCH study, NCT04723004) of TUOYI® in combination with bevacizumab for the first-line treatment of advanced HCC met the pre-defined efficacy boundary. In July 2024, the sNDA for TUOYI® in combination with bevacizumab for the first-line treatment of unresectable or metastatic HCC was accepted by the NMPA. It took only 36 days from data readout to NDA acceptance by the NMPA.

- In June 2024, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was approved by the NMPA.

- In June 2024, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥ 1) was approved by the NMPA. This is the first immunotherapy approved in the field of TNBC in China, and also the 10th indication for toripalimab approved in Chinese mainland.

- In August 2024, the sNDA for TUOYI® as the first-line treatment for unresectable or metastatic melanoma has been accepted by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of international layout, toripalimab was approved for marketing by the FDA in October 2023. In January 2024, Coherus, a partner of the Company, announced that toripalimab was available for access and administration in the United States. Toripalimab can now be ordered at all 33 NCCN institutions. We also made sound progress in the marketing applications of toripalimab in other overseas countries and regions:

– Under the pathway of Project Orbis, the NCE application and the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the TGA and the HSA, respectively. Additionally, the TGA also granted an orphan drug designation and the HSA granted a priority review designation to toripalimab for the treatment of NPC. Under the framework of Project Orbis, collaboration among international regulators may allow patients with cancer to receive earlier access to new treatments in other countries. Toripalimab is the first domestic oncology drug to be included in Project Orbis. The Company will explore the possibility of expediting marketing in these countries and regions where the pathway is applicable.

– In July 2024, a positive opinion from the CHMP of the EMA was obtained for the MAA of toripalimab, which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. The EC will take into account the CHMP's positive opinion when making the final decision on the MAA for toripalimab.

– The MAAs for toripalimab for the first-line treatment of NPC and the first-line treatment of ESCC were accepted by the United Kingdom's MHRA, which are currently under review.

– The Company has been cooperating on the commercialization with partners including Hikma, Dr. Reddy's and Rxilient Biotech in over 50 countries, covering the Middle East and North Africa, Latin America, India, South Africa, Southeast Asia, Australia, and New Zealand. The Company and its partners are actively promoting the marketing application process for toripalimab within their cooperation territories, and actively exploring the possibility of marketing more indications in certain regions.

MANAGEMENT DISCUSSION AND ANALYSIS

Efficiently pushed forward R&D pipelines with robust strength to sustain growth

In order to improve the efficiency of R&D, the Company integrated the laboratories in Wujiang, Suzhou and Zhangjiang, Shanghai to set up the Innovation Research Institute, which concentrated resources and operated in a unified manner to carry out the R&D of innovative drugs, accelerating the R&D work of various late-stage drug candidates so as to expand commercial presence and enhance long-term income-generating capacity.

In April 2024, the PMDA agreed that the Company may proceed with a randomized, double-blind, placebo-controlled, international multi-regional phase III clinical study (JUSTAR-001 study, NCT06095583) of tifcemalimab in combination with toripalimab as consolidation therapy in patients with LS-SCLC without disease progression following chemo-radiotherapy. As the first confirmatory study of a monoclonal antibody targeting BTLA, this study is led by academician Yu Jinming (於金明) from the Cancer Hospital affiliated to Shandong First Medical University* (山東第一醫科大學附屬腫瘤醫院) as the global principal investigator, and professor Cheng Ying (程穎) from Jilin Cancer Hospital* (吉林省腫瘤醫院) as the principal investigator in China. With the plan to be carried out in more than 190 research centers in 17 countries and regions around the world, including China, the United States, and Europe, this study will recruit about 756 subjects. As of the date of this report, regulatory agencies in Chinese mainland, China's Taiwan, the United States, Japan, Georgia and Turkey have approved this study to proceed. This study has completed the first patient enrollment (FPI) and the first drug administration in China, the United States, Europe and Japan, and enrollment is underway.

Based on the exceptional early data with respect to cHL, the Company officially initiated a randomized, open-label, active controlled, multi-center phase III clinical study (NCT06170489) of tifcemalimab in combination with toripalimab for the treatment of cHL. The study is another pivotal registrational study of tifcemalimab and also the first phase III clinical study of drugs targeting BTLA in the field of hematological tumors. It aims to evaluate the efficacy and safety of tifcemalimab in combination with toripalimab versus the chemotherapy selected by the investigator for anti-PD-(L)1 monoclonal antibody refractory cHL. Professor Song Yuqin (宋玉琴) from Peking University Cancer Hospital* (北京大學腫瘤醫院) serves as the principal investigator. It is planned for the study to be carried out in more than 50 research centers in China and approximately 185 patients will be recruited, and enrollment is underway.

Besides, several phase Ib/II clinical studies of tifcemalimab in combination with toripalimab against multiple types of tumors are underway in China and the United States. We believe that the combination of the two is a promising anti-tumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries.

In April 2024, two sNDAs for ongericimab were accepted by the NMPA for the treatment of: (I) heterozygous familial hypercholesterolemia; and (II) primary hypercholesterolemia and mixed dyslipidemia in which statins are not tolerated or contraindicated (monotherapy). Prior to that, the NMPA accepted the NDAs for ongericimab for the treatment of: (I) primary hypercholesterolemia and mixed dyslipidemia (combined with statins); and (II) homozygous familial hypercholesterolemia.

For our recombinant humanized anti-IL-17A monoclonal antibody (code: JS005), the Phase III registrational clinical study for moderate to severe plaque psoriasis is underway. As of the date of this report, all subjects have been enrolled and are being followed up.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of early-stage pipelines, we will continue to focus on promoting the Claudin18.2 ADC drug (code: JS107), the oral small molecule inhibitor targeting PI3K-α (code: JS105), the CD20/CD3 bispecific antibody (code: JS203), the PD-1/VEGF bispecific antibody (code: JS207), the anti-DKK1 monoclonal antibody (code: JS015) and other products. In the course of exploration, in addition to closely tracking the clinical data of relevant indications, we will also pay attention to unmet medical needs and promote more advantageous products and indications to enter the stage of registrational clinical trials as soon as possible.

Supported business expansion by commercialization capacity

We have two commercial production bases. Both Wujiang production base in Suzhou and Shanghai Lingang production base have been granted with GMP certificates from the NMPA to commence commercial production of biological products. With a fermentation capacity of 4,500L (9*500L), Wujiang production base in Suzhou completed the Pre-License Inspection (PLI) conducted by the FDA in May 2023, and is responsible for the production of the commercial batches of toripalimab in the United States at this stage. In addition, Wujiang production base in Suzhou completed the on-site inspections conducted by the EMA, and received the CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER issued by The Ireland Health Products Regulatory Authority in accordance with the relevant regulations of the EMA in July 2024. According to the GMP mutual recognition system among the EU member states, the obtaining of the GMP certificate indicates that the production facilities with the certificate have met the GMP standards of the EU, which is an important entry condition for toripalimab's entry into the European market.

Shanghai Lingang production base has a production capacity of 42,000L (21*2,000L). The NMPA granted an approval for Shanghai Lingang production base to produce commercial batches of toripalimab injection jointly with Wujiang production base in Suzhou. By virtue of economies of scale, the expansion of production capacity of the Shanghai Lingang production base will enable us to gain the advantage of having more competitive production costs and support the clinical trials of our drug candidates and future production of commercial batches.

In order to strictly control its quality standards, the Company has established and continuously improved the quality audit mechanism which combines both internal and external audits. During the Reporting Period, the Group received external inspections/audits including the GMP on-site inspection (toripalimab injection) by the EMA, the supervision and inspection by the Jiangsu Medical Products Administration, the supervision and inspection (unannounced inspections) by the Shanghai Medical Products Administration, and audits by customers, with a scope covering MAH management system, organizational structure, production management, quality management, laboratory management, supplier management, materials and warehousing management, equipment management, drug safety, and pharmacovigilance. All entities have successfully passed the inspections/audits and are in compliance with the relevant criteria for quality management systems.

MANAGEMENT DISCUSSION AND ANALYSIS

Talent development and building a compliance culture

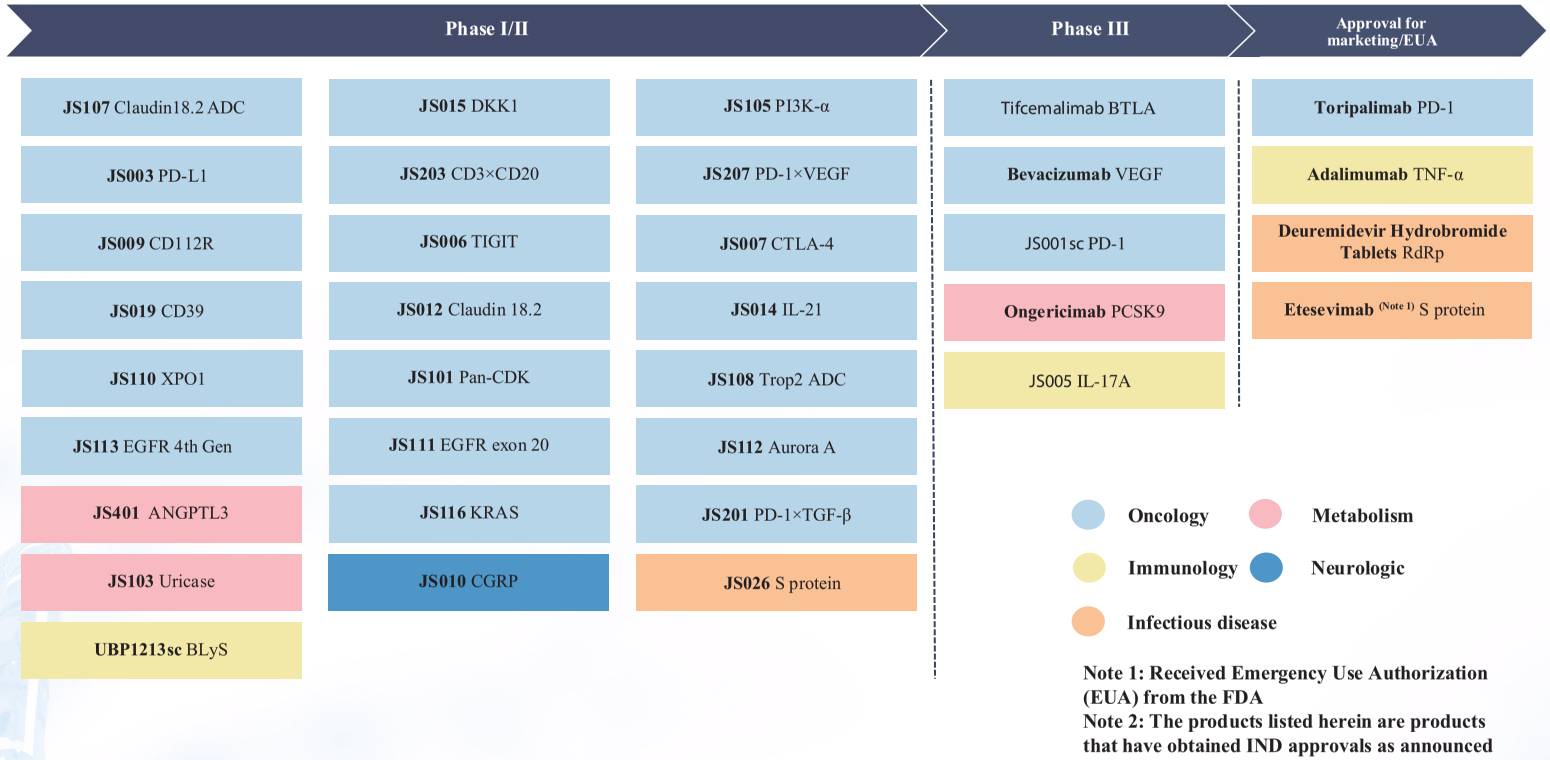
As of the end of the Reporting Period, the Group's number of employees was 2,532, among which 652 employees are responsible for R&D of drugs. We attach importance to the attraction and development of various outstanding talents. We further improve our compensation system by establishing salary ranks and bands, taking into account competitiveness, motivation and fairness. We have also implemented an optimized performance management system across the Group, using scientific management measures to achieve the implementation of corporate strategic objectives and the continuous growth of employees' capabilities, and distinguishing between employees with high and low performance in the process, rewarding outstanding employees and disciplining the under-performing employees, thus forming a virtuous circle for the continuous output of organizational performance. In addition, we are also gradually improving promotion channels and policies within the enterprise to open up career development paths for high-performing and high-potential employees. At the same time, we also care about the working environment of our employees and continue to provide them with numerous employee benefits, including holiday care and a variety of employee activities throughout the year to enrich their work experience. We believe that our comprehensive and excellent talent team can provide inexhaustible impetus to support the Company in continuously advancing numerous innovative drugs from R&D to commercialization.

Keeping integrity and compliance is the fundamental rule of our operations. Upholding a corporate culture of operation compliance as always, we are committed to building a compliance system at a high standard, strictly complying with relevant national laws and regulations and the regulatory policies of the pharmaceutical industry, and providing patient-centered treatment options which have better efficacy and greater cost-effectiveness. We encourage our employees to comply with laws and regulations related to the products or services of the Company as well as the highest standards of business and personal ethics. Against the backdrop of stringent regulation in the pharmaceutical industry, we will continue to build a compliance culture of "innovation-driven, academic promotion" and optimize our compliance system of "full-process guidance and supervision" to enhance the quality and efficiency of our operations and management, and to facilitate high-quality and sustainable development.

Product Pipelines

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

Projects Entering the Clinical R&D Stage (As of 30 August 2024)



Note 1: Received Emergency Use Authorization (EUA) from the FDA
Note 2: The products listed herein are products that have obtained IND approvals as announced

R&D Progress of Toripalimab

Therapeut Area	Medicine Code	Clinical Trial Number	Indications	Pre-Clinical / Phase I / Phase / Phase III / NDA
Oncology	JS001 Toripalimab	NCT03013101	Melanoma (second-line treatment, monotherapy)	NMPA approved on 17 December 2018
		NCT02915432	Nasopharyngeal carcinoma (second-line and later treatment, monotherapy)	NMPA approved (third-line) in February 2021, FDA approved in October 2023, marketing application accepted by multiple locations
		NCT03113266	Urothelial carcinoma (second-line treatment, monotherapy)	NMPA approved in April 2021
		NCT03581786	Nasopharyngeal carcinoma (first-line treatment, combo with chemo)	NMPA approved in November 2021, FDA approved in October 2023, marketing application accepted by multiple locations
		NCT03829969	Esophageal squamous cell carcinoma (first-line treatment, combo with chemo)	NMPA approved in May 2022, marketing application accepted by EMA and MHRA
		NCT03856411	EGFR-negative non-small cell lung cancer (first-line treatment, combo with chemo)	NMPA approved in September 2022
		NCT04158440	Non-small cell lung cancer (perioperative treatment)	NMPA approved in December 2023
		NCT04394975	Renal cell carcinoma (first-line treatment, combo with axitinib)	NMPA approved in April 2024
		NCT04012606	Small cell lung cancer (first-line treatment, combo with chemo)	NMPA approved in June 2024
		NCT04085276	Triple-negative breast cancer (combo with albumin-bound paclitaxel)	NMPA approved in June 2024
		NCT04723004	Hepatocellular carcinoma (first-line treatment, combo with bevacizumab)	sNDA accepted by the NMPA
		NCT03430297	Melanoma (first-line treatment, monotherapy)	sNDA accepted by the NMPA
		NCT03924050	EGFR-mutated TKI-failed terminal stage non-small cell lung cancer (combo with chemo)	Pivotal registered clinical trial
		NCT04848753	Esophageal squamous cell carcinoma (perioperative treatment)	Pivotal registered clinical trial
		NCT04523493	Hepatocellular carcinoma (first-line treatment, combo with lenvatinib)	Pivotal registered clinical trial
		NCT03859128	Hepatocellular carcinoma (postoperative adjuvant treatment)	Pivotal registered clinical trial
		NCT05342194	Intrahepatic cholangiocarcinoma (first-line treatment, combo with lenvatinib and chemo)	Pivotal registered clinical trial
		NCT05302284	Urothelial carcinoma (first-line treatment, combo with disitamab vedotin)	Pivotal registered clinical trial
		NCT05180734	Adenocarcinoma of the stomach or gastroesophageal junction (postoperative adjuvant treatment)	Pivotal registered clinical trial

MANAGEMENT DISCUSSION AND ANALYSIS

Our Core Products

TUOYI® (toripalimab, code: TAB001/JS001)

- *Milestones and achievements of commercialization*

During the Reporting Period, TUOYI® recorded domestic sales revenue of approximately RMB671 million, representing a year-on-year increase of approximately 50%. Our self-developed toripalimab is the first domestic anti-PD-1 monoclonal antibody successfully launched in China, and is also the first innovative biological drug independently developed and manufactured in China that was approved for marketing by the FDA, addressing various malignant tumors. It was granted the "China Patent Gold Award", the highest award in the patent field nationally, and has been supported by two National Major Science and Technology Projects for "Major New Drugs Development" during the "Twelfth Five-Year Plan" and "Thirteenth Five-Year Plan" periods. The Company continued to make positive progress in sales with the increased number of toripalimab's approved indications and NRDL-included indications, improved execution of its commercialization team and international expansion.

