药明巨诺
JW Therapeutics

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2126

Interim Report
2021

* For identification purpose only

JW 5th Therapeutics
药明巨诺五周年

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Yiping James Li *(Chairman)*

Non-executive Directors

Mr. Hans Edgar Bishop
Dr. Krishnan Viswanadhan
Ms. Xing Gao (高星)
Dr. Ann Li Lee
Mr. Jinyin Wang (王金印)
Dr. Cheng Liu

Independent Non-executive Directors

Mr. Yanling Cao (曹彥凌)
Mr. Chi Shing Li (李志成)
Mr. Yiu Leung Andy Cheung (張耀樑)
Mr. Kin Cheong Kelvin Ho (何建昌)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Chi Shing Li (李志成) *(Chairman)*
Mr. Hans Edgar Bishop
Mr. Yiu Leung Andy Cheung (張耀樑)

NOMINATION COMMITTEE

Mr. Chi Shing Li (李志成) *(Chairman)*
Dr. Krishnan Viswanadhan
Mr. Yanling Cao (曹彥凌)

COMPANY SECRETARY

Mr. Lee Kwok Fai Kenneth (李國輝)

AUTHORIZED REPRESENTATIVES

Dr. Yiping James Li
Mr. Lee Kwok Fai Kenneth (李國輝)

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STOCK CODE

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COMPANY'S WEBSITE

www.jwtherapeutics.com

Financial Highlights

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

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

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

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

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Operating results		
Revenue	**—**	—
General and administrative expenses	**(105,101)**	(81,007)
R&D expenses	**(185,509)**	(82,266)
Selling expenses	**(46,176)**	—
Other income	**3,933**	847
Other gains/(losses), net	**(725)**	4,115
Loss for the period	**(280,695)**	(650,029)
Loss per share		
Basic and diluted (in RMB)	**(0.71)**	(9.96)

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Financial position		
Total current assets	**2,268,145**	2,647,359
Total non-current assets	**1,216,540**	1,132,133
Total assets	**3,484,685**	3,779,492
Total current liabilities	**197,381**	237,045
Total non-current liabilities	**109,463**	112,712
Total liabilities	**306,844**	349,757
Net current assets	**2,070,764**	2,410,314
Total equity	**3,177,841**	3,429,735

NON-IFRS MEASURE

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

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

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

[1] Adjusted loss for the period is not a financial measure defined under IFRS. It represents the loss for the period excluding the effect of the following non-cash items: (a) loss on fair value changes of preferred shares; (b) loss on fair value changes of warrants; and (c) share-based compensation expenses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis — Financial Review — 12. Non-IFRS Measure".

BUSINESS REVIEW

Overview

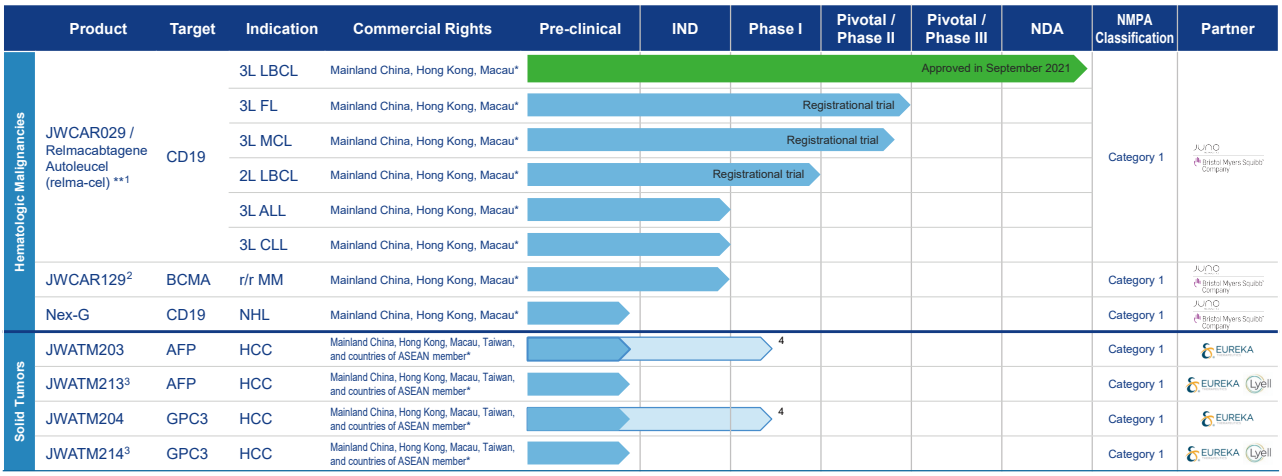
The Company is a leading development, manufacturing and early commercial stage cell therapy company in China. Since our founding in 2016, we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and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