As of the date of this report, toripalimab has ten indications approved in Chinese mainland:

- treatment for unresectable or metastatic melanoma after failure of standard systemic therapy (December 2018);
- treatment for recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy (February 2021);
- treatment for locally advanced or metastatic UC that failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy (April 2021);
- first-line treatment in combination with cisplatin and gemcitabine for patients with locally recurrent or metastatic NPC (November 2021);
- first-line treatment in combination with paclitaxel and cisplatin for patients with unresectable locally advanced/recurrent or distant metastatic ESCC (May 2022);

MANAGEMENT DISCUSSION AND ANALYSIS

- first-line treatment in combination with pemetrexed and platinum for patients with EGFR mutation-negative and ALK mutation-negative, unresectable, locally advanced or metastatic non-squamous NSCLC (September 2022);

- treatment in combination with chemotherapy as perioperative treatment and subsequently, monotherapy as adjuvant therapy for the treatment of adult patients with resectable stage IIIA-IIIB NSCLC (December 2023);

- first-line treatment in combination with axitinib for patients with medium to high risk unresectable or metastatic RCC (April 2024);

- first-line treatment in combination with etoposidein plus platinum for ES-SCLC (June 2024);

- first-line treatment in combination with paclitaxel for injection (albumin-bound) for recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥ 1) (June 2024).

Two sNDAs of TUOYI® have also been accepted by the NMPA. In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the DO. In addition, TUOYI® has been recommended by the Guidelines of CSCO for the Diagnosis and Treatment of NPC* (《CSCO 鼻咽癌診療指南》), for the Diagnosis and Treatment of Head and Neck Tumors* (《CSCO 頭頸部腫瘤診療指南》), for the Diagnosis and Treatment of NSCLC* (《CSCO 非小細胞肺癌診療指南》), for the Diagnosis and Treatment of SCLC* (《CSCO 小細胞肺癌診療指南》), for the Diagnosis and Treatment of Breast Cancer* (《CSCO 乳腺癌診療指南》), for the Diagnosis and Treatment of Esophageal Cancer* (《CSCO 食管癌診療指南》), for the Diagnosis and Treatment of Renal Cancer* (《CSCO 腎癌診療指南》), for Immune Checkpoint Inhibitor Clinical Practice*(《CSCO 免疫檢查點抑制劑臨床應用指南》) and others.

Starting from January 2024, TUOYI® has three new indications included in the new edition of the NRDL. There are currently a total of six indications included in the NRDL. It is the only anti-PD-1 monoclonal antibody included in the NRDL for the treatment of melanoma. The inclusion of new indications of TUOYI® in the NRDL will further expand the coverage of patients with various types of cancers who may gain benefits, reduce the medical burden for patients and their families, and improve the affordability and accessibility of TUOYI® among patients.

In recent years, we continuously optimized the management of the organizational structure of our commercialization team, which greatly improved the efficiency of execution and sales of our commercialization team. As of the end of the Reporting Period, TUOYI® had been sold in more than 5,000 medical institutions and more than 2,000 specialty pharmacies and community pharmacies nationwide.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of international layout, toripalimab had been approved for marketing as the first nasopharyngeal cancer drug in the United States in October 2023, and has been officially marketed in the United States from January 2024. In July 2024, a positive opinion from the CHMP of the EMA was obtained for the MAA of toripalimab, which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. The EC will take into account the CHMP's positive opinion when making the final decision on the MAA for toripalimab. In addition, the MHRA accepted the MAA for toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of patients with locally recurrent or metastatic NPC, and toripalimab in combination with paclitaxel and cisplatin for the first-line treatment of patients with unresectable locally advanced/recurrent or metastatic ESCC. The TGA and the HSA accepted the NCE application and the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy, respectively.

- *Milestones and achievements of clinical development*

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

MANAGEMENT DISCUSSION AND ANALYSIS

Progress of clinical trials in China:

- In April 2024, the sNDA for TUOYI® in combination with axitinib for the first-line treatment for patients with medium to high risk unresectable or metastatic RCC was approved by the NMPA. This is the first approved immunotherapy for renal carcinoma in China.

- In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the DO.

- In June 2024, the primary endpoints of PFS (based on independent radiographic review) and OS of a multi-center, randomized, open-label, active controlled phase III clinical study (the HEPATORCH study, NCT04723004) of TUOYI® in combination with bevacizumab for the first-line treatment of advanced HCC met the pre-defined efficacy boundary. In July 2024, the sNDA for TUOYI® in combination with bevacizumab for the first-line treatment of unresectable or metastatic HCC was accepted by the NMPA.

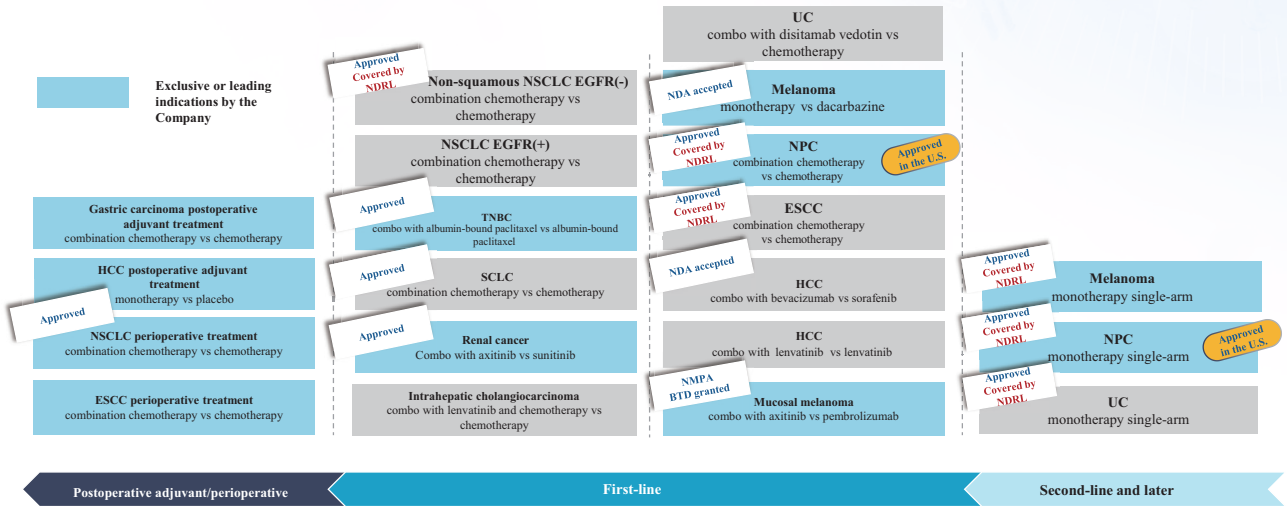
- In June 2024, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was approved by the NMPA.

- In June 2024, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS $\geq$ 1) was approved by the NMPA. This is the 10th indication for toripalimab approved in Chinese mainland.

- In August 2024, the sNDA for TUOYI® as the first-line treatment for unresectable or metastatic melanoma has been accepted by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

Pivotal Registration Clinical Trial Layout of Toripalimab



International progress:

- In January 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the HSA, which was granted a priority review designation by the HSA.

- In July 2024, a positive opinion from the CHMP was obtained for the MAA of toripalimab, which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. The EC will take into account the CHMP's positive opinion when making the final decision on the MAA for toripalimab.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Publication of academic results*

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

– In January 2024, the results of the phase III clinical study (TORCHLIGHT study) of toripalimab in combination with paclitaxel (albumin-bound) (nab-P) for the treatment for patients with initial diagnosis of stage IV or recurrent metastatic TNBC were published in *Nature Medicine* (IF: 58.7), a leading international medical journal. This is another international academic recognition of the TORCHLIGHT study following its oral presentation in the fast abstract session at the 2023 ASCO annual meeting in the form of a late-breaking abstracts (LBA). According to the study, toripalimab in combination with nab-P can significantly improve PFS, providing a promising new treatment strategy for patients with PD-L1-positive initial diagnosis of stage IV or recurrent metastatic TNBC.

– In January 2024, the final results of a prospective, randomized, open-label phase II clinical study (NEOSUMMIT-01) for locally advanced gastric or gastro-esophageal junction cancer (GC/GEJC) were published online in *Nature Medicine* (IF: 58.7). The study is the first reported randomized controlled clinical study in the world that achieved the primary endpoint of perioperative immunotherapy combined with chemotherapy versus chemotherapy alone for locally advanced gastric cancer, provides an effective treatment option for locally advanced gastric cancer, and was successfully selected for an oral presentation at the 2023 ASCO annual meeting.

– In January 2024, the phase III clinical study (NEOTORCH study) of toripalimab in combination with chemotherapy for the perioperative treatment of resectable NSCLC was published in *Journal of the American Medical Association* (*JAMA*, IF: 63.1), a leading international authoritative journal, and became the world's first study for the perioperative immunotherapy of lung cancer (covering neoadjuvant and adjuvant therapy) featured in *JAMA*. Prior to that, the results of the EFS interim analysis of the NEOTORCH study were announced at the April session of the 2023 ASCO Plenary Series and the ASCO annual meeting.

– In January 2024, the full text of the SCALE-1 study (ChiCTR2100045104) of short-course chemoradiotherapy combined with toripalimab for the neoadjuvant therapy of locally advanced ESCC was published in *Journal for ImmunoTherapy of Cancer* (*JITC*, IF: 10.3), an authoritative journal for tumor immunotherapy. It is the first clinical study of short-course neoadjuvant chemoradiotherapy combined with immunotherapy for esophageal cancer domestically and overseas, which provides a neoadjuvant therapy option for patients with resectable locally advanced esophageal cancer with significant benefits and greater safety.

– In January 2024, a single-arm phase II clinical study of toripalimab in combination with capecitabine for the treatment for patients with residual NPC was published in *Nature Communication* (IF: 14.7), a journal under the internationally renowned authoritative journal *Nature*. As the first clinical study with the largest sample size on the treatment of residual NPC, the study indicated that toripalimab in combination with capecitabine exhibited favourable and durable anti-tumor activity in patients with residual NPC after definitive treatment. The ORR was 95.7%, of which 56.6% of patients achieved complete response (CR), and the 1-year and 2-year PFS rates were 95.7% and 82.4%, respectively. The regimen demonstrated a good safety profile, and no grades 4-5 treatment-related adverse events (TRAE) was recorded.

MANAGEMENT DISCUSSION AND ANALYSIS

– In January 2024, the results of the first Phase II clinical study (INSIGHT study) evaluating immunotherapy combined with induction chemotherapy for laryngeal preservation treatment in patients with locally advanced laryngeal cancer and hypopharyngeal cancer were published in *Clinical Cancer Research* (IF: 10.0), an internationally renowned oncology journal. For patients with locally advanced laryngeal cancer and hypopharyngeal cancer, the combination therapy with toripalimab demonstrated significant laryngeal preservation effects and long-term survival benefits, providing an effective, safe and tolerable potential laryngeal preservation option for patients.

– In February 2024, the results of a phase II clinical study of toripalimab in combination with axitinib for neoadjuvant therapy in patients with resectable mucosal melanoma were published in *Annals of Oncology* (IF: 56.7), an international authoritative medical journal as well as the official journal of the European Society for Medical Oncology (ESMO), and became the latest results of the first neoadjuvant therapy for mucosal melanoma presented by China to the world. The study results showed that toripalimab in combination with axitinib for neoadjuvant therapy in patients with resectable mucosal melanoma reported a pathologic response rate of 33.3% and a median recurrence-free survival (RFS) of 11.7 months in responders.

– In March 2024, the results of the exploratory analysis of a prospective phase II study of toripalimab combined with definitive chemoradiotherapy for the treatment of locally advanced esophageal cancer – the predictive role of circulating tumor DNA (ctDNA) and blood-based tumor mutational burden (bTMB) were published in *Nature Communication* (IF: 14.7). Prior to that, the major results of the study were published in *The Lancet Oncology* (IF: 41.6), a leading international oncology journal, providing strong evidence for the application of immunotherapy in locally advanced esophageal cancer, and expecting to provide a new treatment option for patients.

– In March 2024, a study of neoadjuvant chemoradiotherapy (nCRT) combined with sequential perioperative toripalimab for the treatment of locally advanced ESCC was published in *Journal For Immunotherapy Of Cancer* (*JITC*, IF: 10.3). The study is the first prospective clinical study to evaluate the feasibility of neoadjuvant chemoradiotherapy combined with sequential anti-PD-1 monoclonal antibody toripalimab in resectable ESCC. The results showed that nCRT combined with sequential perioperative toripalimab for the treatment of locally advanced ESCC exhibited an encouraging efficacy, with a MPR rate of 78.9% and a pCR rate of 47.4%, while maintaining a good safety profile, demonstrating the feasibility of nCRT combined with sequential toripalimab for the treatment of resectable ESCC, and it is a highly potential treatment option.

MANAGEMENT DISCUSSION AND ANALYSIS

- In April 2024, the results of the five-year long-term follow-up of the POLARIS-01 study to investigate the safety and efficacy of toripalimab for the treatment advanced melanoma were published in *The Oncologist* (IF: 4.8), an international medical journal. The POLARIS-01 study is the largest prospective study of anti-PD-1 treatment in advanced melanoma with mature data in China, and its major analysis and study results were previously published in the magazine *Clinical Cancer Research* (IF: 10.0). This update of the five-year follow-up results of the POLARIS-01 study showed that toripalimab demonstrated a manageable safety profile and durable clinical response in Chinese patients with metastatic melanoma who had failed in standard therapy, with a median duration of response (DoR) of 15.6 months, a median OS of 20 months, and a 60-month OS rate of 28.5%. No new safety signal was detected.

- In June 2024, the results of the phase II clinical study of toripalimab in combination with bevacizumab for advanced HCC were published in *Clinical Cancer Research* (IF: 10.0). The study results showed that toripalimab in combination with bevacizumab for the first-line treatment of advanced HCC exhibited encouraging efficacy and survival benefit. As assessed by the investigator according to RECIST v1.1, the ORR was 31.5%, and the median PFS was 8.5 months. The IRC assessed ORR according to mRECIST criteria, which was 46.3%, and the median PFS was 9.8 months, and the safety profile was good. The combination can be used as a potential new treatment option for the first-line treatment for patients with advanced HCC. Prior to that, the preliminary results of the study were presented at the 2022 ASCO GI Symposium.

- In June 2024, a phase II clinical study of toripalimab in combination with axitinib for the neoadjuvant therapy of locally advanced clear cell RCC was published in *Journal For Immunotherapy Of Cancer* (*JITC*, IF: 10.3). Prior to that, the study results were presented at the 2024 American Urological Association (AUA) annual meeting (Abstract No.: PD33-07). The study indicated the efficacy of toripalimab in combination with axitinib as a neoadjuvant therapy, particularly in patients with a high burden of tumor thrombus, exhibiting significant anti-tumor activity and improved prognosis, and providing new evidence for perioperative immunotherapy combined with targeted therapy in locally advanced RCC.

- In June 2024, a total of more than 30 studies on toripalimab were selected at the 2024 ASCO annual meeting, covering various fields such as head and neck cancer, lung cancer, gastric/esophageal cancer, liver cancer, colorectal cancer, bladder cancer and melanoma. Being applied in a variety of combination therapies, toripalimab as a cornerstone drug in the immuno-oncology (I-O) field demonstrated its importance and potential for having a diversified product portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

Tifcemalimab (code: TAB004/JS004)

Tifcemalimab is the world's first-in-human recombinant humanized anti-tumor anti-BTLA monoclonal antibody specific to B-and T-lymphocyte attenuator (BTLA) independently developed by us that has commenced clinical trial. BTLA is expressed in the T lymphocyte, B lymphocyte, and dendritic cell subpopulations. In 2005, the interaction between BTLA and its ligand, Herpes virus entry mediator (HVEM), was discovered. HVEM, a TNF receptor, is extensively expressed in the hematopoietic system and has been confirmed as the ligand of BTLA. By binding with BTLA, tifcemalimab blocks the HVEM-BTLA interaction, thereby obstructing the BTLA-mediated inhibitory signal pathways and activating the tumor-specific lymphocytes.

Tifcemalimab entered phase III clinical stage, with several phase Ib/II clinical studies in combination with toripalimab against multiple types of tumors underway in China and the United States. We believe that the combination of the two is a promising anti-tumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries.

- *Milestones and achievements of clinical development*

  Our two Phase III registrational clinical studies for tifcemalimab are underway:

  – The JUSTAR-001 study is a randomized, double-blind, placebo-controlled, international multi-regional phase III clinical study, and is aimed to evaluate the efficacy and safety of tifcemalimab in combination with toripalimab compared to toripalimab alone and compared to placebo as consolidation therapy used in LS-SCLC patients without disease progression following chemoradiotherapy. As the first confirmatory study of a monoclonal antibody targeting BTLA, this study is led by academician Yu Jinming (於金明) from the Cancer Hospital affiliated to Shandong First Medical University* (山東第一醫科大學附屬腫瘤醫院) as the global principal investigator, and professor Cheng Ying (程穎) from Jilin Cancer Hospital* (吉林省腫瘤醫院) as the principal investigator in China. With the plan to be carried out in more than 190 research centers in 17 countries and regions around the world, including China, the United States, and Europe, this study will recruit about 756 subjects. As of the date of this report, regulatory agencies in Chinese mainland, China's Taiwan, the United States, Japan, Georgia and Turkey have approved this study to proceed. This study has completed the first patient enrollment (FPI) and the first drug administration in China, the United States, Europe and Japan, and enrollment is underway;

  – The JS004-009-III-cHL study (NCT06170489) is a randomized, open-label, active controlled, multi-center phase III clinical study, and aims to evaluate the efficacy and safety of tifcemalimab in combination with toripalimab versus the chemotherapy selected by the investigator for anti-PD-(L)1 monoclonal antibody refractory cHL. This study is the first phase III clinical study of drugs targeting BTLA in the field of hematological tumors. Professor Song Yuqin (宋玉琴) from Peking University Cancer Hospital* (北京大學腫瘤醫院) serves as the principal investigator. It is planned for the study to be carried out in more than 50 research centers in China and approximately 185 patients will be recruited, and enrollment is underway.