We are an early entrant into the field of cell-based immunotherapy in China. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer, representing a paradigm shift and the latest innovation in cancer treatment. On September 3, 2021, the NMPA approved our NDA for the Company's anti-CD19 autologous CAR-T cell immunotherapy product relma-cel (R&D code: JWCAR029) for the treatment of adult patients with r/r LBCL after two or more lines of systemic therapy. Relma-cel is the first CAR-T product approved as a Category 1 biologics product in China, and sixth approved CAR-T product globally.

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

Our Product Pipeline

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



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

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

** Denotes a Core Product Candidate.

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

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

3 Developing using Lyell technology.

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

Our Core Product — relma-cel

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

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

Third-line LBCL

On September 3, 2021, the NMPA approved our NDA for the Company's anti-CD19 autologous CAR-T cell immunotherapy product relma-cel (R&D code: JWCAR029) for the treatment of adult patients with r/r LBCL after two or more lines of systemic therapy. Relma-cel is the first CAR-T product approved as a Category 1 biologics product in China, and sixth approved CAR-T product globally.

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

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

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

Third-line FL

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

Third-line MCL

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

Third-line CLL

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

Third-line ALL

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

Second-line LBCL

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

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

Other Pipeline Products

JWCAR129

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

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

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

JWATM204/214

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

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

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

JWATM203/213

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

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

Nex-G anti-CD19 Product Candidate

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

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

Potential Pipeline Products

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

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

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

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

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

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

\## JWACE055 target is not disclosed due to commercial sensitivity.

Manufacturing

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

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

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

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

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

Commercialization

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

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

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

Impact of the COVID-19 pandemic

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

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

Future and Development

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

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

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

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

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

Continuously enhance our manufacturing and supply chain through innovation and scale

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

Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house R&D

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

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

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

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

FINANCIAL REVIEW

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

IFRS Measure:

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

1. Overview

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

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

2. Revenue

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

3. R&D Expenses

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

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

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

4. General and Administrative Expenses

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

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

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

5. Selling Expenses

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

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

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

6. Other Income

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

7. Other Gains and Losses

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

8. Fair Value Changes of Preferred Shares

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

9. Fair Value Changes of Warrants

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

10. Income Tax Expense

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

11. Loss for the Period

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

12. Non-IFRS Measure

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

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

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

Selected Data from Statement of Financial Position

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

13. Liquidity and Sources of Funding and Borrowing

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

14. Key Financial Ratios

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

	As at June 30, 2021	As at December 31, 2020
Current ratio[(1)]	**11.5**	11.2
Ratio of total liabilities to total assets[(2)]	**0.1**	0.1
Gearing ratio[(3)]	**N/A[(4)]**	N/A[(4)]

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

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

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

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

15. Significant Investments

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

16. Material Acquisitions and Disposals

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

17. Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, we did not have any plans for material investments and capital assets during the six months ended June 30, 2021.

18. Pledge of Assets

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

19. Contingent Liabilities

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

20. Foreign Exchange Exposure

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

21. Employees and Remuneration

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

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

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

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

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

22. Capital Structure

The capital structure of the Group was 8.8% debt and 91.2% equity as of June 30, 2021, compared with 9.3% debt and 90.7% equity as of December 31, 2020.