    In addition, several phase Ib/II clinical studies of tifcemalimab in combination with toripalimab against multiple types of tumors are underway in China and the United States. Upon further data collection, we will make plans for subsequent registrational clinical studies based on our clinical data and communication with regulators to promote the application and commercialization of tifcemalimab in combination with toripalimab in more tumor types.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Publication of academic results*

The preliminary clinical study results of tifcemalimab alone or in combination with toripalimab have been presented at various international medical conferences. The combination demonstrated good safety profiles and encouraging efficacy in patients with small cell lung cancer, relapsed/refractory (R/R) lymphoma, and immune-refractory advanced solid tumors who have failed multiple lines of therapy.

– At the 2024 ASCO annual meeting, we displayed a poster (Abstract No.: #8089) containing the preliminary results of the phase I/II clinical study of tifcemalimab in combination with toripalimab and chemotherapy as the first-line treatment of ES-SCLC for the first time. The study is a multi-cohort, open-label, multi-center phase Ib/II clinical study (NCT05664971) led by Professor Lu Shun from the Shanghai Chest Hospital, and is designed to evaluate the safety and efficacy of tifcemalimab in combination with toripalimab and chemotherapy as the first-line treatment for patients with advanced lung cancer. Preliminary data showed that ES-SCLC patients without previous systemic anti-tumor therapy received tifcemalimab (200mg, Q3W) in combination with toripalimab (240mg, Q3W) and standard chemotherapy (etoposide + carboplatin/cisplatin) for 4 cycles, then followed by tifcemalimab plus toripalimab maintenance therapy, showing good anti-tumor effect: 1) Among 43 evaluable patients, the ORR of tifcemalimab in combination with toripalimab and chemotherapy as first-line treatment was 86.0%, the DCR was 100%, and the median DoR was 4.3 months. PFS was 5.4 months, and the median OS was not reached; 2) Manageable safety profile: 97.7% of patients experienced treatment-emergent adverse events (TEAEs), and 88.6% of patients experienced ≥ grade 3 TEAEs. 29.5% of patients experienced immune-related adverse events (irAEs). Tifcemalimab in combination with toripalimab and chemotherapy as the first-line treatment of ES-SCLC showed encouraging clinical response rates with a manageable safety profile. The study will further evaluate patient survival benefit and long-term safety.

– At the 2024 ASCO annual meeting, we announced the results of the phase I dose-escalation and cohort-expansion study of tifcemalimab in combination with toripalimab for American patients with advanced malignancies (Abstract No.: #2596). A total of 16 patients with advanced malignancies who had failed prior standard therapies were enrolled in the dose-escalation phase, and were administered with tifcemalimab (20mg, 70mg, 200mg and 500mg, Q3W) in combination with toripalimab (240mg, Q3W). A total of 75 patients were enrolled in the cohort-expansion phase, in which five cohorts (i.e. lymphoma, melanoma, RCC, NSCLC and UC) were selected for the treatment with tifcemalimab (200mg, Q3W) in combination with toripalimab (240mg, Q3W). All patients were pretreated with a median of 4 prior lines of therapy, and 75.8% of them had received anti-PD-(L)1 monoclonal antibody treatment. Results showed that: for the melanoma cohort (18 patients with evaluable efficacy), ORR was 17%, and DCR was 39%; for the RCC cohort (11 patients with evaluable efficacy), ORR was 18%, and DCR was 73%; for the NSCLC cohort (17 patients with evaluable efficacy), ORR was 6%, and DCR was 42%; for the UC cohort (9 patients with evaluable efficacy), ORR was 11%, and DCR was 22%. Results showed that tifcemalimab in combination with toripalimab showed preliminary efficacy with a manageable safety profile in patients with relapsed/refractory tumors who had failed multiple lines of immunotherapy (IO) treatment. Prior to that, the preliminary results of the study on tifcemalimab monotherapy for advanced solid tumors were presented at the 2022 ASCO meeting, showing the good anti-tumor activity and safety of tifcemalimab.

MANAGEMENT DISCUSSION AND ANALYSIS

R&D Progress of Tifcemalimab

	Target	Indications	Mono or Combo	Pre-Clinical	Phase I	Phase II	Phase III	Locations of Clinical Trial
Oncology	BTLA tifcemalimab	Lung cancer: Limited stage small cell lung cancer	tifcemalimab+toripalimab					International multi-regional
		Lung cancer: Extensive-stage small cell lung cancer (first line)	tifcemalimab+toripalimab+chemo					China
		Lung cancer: Refractory extensive-stage small cell lung cancer	tifcemalimab+toripalimab					China
		Lung cancer: Advanced non-small cell lung cancer (first line)	tifcemalimab+toripalimab±chemo					China
		Lung cancer: Advanced non-small cell lung cancer (≥ second line)	tifcemalimab+toripalimab					China
		Lung cancer: Advanced non-small cell lung cancer (neoadjuvant)	tifcemalimab+toripalimab					China
		Classic Hodgkin lymphoma	tifcemalimab+toripalimab					China
		Advanced head and neck cancer	tifcemalimab±toripalimab					China
		Melanoma	tifcemalimab±toripalimab					China
		Renal cell carcinoma	tifcemalimab±toripalimab					China
		Urothelial carcinoma	tifcemalimab±toripalimab					China
		Advanced malignancies (solid tumors and lymphomas)	tifcemalimab±toripalimab					United States
		Advanced solid tumors	tifcemalimab+toripalimab					China
		Malignant lymphoma	tifcemalimab±toripalimab					China

Other Key Products

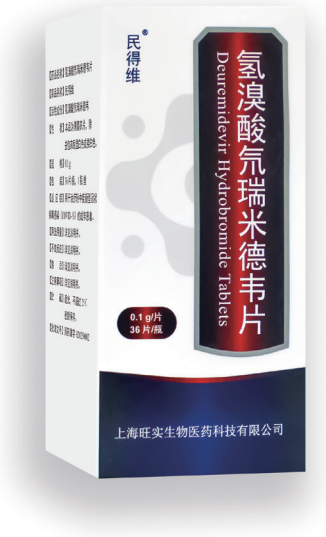
MINDEWEI (Deuremidevir Hydrobromide Tablets, code: JT001/VV116)

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

On 28 January 2023, the marketing of MINDEWEI for the treatment of adult patients with mild to moderate COVID-19 was conditionally approved by the NMPA. MINDEWEI was included in the scope of provisional medical insurance reimbursement in January 2023, and has been officially included in the NRDL since January 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

After MINDEWEI was being marketed, the Company actively established a commercialization team, continuously explored sales models, and included a new sales promotion model and an internal team for MINDEWEI based on the coverage of its existing internal hospital sales team for TUOYI®. All members of the new sales team have extensive experience in promotion in the field of respiratory infections. We will continue to expand the coverage of MINDEWEI in hospitals and further improve the accessibility of MINDEWEI. As of the end of the Reporting Period, MINDEWEI had been used in more than 2,300 hospitals, including community healthcare service centers, secondary hospitals and tertiary hospitals, covering all provinces in the territory.



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

JUNMAIKANG is an adalimumab jointly developed by us, Mabwell (Shanghai) Bioscience Co., Ltd.* (邁威(上海)生物科技股份有限公司) and its subsidiaries. As our third commercialized product, JUNMAIKANG has received support from the national "Major New Drug Development", a major scientific and technological project, during the "Twelfth Five-Year Plan", which would bring new treatment options for Chinese patients at large with autoimmune disease after its launch. In March 2022, the marketing of JUNMAIKANG for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis was approved by the NMPA, with the first prescription issued in May 2022. In November 2022, the supplemental application for five additional indications of JUNMAIKANG for the treatment of Crohn's disease, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and pediatric Crohn's disease was approved by the NMPA. Under the continuous promotion of our commercialization partners, JUNMAIKANG was newly used in 55 hospitals during the Reporting Period. As of the end of the Reporting Period, JUNMAIKANG completed the tendering process on the procurement platform as well as healthcare and insurance connection in 26 provinces, and has been used in 243 hospitals, covering 1,303 pharmacies.

MANAGEMENT DISCUSSION AND ANALYSIS

Ongericimab (code: JS002)

Ongericimab is a recombinant humanized anti-PCSK9 monoclonal antibody independently developed by us. The Company completed two Phase III clinical studies in patients with primary hypercholesterolemia (including familial and non-familial heterozygous) and mixed hyperlipidemia, a Phase II clinical study in patients with homozygous familial hypercholesterolemia, and a Phase III clinical study in patients with heterozygous hypercholesterolemia. In addition, a Phase III clinical study of monotherapy in patients with primary hypercholesterolemia and mixed hyperlipidemia (statin intolerance and intermediate to low cardiovascular risk) finished the primary analysis.

In April 2024, two sNDAs for ongericimab were accepted by the NMPA for the treatment of: (I) heterozygous familial hypercholesterolemia (monotherapy); and (II) primary hypercholesterolemia and mixed dyslipidemia in which statins are not tolerated or contraindicated. Prior to that, the NMPA accepted the NDAs for ongericimab for the treatment of: (I) primary hypercholesterolemia and mixed dyslipidemia (combined with statins); and (II) homozygous familial hypercholesterolemia.

In May 2024, the results of the Phase III clinical study of ongericimab for the treatment of primary hypercholesterolemia and mixed hyperlipidemia (study no.: JS002-006) were published in *Nutrition Metabolism And Cardiovascular Diseases,* an international academic journal for endocrinology and metabolism. In June 2024, the results of the Phase III clinical study of ongericimab for the treatment of primary hypercholesterolemia and mixed dyslipidemia (study no.: JS002-003) were published in *Journal of the American Heart Association*.

MANAGEMENT DISCUSSION AND ANALYSIS

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

JS005 is a specific anti-IL-17A monoclonal antibody developed independently by us. In preclinical studies, JS005 has shown efficacy and safety comparable to those of anti-IL-17 monoclonal antibodies that have been marketed. Data from preclinical study fully depicts that JS005 has a clear target, definite efficacy, good safety, stable production process, and controllable product quality. At the 2023 annual meeting of the American College of Rheumatology (ACR), we announced the results of the Phase Ib/II clinical study of JS005 for the treatment for patients with moderate to severe psoriasis for the first time. The study results showed that JS005 has a good safety profile in the treatment for patients with moderate to severe plaque psoriasis. Compared with placebo, JS005 significantly improved the Psoriasis Area and Severity Index of patients ($p<0.0001$). The Phase III registrational clinical study of JS005 for moderate to severe plaque psoriasis is underway. As of the date of this report, all subjects have been enrolled and are being followed up.

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

JS207 is a recombinant humanized anti-PD-1/VEGF bispecific antibody self-developed by the Company, mainly used for the treatment of advanced malignant tumors. In view of the co-expression of VEGF and PD-1 in the tumor microenvironment, JS207 can simultaneously bind to PD-1 and VEGFA with high affinity, block the binding of PD-1 to PD-L1 and PD-L2 while blocking the binding of VEGF to the VEGF receptor. JS207 has the efficacy properties of both immunotherapeutic drugs and anti-angiogenic drugs, and can utilize the synergistic effects of immunotherapy and anti-angiogenesis to achieve better anti-tumor activity. The combination therapy with PD-1 antibody and VEGF blocking agent has shown strong efficacy in a variety of tumor types such as RCC, NSCLC and HCC. Compared with combination therapy, JS207 as a single agent blocking both targets, may be more effective in blocking both pathways and thus enhancing anti-tumor activity. Preclinical in vivo efficacy trials have demonstrated that JS207 has a significant anti-tumor effect, presenting a dose effect as well. In addition, JS207 is well tolerated by animals. As of the date of this report, the phase I clinical study for JS207 is underway.

Recombinant humanized anti-CD20/CD3 bispecific antibody (code: JS203)

JS203 is a recombinant humanized anti-CD20/CD3 bispecific antibody self-developed by the Company. CD20 is a B lymphocyte restricted differentiation antigen and one of the most successful targets for B-cell lymphoma treatment. CD3 is an important marker on the surface of T cell. The main mechanism of T cell engaging bispecific antibodies is using CD3 as a mediator to activate T cells to specifically attack tumor cells. JS203 consists of anti-CD20 segment and anti-CD3 segment. By associating and activating T cells (binding to CD3) and lymphoma cells (binding to CD20), JS203 can enable T cells to kill lymphoma cells effectively. Pre-clinical in vivo pharmacodynamics shows that JS203 has a significant anti-tumor effect. In addition, JS203 is well tolerated by animals. As of the date of this report, the phase I clinical study for JS203 is underway.

PI3K-α inhibitor (code: JS105)

JS105 is an oral small molecule inhibitor targeting PI3K-α jointly developed by the Company and Risen (Suzhou) Pharma Tech Co., Ltd.* (潤佳(蘇州)醫藥科技有限公司), and is primarily used in the treatment of female (postmenopausal) and male patients with hormone receptor (HR)-positive, human EGFR 2 (HER-2)-negative, PIK3CA-mutated, advanced breast cancer who are experiencing disease progression during or after treatment with endocrine-based regimens. Preclinical studies have shown that JS105 is effective in animal models of breast cancer, and has better efficacy for patients with other solid tumors such as cervical cancer, renal cancer, colorectal cancer and esophageal cancer. JS105 has also demonstrated good safety. As of the date of this report, the phase I/II clinical studies on the JS105's monotherapy and combination treatment are underway.

MANAGEMENT DISCUSSION AND ANALYSIS

Recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE conjugate (code: JS107)

JS107 is a recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE (Monomethyl auristatin-E) conjugate for injection developed independently by the Company. It is an antibody-drug conjugate (ADCs) targeting tumor-related protein Claudin18.2, and is intended to be used for the treatment of advanced malignant tumors, such as gastric cancer and pancreatic cancer. JS107 can bind to Claudin18.2 on the surface of tumor cells, enter into tumor cells through endocytosis, and release the small molecule toxin MMAE, which has demonstrated strong lethality to tumor cells. JS107 also retained antibody-dependent cellular cytotoxicity (ADCC) and complement dependent cytotoxicity (CDC) effects, further killing tumor cells. Furthermore, due to the cell permeability of MMAE, JS107 can mediate indiscriminate killing of other tumor cells by way of its bystander effect, thereby improving the efficacy of treatment and inhibiting tumor recurrence. The preclinical in vivo pharmacodynamics showed that JS107 exhibits significant anti-tumor effect. As of the date of this report, the phase I/II clinical studies on the JS107's monotherapy and combination treatment are underway.

FUTURE AND PROSPECTS

With strong R&D capabilities, we are at the forefront of medical innovation. In respect of R&D of drugs, we will accelerate late-stage pipeline R&D and marketing application. We will also continue to explore early-stage pipelines and closely track relevant clinical trial data, aiming to facilitate the progress of clinical trial registration for more advantageous products and indications, thus creating a sustainable impetus for the future revenue growth of the Company. Meanwhile, we will also invest appropriate resources to explore and develop new drug targets and drug types. Based on independent R&D, we will further enhance cooperation and expand the product pipeline through license-in, formation of joint ventures and other methods to stay on the front line of R&D of innovative drugs. As for production, we plan to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further improve the competitiveness of our production costs. In respect of commercialization, we will continue to improve the establishment of our marketing and commercialization teams while carrying out commercial cooperation with outstanding pharmaceutical companies in the global arena to continuously expand our international business layout. The Company is committed to becoming an innovative pharmaceutical company pursuing "in China, for global", integrating R&D, production and commercialization, and benefiting patients with world-class and trustworthy innovative drugs.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Revenue

As at 30 June 2024, total revenue of the Group reached approximately RMB786 million, representing an increase of approximately 17% compared to the corresponding period in 2023, which includes: (i) revenue from pharmaceutical products of approximately RMB709 million, increased by approximately 11% compared to the corresponding period in 2023, which was mainly due to approval of more indications of TUOYI®; (ii) revenue from technical services of approximately RMB52 million; and (iii) revenue from out-licensing of approximately RMB24 million. During the Reporting Period, the domestic sales revenue of TUOYI® was approximately RMB671 million, representing an increase of approximately 50% compared to the corresponding period in 2023.