EVENTS AFTER THE REPORTING PERIOD

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

- Pursuant to the Asset Purchase Agreement dated June 30, 2020, by and among the Company, JWS Therapeutics Investment Co., Ltd., and Syracuse Cayman, as described in the Prospectus and a letter agreement, dated July 7, 2021, and a subsequent agreement, dated August 7, 2021, in each case, by and between the Company and Syracuse Cayman, the deadline under the Asset Purchase Agreement for the Company to issue the Syracuse Holdback Shares (as defined in the Asset Purchase Agreement) was extended until twenty (20) Business Days (as defined in the Asset Purchase Agreement) after August 6, 2021, and could be further extended by mutual agreement of the parties. 4,840,654 Shares will be issued in the second half of 2021 to settle the Syracuse Holdback Shares.

- Application for change in one of the registered shareholders of Shanghai Ju Ming, our Consolidated Affiliated Entity, from Ms. Jing Lv (呂晶) to Mr. Xin Fu (傅欣) has been made to the relevant competent governmental authorities and pending approval.

- On September 3, 2021, the NMPA has approved the NDA for the Company's anti-CD19 autologous CAR-T cell immunotherapy product relma-cel (R&D code: JWCAR029) for the treatment of adult patients with r/r LBCL after two or more lines of systemic therapy. Relma-cel is the first CAR-T product approved as a Category 1 biologics product in China, and sixth approved CAR-T product globally.

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

INTERIM DIVIDEND

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

AUDIT COMMITTEE

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

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

The unaudited condensed consolidated interim financial statements of the Group for the six months ended June 30, 2021 have also been reviewed by PricewaterhouseCoopers in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Relating to Our Financial Position

- We have never generated any revenue from sales of cell-therapy products, and our ability to generate revenue from sales of cell-therapy products and become profitable depends significantly on our success in a number of factors;

- We have incurred significant losses since our inception, and we expect to continue to incur losses for the foreseeable future and may never achieve or maintain profitability;

- We had net operating cash outflow during the three financial years of the Company ended December 31, 2018, 2019 and 2020;

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

Risks Relating to Our Business

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

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

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

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

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

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

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

Risks Relating to Extensive Government Regulation

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

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

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

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

Risks Relating to Manufacturing of Our Product Candidates

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

- Cell-based therapies rely on the availability of reagents, specialized equipment, and other specialty materials, which may not be available to us on acceptable terms or at all. For some of these reagents, equipment, and materials, we rely or may rely on sole source vendors or a limited number of vendors, which could impair our ability to manufacture and supply our products. Over the past year, the biopharmaceutical industry has experienced significant increase in demands for products that rely on suppliers of reagents, equipment, and materials that are common to our cell-based product manufacturing. This has increased supply risks due to longer lead times and potential shortages. We are implementing mitigation strategies that involve frequent and collaborative communications with our suppliers to jointly manage lead time and delivery schedule to ensure that we have sufficient inventory to support our production demand forecast. Furthermore, we are accelerating our efforts to identify and qualify secondary suppliers to further mitigate risks.

Risks Relating to Commercialization of Our Product Candidates

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

- We currently have a limited marketing and sales organization and have no experience as a company in launching and marketing products. If we are unable to establish marketing and sales capabilities to market and sell our product candidates, we may not be able to generate product revenue or commercialize future product candidates. We may not be able to effectively build and manage our sales network;

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

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

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

Risks Relating to Our Intellectual Property Rights

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

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

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

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

Risks Relating to Our Doing Business in China

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

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

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

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

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

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' information during the Reporting Period are set out below:

- Mr. Yiu Leung Andy Cheung, an independent non-executive Director, was appointed as an independent director of Adagene Inc. (a company listed on NASDAQ with stock code: ADAG) in February, 2021.