2. R&D Expenses

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

During the Reporting Period, R&D expenses were approximately RMB546 million, which decreased by approximately RMB402 million as compared to the corresponding period in 2023, representing a decrease of approximately 42%. R&D expenses included clinical research and technical service expenses of approximately RMB286 million, staff salary and welfare expenses of approximately RMB193 million, depreciation and amortization expenses of approximately RMB42 million and other operating expenses of approximately RMB25 million. In particular, clinical research and technical service expenses, staff salary and welfare expenses, depreciation and amortization expenses and other operating expenses decreased by approximately 54%, 16%, 34% and 2% as compared to the corresponding period in 2023, respectively. As at 31 December 2023, all expenses related to the restricted share incentive scheme of the Group were recognized, and thus no share-based payment expenses were recognized during the Reporting Period.

The decrease in R&D expenses was mainly due to (i) the Group's cost control policy and efforts to optimize resource allocation and focusing on R&D pipelines with greater potential, and (ii) natural decline of R&D expenditure as a number of clinical trials of our core product TUOYI® successively met the primary endpoints.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Selling and Distribution Expenses

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

During the Reporting Period, selling and distribution expenses amounted to approximately RMB428 million, which increased by approximately RMB54 million as compared to the corresponding period in 2023, representing an increase of approximately 15%. Selling and distribution expenses included staff salary and welfare expenses of approximately RMB236 million, expenses for marketing and promotion activities of approximately RMB175 million and other operating expenses of approximately RMB17 million. In particular, staff salary and welfare expenses and expenses for marketing and promotion activities increased by approximately 16% and 18% respectively, while other operating expenses decreased by approximately 17% as compared to the corresponding period in 2023. As at 31 December 2023, all expenses related to the restricted share incentive scheme of the Group were recognized, and thus no share-based payment expenses were recognized during the Reporting Period.

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

4. Administrative expenses

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

During the Reporting Period, administrative expenses amounted to approximately RMB253 million, which increased by approximately RMB11 million as compared to the corresponding period in 2023, representing an increase of approximately 4%. Administrative expenses included administrative staff cost of approximately RMB110 million, depreciation and amortization expenses of approximately RMB70 million, office administration expenses of approximately RMB54 million and other miscellaneous expenses of approximately RMB19 million. In particular, administrative staff cost, depreciation and amortization expenses and office administration expenses increased by approximately 4%, 25% and 9% respectively, while other miscellaneous expenses decreased by approximately 30% as compared to the corresponding period in 2023. As at 31 December 2023, all expenses related to the restricted share incentive scheme of the Group were recognized, and thus no share-based payment expenses were recognized during the Reporting Period.

The increase in administrative expenses was mainly due to the increase in depreciation expenses. As the construction in progress of the Group was successively transferred into fixed assets, the depreciation expenses increased accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Liquidity and Capital Resources

As at 30 June 2024, the aggregate balance of bank balances and cash and financial products of the Group was approximately RMB3,311 million, slightly decreased by RMB467 million compared to the balance of 31 December 2023, which ensured our cash position relatively sufficient to support the Group's development. The Group's financial products were investments with original maturities of no more than 6 months and low risk, which were with fair value of approximately RMB600 million.

During the reporting period, net cash inflow from financing activities was approximately RMB739 million, and net cash outflow from operating activities was approximately RMB869 million, and net cash outflow from investing activities was approximately RMB941 million (including cash outflow in acquisition of the financial products), resulting in a decrease of RMB1,067 million in bank balances and cash from 31 December 2023.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout the year.

The capital structure of the Group consists of debts, which includes bank borrowings, lease liabilities, other financial liabilities, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves. The management of the Group will regularly review the capital structure on a continuous basis, taking into account the cost of capital and the risk associated with the capital, so as to better control and reduce the cost of capital.

6. Non-IFRS Measures

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

Non-IFRS adjusted total comprehensive expenses for the period:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
IFRS total comprehensive expense for the period	**(712,787)**	(1,163,516)
Add:		
Share-based payment expenses	**–**	16,659
Net exchange gains	**(1,063)**	(2,068)
Adjusted total comprehensive expense for the period	**(713,850)**	(1,148,925)

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

No dividends were paid, declared or proposed during both periods. The Directors have determined that no dividend will be paid in respect of the Reporting Period.

LOSS PER SHARE

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

Loss

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(645,691)**	(996,421)

Number of shares

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**984,943,273**	985,191,620

During the period ended 30 June 2024, the Company repurchased 136,844 ordinary shares (A Shares). The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended 30 June 2024 excludes shares of treasury stock repurchased.

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

The computation of diluted loss per share for the six months ended 30 June 2024 does not assume the exercise of the Company's outstanding RSUs as this would result in a decrease in loss per share.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

Trade receivables decreased from approximately RMB480 million as at 31 December 2023 to approximately RMB450 million as at 30 June 2024, mainly due to the recovery of out-licensing receivables recognized in the fourth quarter of 2023 during the Reporting Period, which was partially offset by increase in receivables from sales of pharmaceutical products.

The Group allows a normal credit period of 45 to 60 days (31 December 2023: 45 to 60 days) to its trade customers.

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**358,558**	462,972
91 to 180 days	**2,419**	9,484
Over 180 days	**88,927**	7,267
	449,904	479,723

TRADE AND OTHER PAYABLES

Trade and other payables decreased from approximately RMB1,706 million as at 31 December 2023 to approximately RMB1,299 million as at 30 June 2024, mainly due to decrease in accrued expenses in all respects and salary and bonus payables.

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
– third parties	**246,535**	247,264
Accrued expenses in respect of		
– construction cost of properties under construction	**369,863**	479,284
– research and development expenses *(Note a)*	**328,688**	408,516
– selling and distribution expenses	**53,780**	133,997
– others	**21,041**	97,137
Payables to collaboration parties under collaboration agreements *(Note b)*	**10,050**	14,947
Salary and bonus payables	**191,851**	234,202
Other tax payables	**33,776**	41,411
Other payables	**43,640**	49,257
	1,299,224	1,706,015

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

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

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

Payment terms with suppliers are mainly with credit term of 0 to 90 days (31 December 2023: 0 to 90 days) from the time when the goods and services are received from the suppliers. The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	As at 30 June 2024 *RMB'000* (Unaudited)	As at 31 December 2023 *RMB'000* (Audited)
0 to 30 days	**103,774**	60,582
31 to 60 days	**35,237**	33,363
61 to 180 days	**29,314**	72,400
Over 180 days	**78,210**	80,919
	246,535	247,264

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

As at 30 June 2024, the Group's variable-rate borrowings of approximately RMB1,573 million carried interest rates at loan prime rate minus a margin, ranging from 0.45% to 0.85% per annum and the Group's fixed-rate borrowings of approximately RMB967 million carried interest rates at around 1.98% to 3.40% per annum.

Unsecured Borrowings

As at 30 June 2024, the balance of our unsecured borrowings amounted to approximately RMB1,617 million in total mainly from China Merchants Bank, Bank of Shanghai, Industrial and Commercial Bank of China and China Construction Bank carrying fixed interest rates ranging from 1.98% to 3.40% per annum and variable interest rates at loan prime rate minus a margin, ranging from 0.45% to 0.85% per annum.

During the period ended 30 June 2024, we entered into several new unsecured borrowing agreements with a total borrowing amounting to approximately RMB1,114 million, which carried fixed interest rates ranging from 2.70% to 4.00% per annum and variable interest rates at loan prime rate minus a margin, ranging from 0.45% to 0.85% per annum. In addition, during the period ended 30 June 2024 we drew down approximately RMB233 million of borrowings pursuant to several existing unsecured borrowing agreements as at 31 December 2023.

Secured Borrowings

During the period ended 30 June 2024, we did not enter into any new secured borrowing agreements, but we drew down approximately RMB88 million of borrowings pursuant to the existing secured borrowing agreements as at 31 December 2023. As at 30 June 2024, the balance of our secured borrowings amounted to approximately RMB923 million in total from Industrial and Commercial Bank of China and Bank of Shanghai. The borrowings carried interest at loan prime rate minus a margin, which ranged from 0.55% to 0.85% per annum.

The Group incurred borrowings for: i) ongoing clinical trials and preclinical studies for our drug candidates and replenishment of working capital; ii) construction of Suzhou Junao Cancer Hospital; iii) construction of the Lingang Production Base; and iv) construction of our headquarters in Suzhou and Shanghai.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group has pledged the following assets as securities for the Group's bank borrowings:

	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Property, plant and equipment	**612,492**	630,372
Right-of-use assets	**137,941**	140,683
	750,433	771,055

The maturity profile of bank borrowings is as follows:		
– within one year	**802,216**	539,391
– within a period of more than one year but not exceeding two years	**483,111**	120,135
– within a period of more than two years but not exceeding five years	**761,409**	700,751
– within a period of more than five years	**493,790**	374,908
	2,540,526	1,735,185

All bank borrowings are denominated in RMB as at 30 June 2024 and 31 December 2023.

CONTRACTUAL COMMITMENTS

Capital and Other Commitments

As at 30 June 2024, the Group's capital expenditure in respect of the acquisition of property, plant and equipment and equity investment contracted for but not provided in the condensed consolidated financial statements was approximately RMB1,521 million, which decreased by 24% from RMB2,011 million as at 31 December 2023, due to the decreased capital expenditure both in acquisition of property, plant and equipment and equity investments.

Financing Plan

The Group expects to obtain a credit limit of no more than RMB7,500 million to support the Group's production operations and project construction in 2024.

GEARING RATIO

Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%. As at 30 June 2024, the Group was in a net cash position and thus, gearing ratio is not applicable.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this interim report, the Group does not have other significant investments, material acquisitions or disposals.

CONTINGENT LIABILITIES

As at 30 June 2024, we did not have any material contingent liabilities.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

MANAGEMENT DISCUSSION AND ANALYSIS

2020 RESTRICTED A SHARE INCENTIVE SCHEME

On 29 September 2020, the Board of Directors resolved to adopt the 2020 Restricted A Share Incentive Scheme. The 2020 Restricted A Share Incentive Scheme was approved and adopted by its Shareholders at the 2020 third extraordinary general meeting, the 2020 second class meeting of A Shareholders and the 2020 second class meeting of H Shareholders held on 16 November 2020.

The purpose of the 2020 Restricted A Share Incentive Scheme is to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's management personnel, core technical personnel and other personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized. A summary of the 2020 Restricted A Share Incentive Scheme is set out below:

(a) The participants of the 2020 Restricted A Share Incentive Scheme include Directors, members of the senior management, core technical staff and other persons (who are all employees of the Group excluding the Independent Non-executive Directors and Supervisors) considered by the Board to be required to be incentivized of the Group. The list of Participants will be prepared by the Remuneration and Appraisal Committee and verified by the Board of Supervisors.

(b) In the first grant of Restricted Shares under the 2020 Restricted A Share Incentive Scheme (the "**First Grant**") on 16 November 2020, 28,519,000 Restricted Shares were granted to 1,933 participants (including participants who were connected persons of the Company).

(c) The participants for the reserved grant of Restricted Shares under the 2020 Restricted A Share Incentive Scheme (the "**Reserved Grant**") shall be determined within 12 months after the scheme was considered and approved at the 2020 third extraordinary general meeting, the 2020 second class meeting of A Shareholders and the 2020 second class meeting of H Shareholders held on 16 November 2020. The Reserved Grant shall lapse if the participants cannot be determined within the 12-month period. The basis for determining the participants for the Reserved Grant shall be the same as the basis for determining the participants for the First Grant.

(d) The total number of Restricted Shares to be granted under the 2020 Restricted A Share Incentive Scheme will be not more than 35,648,000 A Shares (representing approximately 4.65% of the total number of issued A Shares and approximately 3.62% of the total issued share capital of the Company as at the date of this report) (subject to adjustment to the number of the Restricted Shares and/or the grant price upon occurrence of certain corporate actions of the Company according to the 2020 Restricted A Share Incentive Scheme ("**Adjustment**")). Amongst the total number of Restricted Shares, not more than 7,129,000 A Shares, representing approximately 20% of the total number of Restricted Shares, will be reserved for the Reserved Grant (subject to Adjustment). The source of all Restricted Shares under the scheme will be new ordinary A Shares to be issued by the Company to the participants.

(e) The total number of Shares to be granted to any participant under all share incentive schemes of the Company which are within their validity period shall not exceed 1% of the total share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

(f) The 2020 Restricted A Share Incentive Scheme became effective upon the grant date of the First Grant (i.e. 16 November 2020), and shall be valid until the date on which all Restricted Shares have been attributed or lapsed, such period shall not exceed 48 months.

(g) Subject to the attribution conditions having been fulfilled, the Restricted Shares may be attributed to the participants (for the First Grant) in three tranches and (for the Reserved Grant) in two tranches.

Attribution arrangements of the First Grant are as follows: (1) the first tranche (40% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the First Grant until the last trading day within the 24 months following the grant date of the First Grant; (2) the second tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the First Grant until the last trading day within the 36 months following the grant date of the First Grant; and (3) the third tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 36 months following the grant date of the First Grant until the last trading day within the 48 months following the grant date of the First Grant.

Attribution arrangements of the Reserved Grant are as follows: (1) the first tranche (50% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the Reserved Grant until the last trading day within the 24 months following the grant date of the Reserved Grant; and (2) the second tranche (50% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the Reserved Grant until the last trading day within the 36 months following the grant date of the Reserved Grant.

Those Restricted Shares not being attributed to the participants during the period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be attributed or deferred to be attributed in the next attribution period(s), and they shall lapse according to the provisions under the scheme.

(h) The grant price of the First Grant was RMB55.50 per A Share (subject to Adjustment). A participant who has satisfied the conditions for grant and attribution may purchase new A Shares issued by the Company at such grant price. The grant price of the Reserved Grant shall be the same as the grant price of the First Grant, i.e. RMB55.50 per A Share (subject to Adjustment).

Pursuant to the STAR Market Listing Rules and the Management Measures for Share Incentives of Listed Companies* (《上市公司股權激勵管理辦法》), the grant price shall not be lower than the nominal value of each share of the Company and in principle should not be lower than the higher of the following prices: (i) 50% of the average trading price of the A Shares for the date of the A Share announcement of the draft 2020 Restricted A Share Incentive Scheme (i.e. 29 September 2020), being RMB85.46 per A Share; and (ii) 50% of any one of the average trading price of the A Shares for the 20 trading days, being RMB90.25 per A Share, 60 trading days or 120 trading days immediately preceding the said announcement.

The grant price was determined based on the issue price of the A Shares in the Company's STAR Market Listing on 15 July 2020, being RMB55.50 per A Share. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which participants must achieve for the Restricted Share(s) to be attributed, and considers that this is in balance with the substantial discount in the grant price.

MANAGEMENT DISCUSSION AND ANALYSIS

(i) The Restricted Shares may only be granted and attributed upon satisfaction of the relevant conditions stipulated in the 2020 Restricted A Share Incentive Scheme.

(j) The requirements of black-out for the Restricted Shares are implemented in accordance with relevant laws, administrative regulations and regulatory documents including the PRC Company Law and the PRC Securities Law, and the Articles of Association.

There were no Restricted Shares available for grant under the 2020 Restricted A Share Incentive Scheme on 1 January 2024 and 30 June 2024. During the Reporting Period, no Restricted Shares were granted under the 2020 Restricted A Share Incentive Scheme.

Details of the movements of the Restricted Shares under the First Grant of the 2020 Restricted A Share Incentive Scheme during the Reporting Period are as follows:

					Movement of Restricted Shares during the Reporting Period				
Name or category of grantee	Date of grant[1]	Attribution Period[2]	Grant Price (RMB)[3]	Number of Restricted Shares granted	Number of Restricted Shares that have not been attributed as at 1 January 2024	Granted	Attributed	Lapsed	Cancelled	Number of Restricted Shares that have not been attributed as at 30 June 2024
Xiong Jun (Executive Director, Chairman of the Board and Legal Representative)	16 November 2020	16 November 2021 – 15 November 2024	55.50	820,000	492,000	–	–	–	–	492,000
Li Ning (Executive Director, Vice Chairman)	16 November 2020	16 November 2021 – 15 November 2024	55.50	1,560,000	906,000	–	–	–	–	906,000
Feng Hui (Non-executive Director)[4]	16 November 2020	16 November 2021 – 15 November 2024	55.50	820,000	472,000	–	–	–	–	472,000
Yao Sheng (Executive Director, Deputy General Manager, core technical staff)	16 November 2020	16 November 2021 – 15 November 2024	55.50	2,000,000	1,200,000	–	–	–	–	1,200,000
Zhang Zhuobing (Executive Director, Deputy General Manager, core technical staff)	16 November 2020	16 November 2021 – 15 November 2024	55.50	820,000	472,000	–	–	–	–	472,000
Wang Gang (Executive Director, Deputy General Manager)	16 November 2020	16 November 2021 – 15 November 2024	55.50	270,000	162,000	–	–	–	–	162,000

MANAGEMENT DISCUSSION AND ANALYSIS

					Movement of Restricted Shares during the Reporting Period				
Name or category of grantee	Date of grant[1]	Attribution Period[2]	Grant Price (RMB)[3]	Number of Restricted Shares granted	Number of Restricted Shares that have not been attributed as at 1 January 2024	Granted	Attributed	Lapsed	Cancelled	Number of Restricted Shares that have not been attributed as at 30 June 2024
Xu Baohong (Financial Director)	16 November 2020	16 November 2021 – 15 November 2024	55.50	80,000	43,000	–	–	–	–	43,000
Chen Yingge (Secretary of the Board of Directors)[5]	16 November 2020	16 November 2021 – 15 November 2024	55.50	80,000	48,000	–	–	–	–	48,000
Other employees that are required to be incentivized as considered by the Board	16 November 2020	16 November 2021 – 15 November 2024	55.50	22,069,000	6,406,584	–	–	–	–	6,406,584
Total				28,519,000	10,201,584		–	–		10,201,584

Notes:

(1) The grant of Restricted Shares under the First Grant was made on 16 November 2020.