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

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

USE OF NET PROCEEDS FROM LISTING

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

The net proceeds (adjusted on a pro-rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2021:

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

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

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

As at June 30, 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares and underlying Shares

Name of Director	Capacity/nature of interest	Number of shares/ underlying shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
Dr. Li[(1)]	Beneficial interest	12,588,620	3.14%	Long position
	Interest in controlled corporation	3,206,460	0.80%	Long position
	Founder and trustee of discretionary trust	6,000,000	1.50%	Long position
Mr. Hans Edgar Bishop[(2)]	Beneficial interest	757,650	0.19%	Long position

Notes:

(1) Dr. Li held (i) 1,500,000 Shares through his direct interest in JDI Capital Management Limited, (ii) 1,706,460 Shares through his indirect interests in Park Place Capital Management & Consulting Limited and (iii) 6,000,000 Shares held by The Yiping James Li 2020 Grantor Retained Annuity Trust for Dr. Li, with annuity payments to Dr. Li and with remainder interests, if any, to his family members, with Dr. Li as founder and trustee. Park Place Capital Management & Consulting Limited is wholly-owned by JDI Capital Management Limited which in turn is wholly-owned by Dr. Li. Dr. Li is also interested in 12,588,620 underlying Shares relating to the Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme, among which 4,699,530 vested Restricted Share Units were issued to Dr. Li during the Reporting Period. Accordingly, Dr. Li is interested in aggregate 21,795,080 Shares.

(2) Mr. Bishop is interested in 757,650 underlying Shares relating to the Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme.

(3) The calculation is based on the total number of 400,924,836 Shares in issue as at June 30, 2021.

Save as disclosed above, as at June 30, 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at June 30, 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
Juno[1]	Beneficial interest	70,231,140	17.52%	Long position
Celgene Corporation[1]	Interest in controlled corporation	70,231,140	17.52%	Long position
BMS[1]	Interest in controlled corporation	70,231,140	17.52%	Long position
Syracuse Cayman[2]	Beneficial interest/Other	48,513,377	12.10%	Long position
WXAT HK[3]	Beneficial interest	38,232,570	9.54%	Long position

Name of Shareholder	Capacity/Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company	Long position/ Short position/ Lending pool
WXAT Shanghai (上海藥明康德新藥開發有限公司)[3]	Interest in controlled corporation	38,232,570	9.54%	Long position
WuXi AppTec[3]	Interest in controlled corporation	38,232,570	9.54%	Long position
TLS Beta Pte. Ltd.[4]	Beneficial interest	22,668,740	5.65%	Long position
Temasek Life Sciences Private Limited[4]	Interest in controlled corporation	22,668,740	5.65%	Long position
Fullerton Management Pte Ltd[4]	Interest in controlled corporation	22,668,740	5.65%	Long position
Temasek Holdings (Private) Limited[4]	Interest in controlled corporation	24,296,740	6.06%	Long position
Dr. Li[5]	Beneficial interest, interest in a controlled corporation, founder and trustee of discretionary trust	21,795,080	5.44%	Long position
Li Dan[6]	Interest of spouse	21,795,080	5.44%	Long position
CJW Therapeutics Investment Limited[7]	Beneficial interest	19,552,250	4.88%	Long position
CPEChina Fund III, L.P.[7] ("**CPE China Fund III**")	Interest in controlled corporation	19,552,250	4.88%	Long position
CPE Funds III Limited[7]	Interest in controlled corporation	19,552,250	4.88%	Long position
CPE Holdings Limited[7]	Interest in controlled corporation	19,552,250	4.88%	Long position
CPE Holdings International Limited[7]	Interest in controlled corporation	19,552,250	4.88%	Long position

Notes:

(1) As at June 30, 2021, Juno directly held 70,231,140 Shares. Juno is wholly-owned by Celgene which is in turn wholly-owned by BMS. As such, under the SFO, BMS (through its interest in a controlled corporation) is deemed to be interested in 70,231,140 Shares held by Juno.

(2) As at June 30, 2021, Syracuse Cayman directly held 43,403,960 Shares. Pursuant to the Asset Purchase Agreement, a maximum of 5,132,467 Shares may be issued to Syracuse Cayman to settle US$10.5 million for any future adjustments, without deductions including net working capital adjustment and taxes to be paid under the Asset Purchase Agreement (as disclosed in the Prospectus), among which 23,050 Shares were issued to Syracuse Cayman on January 27, 2021. Syracuse Cayman was owned by approximately 150 individual and corporate entities and none of them is entitled to directly or indirectly control Syracuse Cayman in accordance with the SFO. As such, under the SFO, Syracuse Cayman was deemed to be interested in 48,513,377 Shares. On August 27, 2021, Syracuse Cayman transferred its entire beneficial interest in the Shares, including the right to additional Shares to Syracuse Biopharam (Cayman) II Ltd. ("**Syracuse II**") by an assignment and assumption agreement and deed of assignment. 4,840,654 Shares will be issued in the second half of 2021 to Syracuse II to settle the Syracuse Holdback Shares (as defined in the Asset Purchase Agreement).

(3) As at June 30, 2021, WXAT HK directly held 38,232,570 Shares. WXAT HK is directly owned by WXAT Shanghai as to 80% and WuXi AppTec (Tianjin) Co., Ltd. as to 20%. WXAT Shanghai and WuXi AppTec (Tianjin) Co., Ltd. are directly wholly-owned by WuXi AppTec. As such, under the SFO, WXAT Shanghai and WuXi AppTec (through its interest in controlled corporations) are each deemed to be interested in the 38,232,570 Shares held by WXAT HK. On July 2, 2021, WXAT HK completed a sale of 23,000,000 Shares. Upon completion of the aforementioned sale, WXAT HK directly held 15,232,570 Shares, representing approximately 3.80% of the issued share capital of the Company and ceased to be a Substantial Shareholder of the Company.

(4) As at June 30, 2021, TLS Beta Pte. Ltd. directly held 22,668,740 Shares. TLS Beta Pte. Ltd. is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. As such, under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited (collectively, the "**Temasek Group**") are each deemed to be interested in the 22,668,740 Shares held by TLS Beta Pte. Ltd. In addition, Temasek Holdings (Private) Limited (through its interest in a controlled corporation) is deemed to be interested in 1,628,000 Shares held by Aranda Investments Pte. Ltd. On September 16, 2021, the Temasek Group completed a sale of a total of 24,296,740 Shares.

(5) As at June 30, 2021, Dr. Li held (i) 1,500,000 Shares through his direct interests in JDI Capital Management Limited, (ii) 1,706,460 Shares through his indirect interests in Park Place Capital Management & Consulting Limited and (iii) 6,000,000 Shares held by The Yiping James Li 2020 Grantor Retained Annuity Trust for Dr. Li, with annuity payments to Dr. Li and with remainder interests, if any, to his family members, with Dr. Li as founder and trustee. Park Place Capital Management & Consulting Limited is wholly-owned by JDI Capital Management Limited which in turn is wholly-owned by Dr. Li. Dr. Li is also interested in 12,588,620 underlying Shares relating to the Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme. Accordingly, Dr. Li is interested in aggregate 21,795,080 Shares.

(6) Li Dan's spouse, Dr. Li, was interested in 21,795,080 Shares and therefore Li Dan is deemed to be interested in the same number of Shares.

(7) As at June 30, 2021, CJW Therapeutics Investment Limited directly held 19,552,250 Shares. CJW Therapeutics Investment Limited is directly owned by CPEChina Fund III as to 85% and CPE GLOBAL OPPORTUNITIES FUND, L.P. as to 15%. The general partner of CPE Fund III is CPE Funds III Limited which is wholly-owned by CPE Holdings Limited. CPE Holdings Limited is wholly-owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of Shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited. As such, under the SFO, CPE Fund III, CPE Funds III Limited, CPE Holdings Limited and CPE Holdings International Limited are each deemed to be interested in the 19,552,250 Shares held by CJW Therapeutics Investment Limited.

(8) The calculation is based on the total number of 400,924,836 Shares in issue as at June 30, 2021.