(2) Attribution arrangements of the First Grant are as follows: (1) the first tranche (40% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the First Grant until the last trading day within the 24 months following the grant date of the First Grant; (2) the second tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the First Grant until the last trading day within the 36 months following the grant date of the First Grant; and (3) the third tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 36 months following the grant date of the First Grant until the last trading day within the 48 months following the grant date of the First Grant.

(3) The grant price is RMB55.50 per A Share (subject to Adjustment).

(4) Dr. Feng Hui retired from his position as non-executive Director with effect from 21 June 2024.

(5) Ms. Chen Yingge resigned from her position as joint company secretary, secretary to the Board and authorized representative of the Company with effect from 24 April 2024.

(6) The number of the Restricted Shares is subject to Adjustment.

OTHER INFORMATION

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the state of affairs of the Group at 30 June 2024 are set out in the condensed consolidated financial statements and the accompanying notes on pages 66 to 91.

The Directors do not recommend the distribution of any interim dividend for the Reporting Period.

DIRECTORS AND SUPERVISORS

Board of Directors

As at the end of the Reporting Period, the Board comprised 14 Directors, consisting of 8 executive Directors, 1 non-executive Director, and 5 independent non-executive Directors. During the Reporting Period and up to the date of this interim report, the composition of the Board changed as follows:

Executive Directors

Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Vice Chairman)*
Dr. Zou Jianjun *(Chief Executive Officer and General Manager)*
Mr. Li Cong *(Co-Chief Executive Officer)*
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Wang Gang
Dr. Li Xin – *re-designated as an executive Director from her position as a non-executive Director on 28 February 2024*

Non-executive Directors

Mr. Tang Yi
Dr. Feng Hui – *retired with effect from 21 June 2024*

Independent Non-executive Directors

Mr. Zhang Chun
Dr. Feng Xiaoyuan
Dr. Meng Anming
Dr. Shen Jingkang – *appointed on 21 June 2024*
Dr. Yang Yue – *appointed on 21 June 2024*
Dr. Roy Steven Herbst – *retired with effect from 21 June 2024*
Mr. Qian Zhi – *retired with effect from 21 June 2024*

BOARD OF SUPERVISORS

As at the end of the Reporting Period, the Board of Supervisors comprised 3 Supervisors. The Supervisors were as follows:

Ms. Kuang Hongyan *(Chairman of the Board of Supervisors) – appointed on 21 June 2024*
Ms. Wang Pingping
Ms. Huo Yilian
Mr. Wu Yu *-retired with effect from 21 June 2024*

OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, none of the Directors, Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

Competing interest and other interest

None of the Directors or the Supervisors or any entity connected with them has any material interest, either directly or indirectly, in any contract, transaction or arrangement of significance to the Group's business to which the Company, any of its holding companies, any of its subsidiaries, fellow subsidiaries was a party subsisted at any time during the Reporting Period.

During the Reporting Period, none of the Directors and their respective associates had an interest in a business which causes or may cause any significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Changes of Information of the Directors and Supervisors

During the Reporting Period, the Directors and the Supervisors confirmed that there is no information which is discloseable pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

OTHER INFORMATION

Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company

Name of Director/ Supervisor/ Chief Executive	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares[1]	Approximate percentage in relevant class of Shares[1]	Approximate percentage in total share capital[1]
Xiong Jun	Beneficial owner[2]	A Shares	88,346,018 (L)	11.53%	8.96%
		H Shares	2,600 (L)	0.00%	0.00%
	Parties acting in concert/ Interest in controlled corporations[2]	A Shares	129,978,568 (L)	16.96%	13.19%
Li Ning	Beneficial owner[3]	A Shares	956,000 (L)	0.12%	0.10%
Li Cong	Beneficial owner[4]	A Shares	127,020 (L)	0.02%	0.01%
Zhang Zhuobing	Beneficial owner[5]	A Shares	512,000 (L)	0.07%	0.05%
	Interest of spouse[5]	A Shares	8,608,000 (L)	1.12%	0.87%
Yao Sheng	Beneficial owner[6]	A Shares	1,200,000 (L)	0.16%	0.12%
Tang Yi	Beneficial owner[7]	A Shares	7,774,500 (L)	1.01%	0.79%
	Interest in controlled corporations[7]	A Shares	196,643,786 (L)	25.66%	19.95%
		H Shares	2,600 (L)	0.00%	0.00%
Wang Gang	Beneficial owner[8]	A Shares	172,000 (L)	0.02%	0.02%
Li Xin	Beneficial owner[9]	A Shares	12,060 (L)	0.00%	0.00%
		H Shares	41,200 (L)	0.02%	0.00%
	Interest in controlled corporations[9]	H Shares	41,654 (L)	0.02%	0.00%

Notes:

1. The letter "L" denotes the long position in the Shares, the letter "S" denotes short position in the Shares and the letter "P" denotes lending pool. As at 30 June 2024, the Company had 985,689,871 issued Shares, comprising 766,394,171 A Shares and 219,295,700 H Shares.

2. As at 30 June 2024, Mr. Xiong directly held 88,346,018 A Shares and 2,600 H Shares. He was interested in 492,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

OTHER INFORMATION

Pursuant to (i) a concert party agreement dated 25 December 2017 entered into among Mr. Xiong Jun, Mr. Xiong Fengxiang, Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)* ("**Suzhou Ruiyuan**"), Suzhou Benyu Tianyuan Biological Technology Partnership (LP)* ("**Suzhou Benyu**"), Shanghai Baoying Asset Management Co., Ltd.* ("**Shanghai Baoying**"), Meng Xiaojun, Gao Shufang, Zhuhai Huapu Investment Management Co., Ltd.* and Zhao Yun (the "**2017 Concert Party Agreement**"), Mr. Xiong Jun was deemed to be interested in an aggregate of 108,297,768 A Shares held by the other parties to the 2017 Concert Party Agreement as at 31 December 2021 under the SFO (including the 41,060,000 A Shares directly held by Mr. Xiong Fengxiang, the father of Mr. Xiong Jun); and (ii) a concert party agreement dated 26 July 2019 entered into between Mr. Xiong Jun and Ms. Zhou Yuqing (the "**2019 Concert Party Agreement**"), Mr. Xiong Jun was further deemed to be interested in the 21,680,800 A Shares held by the other party to the 2019 Concert Party Agreement as at 30 June 2024 under the SFO.

As at 30 June 2024, Mr. Xiong Jun (i) was an executive director and was directly interested in 20% of the equity share capital of Shanghai Baoying, which directly held 4,372,144 A Shares; Shanghai Baoying was also a party to the 2017 Concert Party Agreement; (ii) was the chairman of the board of directors and was directly interested in 40% of the equity share capital of Shenzhen Qianhai Yuanben Equity Investment Fund Management Co., Ltd.* ("**Shenzhen Yuanben**"), which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan, which in turn directly held 4,600,000 and 43,584,000 A Shares, respectively, and were each a party to the 2017 Concert Party Agreement. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Mr. Xiong Jun was deemed to be interested in an aggregate of such 52,556,144 A Shares under the SFO.

3. As at 30 June 2024, Dr. Li Ning directly held 50,000 A Shares. He was also interested in 906,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

4. As at 30 June 2024, Mr. Li Cong directly held 127,020 A Shares.

5. As at 30 June 2024, Mr. Zhang Zhuobing's spouse, Ms. Liu Xiaoling, directly held 8,608,000 A Shares. As at 30 June 2024, Mr. Zhang directly held 40,000 A Shares. He was also interested in 472,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

6. As at 30 June 2024, Dr. Yao Sheng was interested in 1,200,000 Restricted Shares pursuant to the 2020 Restricted A Share Incentive Scheme.

7. As at 30 June 2024, Mr. Tang Yi directly held 7,774,500 A Shares. Mr. Tang Yi was a director of and directly interested in 60% of the equity share capital of Shenzhen Yuanben, which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Therefore, he was deemed to be interested in Shares in which Suzhou Benyu and Suzhou Ruiyuan were interested (including Shares and Restricted Shares that they are deemed to be interested in pursuant to the 2017 Concert Party Agreement) under the SFO.

8. As at 30 June 2024, Dr. Wang Gang was deemed to be interested in 172,000 A Shares. 10,000 A Shares out of the 172,000 A Shares are directly held by Dr. Wang Gang. He was granted 270,000 restricted A Shares on 16 November 2020 under the 2020 Restricted A Share Incentive Scheme adopted by the Company on 29 September 2020. Out of the 270,000 restricted A Shares, 108,000 restricted A Shares have been nullified on 16 November 2022. Hence, Dr. Wang Gang remains to be interested in 162,000 restricted A Shares.

9. As at 30 June 2024, Dr. Li Xin directly held 12,060 A Shares and 41,200 H Shares. She also indirectly held 41,654 H Shares through an investment fund.

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors and the chief executive of the Company had or was deemed to have any interests or short positions 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 recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

Interests in Associated Corporations

Save as disclosed above, as at 30 June 2024, None of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of associated corporations (within the meaning of Part XV of SFO) of the Company.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2024, to the best knowledge of the Directors, the following persons/entities (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total share capital[2]
Xiong Fengxiang	Beneficial owner	A Shares	41,060,000 (L)	5.36%	4.17%
熊鳳祥[3][4]	Parties acting in Concert	A Shares	155,583,786 (L)	20.30%	15.78%
Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)*	Beneficial owner	A Shares	43,584,000 (L)	5.69%	4.42%
蘇州瑞源盛本生物醫藥管理合夥企業(有限合夥)[4]	Parties acting in Concert	A Shares	153,059,786 (L)	19.97%	15.53%
Suzhou Benyu Tianyuan Biological Technology Partnership (LP)*	Beneficial owner	A Shares	4,600,000 (L)	0.60%	0.47%
蘇州本裕天源生物科技合夥企業(有限合夥)[4]	Parties acting in Concert	A Shares	192,043,786 (L)	25.06%	19.48%
Shanghai Baoying Asset Management Co., Ltd.*	Beneficial owner	A Shares	4,372,144 (L)	0.57%	0.44%
上海寶盈資產管理有限公司[4]	Parties acting in Concert	A Shares	192,271,642 (L)	25.09%	19.51%
Meng Xiaojun	Beneficial owner	A Shares	4,288,400 (L)	0.56%	0.44%
孟曉君[4]	Parties acting in Concert	A Shares	192,355,386 (L)	25.10%	19.51%
Gao Shufang	Beneficial owner	A Shares	3,789,720 (L)	0.49%	0.38%
高淑芳[4]	Parties acting in Concert	A Shares	192,854,066 (L)	25.16%	19.57%
Zhuhai Huapu Investment Management Co., Ltd.*	Beneficial owner	A Shares	3,719,504 (L)	0.49%	0.38%
珠海華樸投資管理有限公司[4]	Parties acting in Concert	A Shares	192,924,282 (L)	25.17%	19.57%
Zhao Yun	Beneficial owner	A Shares	2,884,000 (L)	0.38%	0.29%
趙雲[4]	Parties acting in Concert	A Shares	193,759,786 (L)	25.28%	19.66%
Zhou Yuqing	Beneficial owner	A Shares	21,680,800 (L)	2.83%	2.20%
周玉清[5]	Parties acting in Concert	A Shares	88,346,018 (L)	11.53%	8.96%
Lin Lijun[6]	Interest in controlled corporations	A Shares	78,852,000 (L)	10.29%	8.00%
林利軍	Founder of a discretionary trust who can influence how the trustee exercises his discretion	H Shares	19,770,307 (L)	9.02%	2.01%

OTHER INFORMATION

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total share capital[2]
Shanghai Tanying Investment Partnership (LP)* 上海檀英投資合夥企業(有限合夥)[6]	Beneficial owner	A Shares	76,590,000 (L)	9.99%	7.77%
Shanghai Lejin Investment Partnership (LP)* 上海樂進投資合夥企業(有限合夥)[6]	Interest of controlled corporation	A Shares	76,590,000 (L)	9.99%	7.77%
Shanghai Zhengxingu Investment Management Co., Ltd.* 上海正心谷投資管理有限公司	Interest of controlled corporation	A Shares	78,852,000 (L)	10.29%	8.00%
Loyal Valley Capital Advantage Fund II LP[7][8]	Beneficial owner	H Shares	11,344,613 (L)	5.17%	1.15%
Loyal Valley Capital Advantage Fund II Limited[7]	Interest of controlled corporation	H Shares	11,344,613 (L)	5.17%	1.15%
LVC Holdings Limited[7]	Interest of controlled corporation	H Shares	11,344,613 (L)	5.17%	1.15%
LVC Management Holdings Limited[7]	Interest of controlled corporation	H Shares	11,344,613 (L)	5.17%	1.15%
LVC Innovate Limited (previously known as LVC Bytes Limited)	Interest of controlled corporation	H Shares	19,770,307 (L)	9.02%	2.01%
Jovial Champion Investments Limited[7]	Interest of controlled corporation	H Shares	19,770,307 (L)	9.02%	2.01%
Vistra Trust (Singapore) Pte. Limited[7]	Interest of controlled corporation	H Shares	19,770,307 (L)	9.02%	2.01%
Highbury Investment Pte Ltd[8]	Beneficial owner	H Shares	1,574,289 (L)	0.72%	0.16%
	Interest of controlled corporation	H Shares	11,344,613 (L)	5.17%	1.15%
GIC (Ventures) Pte. Ltd.[8]	Interest of controlled corporation	H Shares	12,427,689 (L)	5.67%	1.26%
GIC Special Investments Private Limited[8]	Investment manager	H Shares	12,427,689 (L)	5.67%	1.26%
GIC Private Limited[8]	Interest of controlled corporation	H Shares	12,427,689 (L)	5.67%	1.26%
Hillhouse Capital Advisors, Ltd.[9]	Investment manager	H Shares	11,400,000 (L)	5.20%	1.16%
綠地數字科技有限公司	Interest of controlled corporation	H Shares	46,092,000 (L)	21.02%	4.68%
綠地控股集團股份有限公司	Interest of controlled corporation	H Shares	50,440,600 (L)	23.00%	5.12%
Morgan Stanley	Interest of controlled corporation	H Shares	10,947,946 (L)	4.99%	1.11%
			12,503,584 (S)	5.70%	1.27%

OTHER INFORMATION

Notes:

1. The letter "L" denotes the long position in the Shares, the letter "S" denotes short position in the Shares and the letter "P" denotes lending pool.

2. As at 30 June 2024, the Company had 985,689,871 issued Shares, comprising 766,394,171 A Shares and 219,295,700 H Shares.

3. As at 30 June 2024, Mr. Xiong Fengxiang directly held 41,060,000 A Shares. Pursuant to the 2017 Concert Party Agreement, Mr. Xiong Fengxiang was deemed to be interested in an aggregate of 155,583,786 A Shares held by the other parties to the 2017 Concert Party Agreement under the SFO (including the 87,854,018 A Shares directly held by Mr. Xiong Jun, son of Mr. Xiong Fengxiang, and the 492,000 Restricted Shares Mr. Xiong Jun is interested in pursuant to the 2020 Restricted A Share Incentive Scheme).

4. Each of them is a party to the 2017 Concert Party Agreement, and was therefore deemed to be interested in the A Shares in which the other parties to the 2017 Concert Party Agreement are interested under the SFO.

5. Ms. Zhou Yuqing is a party to the 2019 Concert Party Agreement, and was therefore deemed to be interested in the Shares in which Mr. Xiong Jun (who was the other party to the 2019 Concert Party Agreement) was interested under the SFO.

6. As at 30 June 2024, Shanghai Tanying Investment Partnership ("**Shanghai Tanying**") was directly interested in 76,590,000 A Shares. Shanghai Tanzheng Investment Partnership ("**Shanghai Tanzheng**") directly held 2,262,000 A Shares. Mr. Lin Lijun was a director and wholly interested in Shanghai Zhengxingu Investment Management Co., Ltd.* (上海正心谷投資管理有限公司) (formerly Shanghai Shengge Asset Management Co., Ltd.*) ("**Shanghai Loyal Valley**"), which was the general partner of Shanghai Tanying and Shanghai Tanzheng. Shanghai Loyal Valley was the general partner of Shanghai Lejin Investment Partnership (LP)* (上海樂進投資合夥企業(有限合夥)) ("**Shanghai Lejin**"), which in turn held 99.99% interest in Shanghai Tanying. Therefore, Mr. Lin Lijun was deemed to be interested in the Shares held by Shanghai Tanying and Shanghai Tanzheng under the SFO. Each of Shanghai Loyal Valley and Shanghai Lejin was deemed to be interested in the 76,590,000 A Shares held by Shanghai Tanying under the SFO. Shanghai Loyal Valley was also deemed to be interested in the A Shares held by Shanghai Tanzheng under the SFO.

7. As at 30 June 2024, Loyal Valley Capital Advantage Fund II LP ("**LVC Fund II**") and LVC Renaissance Fund LP ("**LVC Renaissance Fund**", directly held 11,344,613 H Shares and 8,426,000 H Shares, respectively. Loyal Valley Capital Advantage Fund II Limited ("**LVC Fund II GP**") was the general partner of LVC Fund II and was deemed to be interested in the H Shares held by it. LVC Renaissance Limited ("**LVC Renaissance GP**") was the general partner of LVC Renaissance Fund and was deemed to be interested in the H Shares held by it.

   LVC Fund II GP was wholly-owned by LVC Holdings Limited, which was wholly-owned by LVC Management Holdings Limited. Therefore, LVC Management Holdings Limited was deemed to be interested in the H Shares held by LVC Fund II.

   Each of LVC Fund II GP and LVC Renaissance GP was directly or indirectly controlled by LVC Innovate Limited (previously known as LVC Bytes Limited), which was wholly-owned by Jovial Champion Investments Limited, which was in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited, which was controlled by Mr. Lin Lijun. Therefore, each of LVC Innovate Limited (previously known as LVC Bytes Limited), Jovial Champion Investments Limited and Vistra Trust (Singapore) Pte. Limited was deemed to be interested in the H Shares held by LVC Fund II and LVC Renaissance Fund under the SFO. Vistra Trust (Singapore) Pte. Limited was controlled by Mr. Lin Lijun.

   Also, Mr. Lin Lijun was deemed to be interested in an aggregate of 19,770,307 H Shares held by LVC Fund II and LVC Renaissance Fund under the SFO.

OTHER INFORMATION

8. As at 30 June 2024, Highbury Investment Pte Ltd. ("**Highbury**") directly held 1,574,289 H Shares. Highbury also held 45.16% interest in LVC Fund II and was deemed to be interested in the 11,344,613 H Shares held by LVC Fund II. Highbury was wholly-owned by GIC (Ventures) Pte. Ltd. ("**GIC Ventures**"), which was wholly-owned by GIC Special Investments Private Limited ("**GIC SIPL**"), which was in turn wholly-owned by GIC Private Limited ("**GIC Private**"). Therefore, each of GIC Ventures, GIC SIPL and GIC Private was interested in the H Shares in which Highbury was interested under the SFO.

9. As at 30 June 2024, Hillhouse Capital Advisors, Ltd. controlled Gaoling Fund, L.P. and YHG Investment, L.P. and was therefore deemed to be interested in the 10,715,000 H Shares and 685,000 H Shares held by Gaoling Fund, L.P. and YHG Investment, L.P., respectively under the SFO.

RISK FACTORS

1. Risks related to pending profitability

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

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

2. Risks related to significant decline in performance or loss

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

OTHER INFORMATION

3. Risks related to core competitiveness

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

4. Risks related to operations

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

The Company's commercialized products toripalimab injection, adalimumab injection and deuremidevir hydrobromide tablets have been all included in the NRDL (Year 2023). The reduction in price after being included into the drug list can effectively improve the accessibility and affordability of the Company's products, which is conducive to a significant increase in product sales. However, if the increase in sales is less than expected, it may adversely affect the Company's revenue.

5. Finance risks

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

OTHER INFORMATION

6. Risks related to the industry

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

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 21 to the condensed consolidated financial statements.

As at 30 June 2024, 985,689,871 Shares were in issue (comprising 766,394,171 A Shares (including 815,871 treasury shares) and 219,295,700 H Shares).

OTHER INFORMATION

PLACING OF H SHARES UNDER GENERAL MANDATE

On 23 June 2021, the Company completed the placing of an aggregate of 36,549,200 new H Shares (the "**Placing Shares**") under general mandate pursuant to a placing agreement dated 16 June 2021 entered into by and among the Company, J.P. Morgan Securities plc (as sole placing agent), Guotai Junan Securities (Hong Kong) Limited (as co-managers) and Caitong International Securities Co., Limited (as co-managers). The Placing Shares were issued to not less than six placees who were professional, institutional and/or other investors and who were independent of, and not connected with the Company and its connected persons (as defined in the Hong Kong Listing Rules) at a placing price of HK$70.18 per H share. The market price of the H Shares on 16 June 2021 was HK$70.65 per H share. The net cash inflow from the placing was approximately RMB2,104 million. The net proceeds from the placing were intended to be used by the Group toward the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, and business development, and general corporate purposes. The Board considered that the placing was beneficial to the Company for the following reasons: (a) available funds would be brought by the net proceeds from the Placing for the Company's sustainable development to enhance the development and commercialized layout of potential first-in-class drugs in the international market, promote and accelerate the implementation of clinical trials of more first-in-class drugs in international multi-centers, and arrange and expand new-generation platforms and R&D technologies, to further improve the Company's competitiveness; and (b) it could expand the shareholder base of the Company, optimize the shareholding structure and further attract more international renowned investment institutions with long-term strategic values through the platform of The Stock Exchange of Hong Kong Limited. For further details of the placing, please refer to the Company's announcements dated 16 June 2021 and 23 June 2021.

As at 30 June 2024, all of the net proceeds from the placing has been utilized. The following table sets out the intended use and actual usage of the net proceeds from the placing as at 30 June 2024:

Purpose of the proceeds	**Intended use of the net proceeds** *(Approx. RMB million)*	**Unutilized proceeds as at 31 December 2023** *(Approx. RMB million)*	**Proceeds utilized during the Reporting Period** *(Approx. RMB million)*	**Proceeds utilized as at 30 June 2024** *(Approx. RMB million)*	**Unutilized proceeds as at 30 June 2024** *(Approx. RMB million)*	**Expected timeline for application of the unutilized proceeds**
R&D of drugs and pipeline expansion	815	2	2	814	–	Was fully utilized by 30 June 2024
Expansion of the commercialization team	1	–	–	1	–	Was fully utilized by 31 December 2022
Domestic and overseas investment, mergers and acquisitions & business development	285	–	–	285	–	Was fully utilized by 30 June 2022
General corporate purpose	1,003	–	–	1,000	–	Was fully utilized by 31 December 2022
	2,104[Note]	2	2	2,100[Note]	–[Note]	

OTHER INFORMATION

Note:

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 136,844 A Shares, representing 0.0139% of the total issued shares of the Company, on the Shanghai Stock Exchange, all of which have not been cancelled:

Date of repurchase	Number of A Shares repurchased	Price per share		Aggregate amount paid
		Highest	Lowest	
		RMB	*RMB*	*RMB'000*
7 March 2024	102,459	29.35	29.21	3,001
19 June 2024	34,385	29.14	29.03	1,000
	136,844			4,001

As at 30 June 2024, the Group had repurchased an aggregate of 815,871 ordinary shares (A shares), including 388,445 shares repurchased in September 2023 with consideration of RMB15,030,000, and 171,266 shares repurchased in October 2023 with consideration of RMB6,905,000, and 119,316 shares repurchased in December 2023 with consideration of RMB4,956,000 and shares repurchased during the period ended 30 June 2024. They are held as treasury shares by the Group. The aggregate consideration paid includes transaction fees such as stamp duty and trading commission.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including any sale of treasury share) listed on the Hong Kong Stock Exchange or the Shanghai Stock Exchange during the Reporting Period.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix C1 of the Hong Kong Listing Rules. The Board is of the view that, during the Reporting Period, the Company has complied with all code provisions as set out in the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Hong Kong Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with each of the Directors and supervisors of the Company, they have confirmed that they had complied with such code of conduct during the Reporting Period.

OTHER INFORMATION

USE OF PROCEEDS

Use of Proceeds from The STAR Market Listing

As approved by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 940) (證監許可[2020]940號文), the Company issued 87,130,000 ordinary shares (A Shares) with a nominal value of RMB1.00 to the public in a public offering in July 2020 at the issue price of RMB55.50 per share to allow the Company access a more established platform in the PRC capital market. The gross proceeds amounted to approximately RMB4,836 million. After deducting issuance expenses of approximately RMB339 million in accordance with the related requirements, the net proceeds amounted to approximately RMB4,497 million. The net proceeds from the listing of A Shares have been used and will be used in accordance with the uses disclosed in the Company's A share prospectus dated 8 July 2020.

Committed investment projects	Planned use of proceeds *RMB'000*	Unutilized proceeds as at 31 December 2023 *RMB'000*	Proceeds utilized during the Reporting Period *RMB'000*	Utilized Proceeds as at 30 June 2024 *RMB'000*	Unutilized Proceeds as at 30 June 2024 *RMB'000*	Expected timeline for application of the unutilized proceeds
Research and development projects of innovative drugs	1,200,000	–	(16)	1,216,655	–	Was fully utilized by 31 December 2022
Junshi Biotech Industrialization Lingang Project	700,000	–	–	700,000	–	Was fully utilized by 31 December 2020
Repayment of bank loans and replenishment of liquidity	800,000	–	–	824,509	–	Was fully utilized by 30 June 2022
Surplus proceeds	1,796,978	233,768	44,221	1,610,586	189,820	Expected to be fully utilized by 31 December 2024
	4,496,978(Note 1)	223,768(Note 2)	44,205(Note 2)	4,351,750(Note 1)	189,820(Notes 1 & 2)	

Notes:

1. The difference between (i) the sum of utilized proceeds and the unutilized proceeds and (ii) the net proceeds from the issuance represents bank charges, foreign exchange gains and interests generated from bank saving accounts.
2. The difference between (i) the sum of proceeds utilized during the Reporting Period and unutilized proceeds as at 30 June 2024 and (ii) unutilized proceeds as at 31 December 2023 represents bank charges, foreign exchange gains and interests generated from bank saving accounts.

OTHER INFORMATION

Use of Proceeds from The Issuance of A Shares

As approved by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2022] No. 2616) (證監許可[2022]2616號文), the Company issued 70,000,000 ordinary shares (A Shares) with a nominal value of RMB1.00 to 17 target subscribers (including securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal persons investors and natural persons, who/which satisfy the relevant requirements of the China Securities Regulatory Commission) on 2 December 2022 at the issue price of RMB53.95 per share. The gross proceeds amounted to approximately RMB3,777 million. After deducting issuance expenses of approximately RMB32 million in accordance with the related requirements, the net proceeds amounted to approximately RMB3,745 million. The net proceeds from the issuance of A Shares have been used and will be used in accordance with the uses disclosed in the Company's circular dated 7 March 2022, announcements dated 7 March 2022, 14 June 2022 and 30 May 2024. The market price of A Shares on 2 December 2022 was RMB61.23 per A share. The Company considered that the projects funded by the proceeds involved in the issuance of A Shares would accelerate the Company's clinical research work and promote the marketing process of relevant products in the PRC and overseas, enhance the synergy between preclinical and clinical research, and relieve tensions in R&D and operation funds of the Company to a certain extent, which are conducive to the realization of the Company's core development strategy and the sustainable and sound development of the production and operation of the Company.

Purpose of the proceeds	Intended use of the net proceeds *(Approx. RMB million)*	Unutilized proceeds as at 31 December 2023 *(Approx. RMB million)*	Proceeds utilized during the Reporting Period *(Approx. RMB million)*	Proceeds utilized as at 30 June 2024 *(Approx. RMB million)*	Unutilized proceeds as at 30 June 2024 *(Approx. RMB million)*	Expected timeline for application of the unutilized proceeds
R&D projects of innovative drugs	3,464	3,077	146	533	2,931	Expected to be fully utilized by 31 December 2026
Shanghai Junshi Biotech headquarters and R&D base project	281	137	55	199	82	Expected to be fully utilized by 31 December 2026
	3,745	3,214	201	732	3,013	

OTHER INFORMATION

SUBSEQUENT EVENTS

- In July 2024, Suzhou Union Biopharm Co., Ltd.* (蘇州眾合生物醫藥科技有限公司), a wholly-owned subsidiary of the Company, received the CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER issued by The Ireland Health Products Regulatory Authority in accordance with the relevant regulations of the EMA. According to the GMP mutual recognition system among the EU member states, the obtaining of the GMP certificate indicates that the production facilities with the certificate have met the GMP standards of the EU, which is an important entry condition for toripalimab's entry into the European market.

- In July 2024, the IND application for JS125 (a targeted histone deacetylases (HDACs) inhibitor) was accepted by the NMPA.

- In July 2024, the sNDA for TUOYI® in combination with bevacizumab for the first-line treatment of unresectable or metastatic HCC was accepted by the NMPA.

- In July 2024, a positive opinion from the CHMP was obtained for the MAA of toripalimab (European trade name: LOQTORZI®), which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC.

- On 30 August 2024, the Board considered and approved that the Company may reduce the registered capital it held in Shanghai Junshi Xihai Biotechnology Co., Ltd.* (上海君實西海生物科技有限公司) from RMB50 million to RMB1 million. Immorna also agreed to reduce the registered capital it held in the JV Company from RMB50 million to RMB1 million. Upon completion of the capital reduction by the Company and Immorna, the registered capital of the JV Company will be reduced from RMB100 million to RMB2 million. There will be no change to the percentage interest held by the Company and Immorna in the JV Company and the JV Company will still be owned as to 50% by the Company and 50% by Immorna. An aggregate of RMB49.18 million shall be payable by the JV Company to the Company as a result of the capital reduction in the JV Company. For further details, please refer to the Company's announcements dated 19 and 23 July 2021, and 30 August 2024.

- In August 2024, the sNDA for TUOYI® as the first-line treatment for unresectable or metastatic melanoma was accepted by the NMPA.

- In August 2024, the Company's A Shares was included in the SSE STAR Brand Name Drug Index. The index selects 30 securities of the companies listed on the STAR market with the largest market capitalization and engaged in innovative drugs as constituents, reflecting the overall performance of the securities of the companies listed on the STAR market and engaged in innovative drugs.

OTHER INFORMATION

– On 30 August 2024, as part of the reorganization of Shanghai Allink, the Company proposed to enter into the Reorganization Framework Agreement with Shanghai Allink, Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu, Med-Fine Venture Fund I, L.P., Allied Pulse Investment Holding Limited, Changzhou Jifeng, and Wuhan Jifeng, pursuant to which, among other things, the Company (or its controlled entity) shall sell, and Allink Hong Kong shall purchase, approximately 9.45% of equity interest in Shanghai Allink at a consideration of RMB30,597,800, and the Company (or its controlled entity) shall subscribe, and Allink Cayman shall issue, a Warrant, conferring the right to subscribe for an aggregate of 14,000,000 Warrant Shares of Allink Cayman, which represent approximately 9.45% of the issued share capital of Allink Cayman. For details, please refer to the Company's announcement dated 30 August 2024.

AUDIT COMMITTEE

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

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

AUDITOR

The interim financial report for the six months ended 30 June 2024 is unaudited, but have been reviewed by Deloitte Touche Tohmatsu.

All references above to other sections, reports or notes in this interim report form part of this report.

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

30 August 2024

* *For identification purpose only*

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*
上海君實生物醫藥科技股份有限公司
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shanghai Junshi Biosciences Co., Ltd.* 上海君實生物醫藥科技股份有限公司(the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 91, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	NOTES	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	**786,056**	669,703
Cost of sales and services		**(210,801)**	(288,513)
Gross profit		**575,255**	381,190
Other income	4	**34,473**	92,153
Other gains and losses	5	**(17,557)**	(21,183)
Impairment losses under expected credit loss model, net of reversal		**10,416**	(1,122)
Research and development expenses		**(546,376)**	(948,599)
Selling and distribution expenses		**(427,554)**	(373,126)
Administrative expenses		**(252,599)**	(241,972)
Share of losses of joint ventures		**(8,878)**	(2,057)
Share of losses of associates		**(19,347)**	(30,249)
Finance costs		**(24,393)**	(14,548)
Other expenses		**(8,334)**	(16,320)
Loss before tax		**(684,894)**	(1,175,833)
Income tax (expense) credit	6	**(3,551)**	50,495
Loss for the period	7	**(688,445)**	(1,125,338)
Other comprehensive (expense) income for the period			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial asset designated as at fair value through other comprehensive income ("FVTOCI")		**(28,050)**	(60,569)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**3,708**	22,391
Other comprehensive expense for the period		**(24,342)**	(38,178)
Total comprehensive expense for the period		**(712,787)**	(1,163,516)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	NOTES	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period attributable to:			
– Owners of the Company		**(645,691)**	(996,421)
– Non-controlling interests		**(42,754)**	(128,917)
		(688,445)	(1,125,338)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		**(670,033)**	(1,034,599)
– Non-controlling interests		**(42,754)**	(128,917)
		(712,787)	(1,163,516)
Loss per share	*9*		
– Basic (RMB yuan)		**(0.66)**	(1.01)
– Diluted (RMB yuan)		**(0.66)**	(1.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTES	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**3,918,692**	3,789,409
Right-of-use assets	*10*	**436,940**	463,915
Intangible assets		**126,300**	134,417
Interests in joint ventures	*11*	**100,778**	74,656
Interests in associates	*12*	**192,807**	167,920
Deferred tax assets	*13*	**102,228**	103,396
Other assets, prepayments and other receivables	*15*	**453,896**	188,388
Other financial assets	*16*	**855,338**	890,536
		6,186,979	5,812,637
Current assets			
Inventories		**554,107**	538,053
Trade receivables	*14*	**449,904**	479,723
Other assets, prepayments and other receivables	*15*	**505,156**	744,388
Other financial assets	*16*	**600,000**	–
Restricted bank deposits	*17*	**261**	9,521
Bank balances and cash	*17*	**2,711,469**	3,778,142
		4,820,897	5,549,827
Current liabilities			
Trade and other payables	*18*	**1,299,224**	1,706,015
Income tax payable		**11,095**	18,017
Borrowings	*19*	**802,216**	539,391
Deferred income		**27,200**	2,400
Contract liabilities		**154,278**	146,298
Provisions and other liabilities		**17,625**	27,104
Lease liabilities		**19,392**	35,931
		2,331,030	2,475,156
Net current assets		**2,489,867**	3,074,671
Total assets less current liabilities		**8,676,846**	8,887,308

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTES	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Borrowings	*19*	**1,738,310**	1,195,794
Deferred income		**149,999**	181,064
Other financial liabilities	*20*	**155,597**	152,791
Lease liabilities		**9,520**	17,451
		2,053,426	1,547,100
Net assets		**6,623,420**	7,340,208
Capital and reserves			
Share capital	*21*	**985,690**	985,690
Treasury share	*22*	**(30,892)**	(26,891)
Reserves		**5,541,990**	6,212,023
Equity attributable to owners of the Company		**6,496,788**	7,170,822
Non-controlling interests		**126,632**	169,386
Total equity		**6,623,420**	7,340,208

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Treasury share RMB'000	Share premium RMB'000	Restricted share units ("RSU") reserve RMB'000	Other reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2024 (Audited)	985,690	(26,891)	14,796,560	86,110	512,203	(180,535)	38,467	(9,040,782)	7,170,822	169,386	7,340,208
Loss for the period	–	–	–	–	–	–	–	(645,691)	(645,691)	(42,754)	(688,445)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	3,708	–	3,708	–	3,708
Fair value loss on financial asset designated as at FVTOCI	–	–	–	–	–	(28,050)	–	–	(28,050)	–	(28,050)
Total comprehensive (expense) income for the period	–	–	–	–	–	(28,050)	3,708	(645,691)	(670,033)	(42,754)	(712,787)
Repurchase of A Shares	–	(4,001)	–	–	–	–	–	–	(4,001)	–	(4,001)
As at 30 June 2024 (Unaudited)	985,690	(30,892)	14,796,560	86,110	512,203	(208,585)	42,175	(9,686,473)	6,496,788	126,632	6,623,420
As at 1 January 2023 (Audited)	982,872	–	14,531,698	173,728	640,686	(96,664)	28,254	(6,759,158)	9,501,416	292,834	9,794,250
Loss for the period	–	–	–	–	–	–	–	(996,421)	(996,421)	(128,917)	(1,125,338)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	22,391	–	22,391	–	22,391
Fair value loss on financial asset designated as at FVTOCI	–	–	–	–	–	(60,569)	–	–	(60,569)	–	(60,569)
Total comprehensive (expense) income for the period	–	–	–	–	–	(60,569)	22,391	(996,421)	(1,034,599)	(128,917)	(1,163,516)
Acquisition of shares from a non-controlling interest	–	–	–	–	(128,483)	–	–	–	(128,483)	128,483	–
Exercise of RSUs	2,818	–	190,531	(36,938)	–	–	–	–	156,411	–	156,411
Recognition of equity settled share-based payment expenses – RSU	–	–	–	17,111	–	–	–	–	17,111	35	17,146
As at 30 June 2023 (Unaudited)	985,690	–	14,722,229	153,901	512,203	(157,233)	50,645	(7,755,579)	8,511,856	292,435	8,804,291

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(869,253)**	(1,228,175)
INVESTING ACTIVITIES		
Interest received	**24,984**	60,831
Payments for property, plant and equipment	**(393,287)**	(201,017)
Proceeds from disposal of property, plant and equipment	**1,865**	22
Payments for rental deposits	**(93)**	(247)
Refund of rental deposits	**3,725**	787
Acquisition of other financial assets	**(765,000)**	(1,230,000)
Disposal of other financial assets	**100,389**	1,202,853
Payments for intangible assets	**(2,426)**	(414)
Placement of restricted bank deposits	**–**	(26,570)
Withdrawal of restricted bank deposits	**–**	31,086
Repayment from a joint operation	**3,900**	1,953
Capital injection to an associate	**(30,000)**	–
Proceeds on disposal of an associate	**150,000**	–
Acquisition of interest in joint ventures	**(35,000)**	–
Receipt of government grants related to property, plant and equipment	**–**	500
NET CASH USED IN INVESTING ACTIVITIES	**(940,943)**	(160,216)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Payments for transaction costs for the issuance of shares	**–**	(2,753)
Repayments for lease liabilities	**(23,901)**	(23,785)
Proceeds from borrowings	**1,434,544**	214,726
Repayments of borrowings	**(634,028)**	(116,669)
Interest paid	**(33,862)**	(17,998)
Proceeds from exercise of RSUs	**–**	152,595
Capital contribution to subsidiaries by non-controlling interests	**–**	3,000
Proceeds from other partners of investment fund consolidated	**–**	11,000
Payment on repurchase of shares	**(4,001)**	–
NET CASH FROM FINANCING ACTIVITIES	**738,752**	220,116
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,071,444)**	(1,168,275)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**3,778,142**	5,996,936
Effect of foreign exchange rate changes	**4,771**	25,101
CASH AND CASH EQUIVALENTS AT 30 JUNE, REPRESENTED BY BANK BALANCES AND CASH	**2,711,469**	4,853,762

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL AND BASIS OF PREPARATION

Shanghai Junshi Biosciences Co., Ltd.* (the "Company") was established in the People's Republic of China (the "PRC") on 27 December 2012 and converted into a joint stock company with limited liability in May 2015. In August 2015, the Company's domestic shares became listed on the National Equities Exchange and Quotations ("NEEQ") (stock code: 833330). On 24 December 2018, the Company's H shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1877). The domestic shares of the Company were delisted from NEEQ since 8 May 2020 and were converted into A shares and listed on the STAR Market of the Shanghai Stock Exchange on 15 July 2020 (stock code: 688180). The respective addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the interim report.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES AND CHANGE IN KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Principal accounting policies

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

Other than additional/change in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2.2 Change in key sources of estimation uncertainty

Useful lives of property, plant and equipment

Over the years, the Group has developed policies and procedures to regularly maintain and overhaul the property, plant and equipment. The Group's management is of the view that given the current conditions of property, plant and equipment, it is reasonable to revise the estimation of useful lives of property, plant and equipment in order to more objectively and fairly reflect the impact of depreciation on the Group's operating results. This revised estimation is made with reference to the useful lives of property, plant and equipment of similar nature and functions in the industry. The new estimated useful lives are listed as follow with effect from 1 January 2024:

Properties	change from 20 years to 20 to 40 years
Machinery and equipment	change from 10 years to 10 to 15 years
Vehicles	unchanged at 5 years
Furniture fixtures	unchanged at 3 to 5 years
Other equipment	change from 3 to 5 years to 3 to 10 years

The change of estimation will apply prospectively and does not require retrospective adjustment, which had no impact on the Group's financial positions and performance for prior periods.

Based on the revised useful lives, it is estimated that the annual depreciation charge for the year ending 31 December 2024 will decrease by approximately RMB47 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
At a point in time		
Sale of pharmaceutical products	**709,044**	641,292
Licensing income	**24,485**	–
Others	**739**	–
	734,268	641,292
Over time		
Service income	**51,788**	28,411
	786,056	669,703

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

During the period ended 30 June 2024, the Group recognised sales-based royalty income amounting to RMB7,429,000 (six months ended 30 June 2023: nil) and milestone payments of RMB16,344,000 (six months ended 30 June 2023: nil) upon the achievement of certain milestone pursuant the licensing agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are mainly located in the PRC and the United States of America (the "USA").

Information about the Group's revenue from external customers is presented based on the operating location of customers.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
The PRC	**745,213**	630,937
The USA	**23,786**	38,766
Others	**17,057**	–
	786,056	669,703

4. OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**24,454**	55,027
Government grants related to property, plant and equipment *(Note a)*	**3,214**	1,080
Other subsidies *(Note b)*	**6,805**	36,046
	34,473	92,153

Notes:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value change of other financial assets measured at fair value through profits or loss ("FVTPL"), net	**(31,696)**	(23,532)
Exchange gains, net	**1,063**	2,068
Loss on disposal of property, plant and equipment	**(388)**	(324)
Other gain *(Note)*	**14,234**	–
Others	**(770)**	605
	(17,557)	(21,183)

Note: During the period ended 30 June 2024, the Group transferred certain rights under the license agreement to Excellmab Pte. Ltd. ("Excellmab") in exchange of 40% equity interest in Excellmab and recognised a gain of RMB14,234,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. INCOME TAX EXPENSE (CREDIT)

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
United States Corporate Income Tax ("CIT")	**749**	(106,231)
Singapore Corporate Income Tax	**1,634**	–
Deferred tax	**1,168**	55,736
	3,551	(50,495)

Under the law of the PRC Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the basic tax rate of the Company and its PRC subsidiaries is 25% for both periods. The Company and certain PRC subsidiaries of the Group were accredited as High and New Technology Enterprises and enjoyed the reduced 15% EIT rate.

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

During the period ended 30 June 2024, the Company is subject to a United States withholding tax on licensing income received from a US-based customer amounting to RMB743,000 and a Singapore withholding tax on licensing income received from a Singapore-based customer amounting to RMB1,634,000.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period has been arrived at after charging (crediting) the following items:		
Amortisation for intangible assets	**9,934**	5,901
Depreciation for property, plant and equipment	**131,030**	131,258
Less: amounts included in the cost of inventories	**(27,833)**	(36,206)
amounts included in the cost of properties under construction	**(636)**	(4,594)
	102,561	90,458
Depreciation of right-of-use assets	**25,604**	26,069
Less: amounts included in the cost of properties under construction	**–**	(1,748)
	25,604	24,321
Impairment losses reversed on other assets and prepayments included in cost of sales	**(2,793)**	–
Expenses relating to short-term leases and low-value assets	**5,719**	6,520
Donation expenses (included in other expenses)	**8,334**	16,320
Cost of inventories recognised as expense (including write-down of inventories amounting to RMB8,884,000 (six months ended 30 June 2023: RMB36,357,000))		
– Cost of sales	**160,568**	281,898
– Research and development expenses	**62,511**	57,681
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**576,000**	567,862
– Retirement benefit scheme contributions	**47,131**	47,168
– Share-based payments	**–**	17,146
	623,131	632,176
Less: amounts included in the cost of inventories	**(43,881)**	(47,025)
amounts included in the cost of properties under construction	**(4,009)**	(10,193)
	575,241	574,958

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2024 and 2023. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2024 and 2023.

9. LOSS PER SHARE

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

Loss

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(645,691)**	(996,421)

Number of shares

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**984,943,273**	985,191,620

During the period ended 30 June 2024, the Company repurchased 136,844 ordinary shares (A Shares). The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended 30 June 2024 excludes shares of treasury stock repurchased.

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

The computation of diluted loss per share for the six months ended 30 June 2024 does not assume the exercise of the Company's outstanding RSUs as this would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group purchased property, plant and equipment amounting to RMB266,722,000 (six months ended 30 June 2023: RMB330,253,000), including capitalisation of interest expense of RMB13,536,000 (six months ended 30 June 2023: RMB4,533,000) in the PRC in order to upgrade its manufacturing capacities.

During the current interim period, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 1 to 3 years. The Group is required to make fixed payments on the usage of the assets during the contract period. On the date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB4,593,000 (six months ended 30 June 2023: RMB16,977,000) and lease liabilities of RMB4,593,000 (six months ended 30 June 2023: RMB16,977,000).

11. INTERESTS IN JOINT VENTURES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cost of investments in joint ventures	115,000	80,000
Share of post-acquisition losses	(14,222)	(5,344)
	100,778	74,656

During the period ended 30 June 2024, Shanghai Junyu Biotechnology Development Co., Ltd.* (上海君峪生物科技發展有限公司) ("SHJY") was set up by the Group with an investment cost of RMB10,000,000. An additional capital injection of RMB25,000,000 was made by the Group to Shanghai Ruotuo Biotechnology Co., Ltd.* (上海偌妥生物科技有限公司) ("SHRT"), who is jointly controlled by the Group and Anwita Biosciences, Inc., an associate of the Group. The Group owns 50% and 49% direct equity interest in SHJY and SHRT, respectively. Based on the terms stipulated in respective investment agreements, the Group accounts for both investment as joint ventures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. INTERESTS IN ASSOCIATES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cost of investments in associates	**265,684**	211,961
Share of post-acquisition losses	**(63,388)**	(44,041)
Less: elimination of unrealised downstream transactions	**(9,489)**	–
	192,807	167,920

During the period ended 30 June 2024, the Group 1) transferred certain rights under a license agreement to Excellmab in exchange of its 40% equity interest amounting to RMB23,723,000; 2) made an additional capital injection of RMB30,000,000 to its associate Junshi Risen (Shanghai) Pharmaceutical Technology Co., Ltd.* (君實潤佳(上海)醫藥科技有限公司).

13. DEFERRED TAX ASSETS

As at 30 June 2024, deferred tax assets of RMB102,228,000 (31 December 2023: RMB103,396,000) mainly in relation to unused tax losses has been recognised in the Group's condensed consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

14. TRADE RECEIVABLES

The Group allows a normal credit period of 45 to 60 days (31 December 2023: 45 to 60 days) to its trade customers.

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 90 days	**358,558**	462,972
91 to 180 days	**2,419**	9,484
Over 180 days	**88,927**	7,267
	449,904	479,723

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deposits		
– current	25,034	27,139
– non-current	24,480	29,265
Prepayments		
– current *(Note a)*	267,246	245,217
– non-current *(Note b)*	202,826	101,175
Amount due from a partner of a joint operation		
– current	–	3,900
Interest receivables		
– current	–	530
Value added tax ("VAT") recoverable *(Note c)*		
– current	26,785	134,194
– non-current	226,590	57,948
Consideration receivables arising from equity transfer transactions	189,167	339,167
	962,128	938,535
Less: Allowance for credit losses	(3,076)	(5,759)
	959,052	932,776
Analysed as		
– current	505,156	744,388
– non-current	453,896	188,388
	959,052	932,776

Notes:

(a) Prepayments mainly include fee paid for research and development services for the clinical and non-clinical study of the drugs. Prepayments also include other prepaid operating expenses and prepayments for purchase of raw materials. During the period ended 30 June 2024, a reversal of impairment losses amounting RMB2,793,000 (six months ended 30 June 2023: nil) was recognised on prepayments relating to purchase of raw materials.

(b) Amount represents prepayments for construction in progress and acquisition of property, plant and equipment.

(c) Included in VAT recoverable are RMB26,785,000 (31 December 2023: RMB134,194,000) value added tax recoverable presented as current assets as at 30 June 2024 since they are expected to be deducted from future VAT payable arising on the Group's revenue which are expected to be generated within the next twelve months from 30 June 2024. The remaining VAT recoverable of RMB226,590,000 (31 December 2023: RMB57,948,000) are expected to be recovered after twelve months from the end of reporting period and therefore presented as non-current assets at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. OTHER FINANCIAL ASSETS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Current asset		
Financial asset measured at FVTPL		
– Financial products	**600,000**	–
Non-current assets		
Financial assets measured at FVTPL		
– Unlisted investments in partnership	**150,106**	153,777
– Unlisted equity investments	**46,898**	42,182
– Investments in preference shares	**602,199**	610,393
Financial assets designated as at FVTOCI *(Note)*	**56,135**	84,184
	855,338	890,536

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

17. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits represent the deposit restricted for the bank borrowings. The restricted bank deposits amounting to RMB261,000 will be released in December 2024. (31 December 2023: restricted bank deposits amounting to RMB9,521,000 will be released in one year.)

Bank balances carrying interest at market rates which ranged from 0.0001% to 5.15% per annum as at 30 June 2024 (31 December 2023: 0.0001% to 5.28% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– third parties	**246,535**	247,264
Accrued expenses in respect of		
– construction cost of properties under construction	**369,863**	479,284
– research and development expenses *(Note a)*	**328,688**	408,516
– selling and distribution expenses	**53,780**	133,997
– others	**21,041**	97,137
Payables to collaboration parties under collaboration agreements *(Note b)*	**10,050**	14,947
Salary and bonus payables	**191,851**	234,202
Other tax payables	**33,776**	41,411
Other payables	**43,640**	49,257
	1,299,224	1,706,015

Notes:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. TRADE AND OTHER PAYABLES (Continued)

Payment terms with suppliers are mainly with credit term of 0 to 90 days (31 December 2023: 0 to 90 days) from the time when the goods and services are received from the suppliers. The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 30 days	**103,774**	60,582
31 to 60 days	**35,237**	33,363
61 to 180 days	**29,314**	72,400
Over 180 days	**78,210**	80,919
	246,535	247,264

19. BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Bank borrowings		
– secured	**923,142**	868,364
– unsecured	**1,617,384**	866,821
	2,540,526	1,735,185
The maturity profile of bank borrowings is as follows:		
– within one year	**802,216**	539,391
– within a period of more than one year but not exceeding two years	**483,111**	120,135
– within a period of more than two years but not exceeding five years	**761,409**	700,751
– within a period of more than five years	**493,790**	374,908
	2,540,526	1,735,185
Less: amount due within one year shown under current liabilities	**(802,216)**	(539,391)
Amount shown under non-current liabilities	**1,738,310**	1,195,794

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. BORROWINGS (Continued)

As at 30 June 2024, the Group's variable-rate borrowings of RMB1,573,119,000 (31 December 2023: RMB1,282,750,000) carry interest at loan prime rate minus a margin, ranging from 0.45% to 0.85% (31 December 2023: 0.45% to 0.85%) per annum.

As at 30 June 2024, the Group's fixed-rate borrowings of RMB967,407,000 (31 December 2023: RMB452,435,000) carry interest at around 1.98% to 3.40% (31 December 2023: 1.98% to 3.35%) per annum.

The Group has pledged the following assets as securities for the Group's bank borrowings at the end of reporting period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Restricted bank deposits	–	4,672
Property, plant and equipment	612,492	630,372
Right-of-use assets	137,941	140,683
	750,433	775,727

20. OTHER FINANCIAL LIABILITIES

Other financial liabilities represent amount received from other limited partners of Wuxi Runyuan Biomedical Venture Capital Investment Partnership (Limited Partnership) * 無錫潤元生物醫藥創業投資合夥企業(有限合夥), a subsidiary of the Company. The amount is measured at amortised cost based on the terms stipulated in the investment agreement.

21. SHARE CAPITAL

	Total number of shares	Amount RMB'000
Registered, issued and fully paid at RMB1.0 per share:		
At 1 January 2023 (Audited)	982,871,640	982,872
Exercise of RSUs *(Note 23)*	2,818,231	2,818
At 30 June 2023 (Unaudited)	985,689,871	985,690
At 1 January 2024 (audited) and 30 June 2024 (Unaudited)	985,689,871	985,690

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. TREASURY SHARE

During the period ended 30 June 2024, the Company repurchased its own ordinary shares (A shares) through the STAR Market of the Shanghai Stock Exchange as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid
		Highest	Lowest	
		RMB	RMB	RMB'000
March 2024	102,459	29.35	29.21	3,001
June 2024	34,385	29.14	29.03	1,000
	136,844			4,001

As at 30 June 2024, the Group had repurchased an aggregate of 815,871 ordinary shares (A shares), including 388,445 shares repurchased in September 2023 with consideration of RMB15,030,000, and 171,266 shares repurchased in October 2023 with consideration of RMB6,905,000, and 119,316 shares repurchased in December 2023 with consideration of RMB4,956,000 and shares repurchased during the period ended 30 June 2024. They are held as treasury shares by the Group. The aggregate consideration paid includes transaction fees such as stamp duty and trading commission.

23. SHARE-BASED PAYMENT TRANSACTIONS

Restricted A Share Incentive Scheme

Pursuant to a resolution passed on 16 November 2020, the Company adopted the Restricted A Share Incentive Scheme (the "Restricted A Share Scheme") for the purpose of attract and retain the Group's personnel and to ensure the Group's development strategy and business goals. Eligible persons including but not limited to the Group's directors, senior management and employees. Under the Restricted A Share Scheme, 28,519,000 RSUs are granted to eligible persons. The RSUs are vested as follows:

On 1st anniversary of the first trading day following the end of the 12 months from 16 November 2020	40% vest
On 2nd anniversary of the first trading day following the end of the 24 months from 16 November 2020	further 30% vest
On 3rd anniversary of the first trading day following the end of the 36 months from 16 November 2020	remaining 30% vest

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Restricted A Share Incentive Scheme (Continued)

Movement in the number of RSUs granted under the Restricted A Share Scheme is as follows:

For the period ended 30 June 2024

			Number of RSUs			
Date of grant	Vesting date	Expiry date	Outstanding at 1 January 2024	Granted during the period	Exercised during the period	Outstanding at 30 June 2024
16 November 2020	16 November 2023	15 November 2024	6,159,540	–	–	6,159,540
Exercisable at the end of the period						6,159,540
Weighted average exercise price (RMB)			55.50	–	–	55.50

For the period ended 30 June 2023

			Number of RSUs			
Date of grant	Vesting date	Expiry date	Outstanding at 1 January 2023	Granted during the period	Exercised during the period	Outstanding at 30 June 2023
16 November 2020	16 November 2022	15 November 2023	6,130,740	–	(2,088,696)	4,042,044
16 November 2020	16 November 2023	15 November 2024	6,159,540	–	–	6,159,540
Total			12,290,280	–	(2,088,696)	10,201,584
Exercisable at the end of the period						4,042,044
Weighted average exercise price (RMB)			55.50	–	55.50	55.50

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Restricted A Share Incentive Scheme (Continued)

Pursuant to a resolution passed on 15 November 2021, the Company adopted the Reserved Restricted A Share Incentive Scheme (the "Reserved Restricted A Share Scheme") for the purpose of attract and retain the Group's personnel and to ensure the Group's development strategy and business goals. Eligible persons including but not limited to the Group's directors, senior management and employees. Under the Reserved Restricted A Share Scheme, 7,129,000 RSUs are granted to eligible persons. The RSUs are vested as follows:

On 1st anniversary of the first trading day following the end of the 12 months from 15 November 2021	50% vest
On 2nd anniversary of the first trading day following the end of the 24 months from 15 November 2021	further 50% vest

Reserved Restricted A Share Incentive Scheme

Movement in the number of RSUs granted under the Reserved Restricted A Share Scheme is as follows:

For the period ended 30 June 2024

			Number of RSUs			
Date of grant	Vesting date	Expiry date	Outstanding at 1 January 2024	Granted during the period	Exercised during the period	Outstanding at 30 June 2024
15 November 2021	15 November 2023	15 November 2024	2,418,850	–	–	2,418,850
Exercisable at the end of the period						2,418,850
Weighted average exercise price (RMB)			55.50	–	–	55.50

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Reserved Restricted A Share Incentive Scheme (Continued)

For the period ended 30 June 2023

			Number of RSUs			
Date of grant	Vesting date	Expiry date	Outstanding at 1 January 2023	Granted during the period	Exercised during the period	Outstanding at 30 June 2023
15 November 2021	15 November 2022	15 November 2023	2,418,850	–	(729,535)	1,689,315
15 November 2021	15 November 2023	15 November 2024	2,418,850	–	–	2,418,850
Total			4,837,700	–	(729,535)	4,108,165
Exercisable at the end of the period						1,689,315
Weighted average exercise price (RMB)			55.50	–	55.50	55.50

During the period ended 30 June 2024, share-based payment expense of Nil (six months ended 30 June 2023: RMB16,659,000) (net of Nil (six months ended 30 June 2023: RMB487,000) capitalised in cost of construction in progress) has been recognised in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

24. CAPITAL AND OTHER COMMITMENTS

At the end of the reporting period, the Group had the following capital and other commitments:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
– acquisition of property, plant and equipment	**1,390,613**	1,705,623
Other commitments in respect of investments:	**130,000**	305,763

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at 30 June 2024 RMB'000 (Unaudited)	Fair value as at 31 December 2023 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets at FVTPL					
Unlisted equity investment	5,380	5,380	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount
Unlisted equity investment	11,518	6,802	Level 3	2024: Back-solve from recent transaction price 2023: Market comparison approach – in this approach, fair value was determined with reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple").	2024: Recent transaction price/ Redemption/Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount 2023: Discount rate of 28% and P/R&D multiple of 3.28, taking into account management's experience and knowledge of market conditions
Investment in preference shares	131,058	152,508	Level 3	Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple	Discount rate of 12% (2023: 16%) and P/R&D multiple of 7.47 (2023: 9.82), taking into account management's experience and knowledge of market conditions
Unlisted investments in partnership	150,106	153,777	Level 3	The fair value is determined based on the share of fair value of the underlying net assets held by the investee	Fair value of the underlying net assets held by the investee

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 30 June 2024 RMB'000 (Unaudited)	Fair value as at 31 December 2023 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investment in preference shares	21,380	24,054	Level 3	Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple	Discount rate of 25% (2023: 25%) and P/R&D multiple of 2.8 (2023: 3.44), taking into account management's experience and knowledge of market conditions
Investment in preference shares	221,269	233,778	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount
Investment in preference shares	45,102	41,045	Level 3	2024: Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple. 2023: Back-solve from recent transaction price	2024: Discount rate of 22% and P/R&D multiple of 3.5, taking into account management's experience and knowledge of market conditions 2023: Recent transaction price/ Redemption/Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 30 June 2024 RMB'000 (Unaudited)	Fair value as at 31 December 2023 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investment in preference shares	9,381	10,000	Level 3 (2023: Level 2)	2024: Back-solve from recent transaction price 2023: Recent transaction price	2024: Recent transaction price/ Redemption/Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount 2023: N/A
Investment in preference shares	174,009	149,008	Level 2	Recent transaction price	N/A
Unlisted equity investment	30,000	30,000	Level 2	Recent transaction price	N/A
Financial products	600,000	–	Level 2	Recent transaction price	N/A
	1,399,203	806,352			
Financial assets at FVTOCI					
Listed equity investment	30,725	58,774	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity investment	25,410	25,410	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk – free rate/expected volatility/liquidity discount
	1,455,338	890,536			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

There were no transfers between Level 1 and Level 2 during both periods.

For the sensitivity analysis of significant unobservable inputs of other investments, the management of the Group considers that the impacts are immaterial, and such relevant information is not disclosed.

Reconciliation of Level 3 fair value measurements

	Unlisted equity investments RMB'000	Unlisted investments in partnership RMB'000	Investments in preference shares RMB'000	Total RMB'000
At 1 January 2024 (Audited)	**37,592**	**153,777**	**451,385**	**642,754**
Transfer into Level 3 due to change of valuation technique *(Note)*	**–**	**–**	**10,000**	**10,000**
Change in fair value charged to profit or loss	**4,716**	**(3,671)**	**(33,195)**	**(32,150)**
At 30 June 2024 (Unaudited)	**42,308**	**150,106**	**428,190**	**620,604**
At 1 January 2023 (Audited)	12,182	156,236	529,322	697,740
Transfer into Level 3 due to change of valuation technique *(Note)*	–	–	40,000	40,000
Disposed during the period	–	(2,853)	–	(2,853)
Change in fair value charged to profit or loss	–	3,229	(30,995)	(27,766)
At 30 June 2023 (Unaudited)	12,182	156,612	538,327	707,121

Note: These investments were measured by recent transaction price as at the end of preceding reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

26. RELATED PARTIES DISCLOSURES

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group had also entered into the following transactions with related parties:

(a) Research and development expenses incurred

	For the six months ended 30 June	
Name of related party	**2024**	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
SHRT	**–**	3,239

(b) Service and licensing income received

	For the six months ended 30 June	
Name of related parties	**2024**	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Hainan Junshi Phase I Equity Investment Fund Partnership Enterprise (Limited Partnership)* 海南君實一期股權投資基金合夥企業(有限合夥) *(Note a)*	**491**	491
SHJY	**849**	–
Shanghai Anlingke Biopharmaceutical Co., Ltd.* 上海安領科生物醫藥有限公司 *(Note b)*	**27,873**	–
Excellmab	**16,344**	–

Note a: Hainan Junshi Phase I Equity Investment Fund Partnership Enterprise (Limited Partnership)*海南君實一期股權投資基金合夥企業(有限合夥) is an associate of the Group.

Note b: One of the Company's non-executive directors, who resigned during the period ended 30 June 2024, is the chairman of Shanghai Anlingke Biopharmaceutical Co., Ltd.* 上海安領科生物醫藥有限公司. It is still regarded as related party for 12 months following his resignation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

26. RELATED PARTIES DISCLOSURES (Continued)

(c) Compensation of directors and key management personnel

The remuneration of directors of the Company and other members of key management during both periods were as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits and performance bonus	**28,859**	23,973
Share-based payment expenses	**–**	3,849
Post-employment benefits	**404**	487
	29,263	28,309

The remuneration of key management personnel is determined by the management of the Company having regard to the performance of individuals and market trends.

DEFINITIONS

A Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in Renminbi and have been issued and listed on the STAR Market since 15 July 2020
A Shareholder(s)	holder(s) of A Share(s)
Allink Cayman	Allink Biotherapeutics, Inc., a company incorporated in the Cayman Islands
Allink Hong Kong	Allink Biotherapeutics Co., Limited (安領科生物醫藥有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Allink Cayman
Articles of Association	articles of association of the Company
Audit Committee	the audit committee of the Company
Board of Supervisors	the Company's board of Supervisors
Board* or *Board of Directors	the Company's board of Directors
CG Code	Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules
cHL	classic Hodgkin lymphoma
Changzhou Jifeng	Changzhou Jifeng Equity Investment Partnership (Limited Partnership)* (常州濟峰股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
CHMP	the Committee for Medicinal Products for Human Use of the European Medicines Agency
Companies Ordinance	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Coherus	Coherus BioSciences, Inc.
Company	Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司)
COVID-19	coronavirus disease 2019
CSCO	Chinese Society of Clinical Oncology
Director(s)	director(s) of the Company
DCR	disease control rate
DO	the Drug Office, Department of Health, the Government of the Hong Kong Special Administration Region

DEFINITIONS

Dr. Reddy's	Dr. Reddy's Laboratories Limited
EC	the European Commission
EFS	event-free survival
EMA	the European Medicines Agency
ESCC	esophageal squamous cell carcinoma
ES-SCLC	extensive-stage small cell lung cancer
EU	the European Union
FDA	the United States Food and Drug Administration
GMP	the Good Manufacturing Practice
Group	the Company and its subsidiaries
HCC	hepatocellular carcinoma
HSA	the Singapore Health Sciences Authority
H Share(s)	overseas-listed share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on Hong Kong Stock Exchange
H Share Listing	the listing of the Company's H Shares on the Hong Kong Stock Exchange on 24 December 2018
H Shareholder(s)	holder(s) of H Share(s)
Hikma	Hikma MENA FZE
HKD or HK$	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of PRC

DEFINITIONS

Hong Kong Listing Rules or Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Immorna	Immorna (Hangzhou) Biotechnology Co., Ltd.* (嘉晨西海(杭州)生物技術有限公司), a limited liability company incorporated in the PRC
IND	Investigational New Drug
LS-SCLC	limited-stage small cell lung cancer
MAA	marketing authorization application
MHRA	the United Kingdom's Medicines and Healthcare products Regulatory Agency
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Hong Kong Listing Rules
NCE	the New Chemical Entity
NDA	new drug application
NCCN	the National Comprehensive Cancer Network
NMPA	National Medical Products Administration of China
NPC	nasopharyngeal carcinoma
NRDL	the National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance
NSCLC	non-small cell lung cancer
Nomination Committee	the nomination committee of the Company
OS	overall survival
PFS	progression free survival
Placing Shares	the placing of an aggregate of 36,549,200 new H Shares
PMDA	the Japanese Pharmaceuticals and Medical Devices Agency
PRC or China	the People's Republic of China
RCC	renal cell carcinoma

DEFINITIONS

R&D	research and development
RdRp	RNA-dependent RNA polymerase
Remuneration and Appraisal Committee	the remuneration and appraisal committee of the Company
Reorganization Framework Agreement	the reorganization framework agreement to be entered into by the Company, Shanghai Allink, Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu, Med-Fine Venture Fund I, L.P., Allied Pulse Investment Holding Limited, Changzhou Jifeng, and Wuhan Jifeng
Reporting Period	the six months ended 30 June 2024
RMB	Renminbi
Rxilient Biotech	Rxilient Biotech Pte. Ltd.
SFO	the Securities and Futures Ordinance, Charter 571 of the laws of Hong Kong
Shanghai Allink	Shanghai Allink Biotherapeutics Co., Ltd.* (上海安領科生物醫藥有限公司), a company established in the PRC on 27 June 2023 with limited liability
Shanghai Anling Xixu	Shanghai Anling Xixu Biopharmaceutical Technology Partnership (Limited Partnership)* (上海安領西旭生物醫藥科技合夥企業(有限合夥)), a limited partnership established in the PRC
Shanghai Lingke Yixin	Shanghai Lingke Yixin Biopharmaceutical Technology Partnership (Limited Partnership)* (上海領科屹鑫生物醫藥科技合夥企業(有限合夥)), a limited partnership established in the PRC
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and A Shares
Shareholder(s)	holder(s) of the Share(s)
sNDA	supplemental new drug application
STAR Market	the STAR Market of the Shanghai Stock Exchange
STAR Market Listing	the listing of the Company's A Shares on the STAR Market on 15 July 2020

DEFINITIONS

Stock Exchange or Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	The strategic committee of the Company
Supervisors	supervisors of the Company
TGA	the Therapeutic Goods Administration of the Australian Government Department of Health and Aged Care
TNBC	triple-negative breast cancer
UC	urothelial carcinoma
USD	United States dollars
Warrant	a warrant issued by Allink Cayman to the Company (or its controlled entity), conferring the right to subscribe for an aggregate of 14,000,000 shares of Allink Cayman
Wuhan Jifeng	Wuhan Jifeng Equity Investment Partnership (Limited Partnership)* (武漢濟峰股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
%	per cent

In this interim report, the terms "associate", "close associate", "connected person", "connected transaction", "controlling shareholder", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese are translations of the Chinese names. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

* *For identification purpose only*