Save as disclosed above, as at June 30, 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE INCENTIVIZATION SCHEMES

Pre-IPO Incentivization Scheme

In order to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group, our Company adopted the Pre-IPO Incentivization Scheme on September 4, 2019. The terms of the Pre-IPO Incentivization Scheme are not subject to the provisions of Chapter 17 of the Listing Rules. For more details of the Pre-IPO Incentivization Scheme, please refer to "Statutory and General Information — D. Share Incentivization Schemes — 1. Pre-IPO Incentivization Scheme" of Appendix V to the Prospectus.

The maximum number of Shares in respect of which awards may be granted under the Pre-IPO Incentivization Scheme and the Restricted Share Unit Scheme shall not, in aggregate exceed 36,031,500 Shares (subject to possible adjustments) which is a shared common pool, which represents approximately 8.99% of the total issued share capital of the Company as at June 30, 2021. The Pre-IPO Incentivization Scheme will remain in force for a period of ten years unless terminated sooner, and has a remaining term of approximately 8.5 years as at the date of this interim report. No awards in the form of options under the Pre-IPO Incentivization Scheme shall be granted after the Listing Date.

Movement of the options, which were granted under the Pre-IPO Incentivization Scheme during the Reporting Period is as follows:

Category	Grant date	Exercise price (US$/share)	Vesting commencement date (1) and (2)	Outstanding as at January 1, 2021	Granted	Exercised	Cancelled	Lapsed	Outstanding as at June 30, 2021
1. Continuous Contract Employees	September 10, 2020	0.00001	July 1, 2020	3,529,840	0	0	0	0	3,529,840
	June 30, 2020	0.0001	between July 1, 2019 and July 1, 2020	2,165,690	0	103,970	0	316,720	1,745,000
	September 4, 2019	0.1	between April 1, 2016 and July 1, 2019	2,931,540	0	876,950	0	218,930	1,835,660
	September 4, 2019	0.655	between April 1, 2018 and April 1, 2019	396,850	0	10,120	0	0	386,730
Total				9,023,920	0	991,040	0	535,650	7,497,230

Notes:

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

(2) The respective offer letter sets out the option period of 10 years for each corresponding grantee.

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

(4) There are no grants to directors, chief executive or Substantial Shareholders of the Company, or their respective associates. There are no participants with options granted in excess of the individual limit. There are no grants to suppliers of goods and services.

Restricted Share Unit Schemes

In order to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of RSUs for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group, our Company adopted the Restricted Share Unit Schemes on September 4, 2019 and October 14, 2020, respectively. The terms of the Restricted Share Unit Schemes are not subject to the provisions of Chapter 17 of the Listing Rules. For more details of the Restricted Share Unit Schemes, please refer to "Statutory and General Information — D. Share Incentivization Schemes — 2. Restricted Share Unit Schemes" of Appendix V to the Prospectus.

The maximum number of Shares in respect of which awards may be granted under the Pre-IPO Incentivization Scheme and the Restricted Share Unit Scheme shall not, in aggregate exceed 36,031,500 Shares (subject to possible adjustments) which is a shared common pool, which represents approximately 8.99% of the total issued share capital of the Company as at June 30, 2021. The Restricted Share Unit Schemes will remain in force for a period of ten years unless terminated sooner, and has a remaining term of approximately 8.5 years as at the date of this interim report.

As at June 30, 2021, pursuant to the Restricted Share Unit Schemes, no RSUs has been granted.

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

Category	Grant date	Outstanding as at January 1, 2021	Number of Shares underlying RSUs during the Reporting Period			Outstanding as at June 30, 2021
			Granted	Vested	Forfeited	
1. Directors						
Dr. Li	June 30, 2020	8,809,080	0	4,699,530	0	4,109,550
Mr. Hans Edgar Bishop	September 10, 2020	757,650	0	0	0	757,650
2. Continuous Contract Employees	September 4, 2019, June 30, 2020 and September 10, 2020	6,151,860	0	1,055,657	0	5,096,203
Total		15,718,590	0	5,755,187	0	9,963,403

Notes:

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

(2) There are no participants with options granted in excess of the individual limit. There are no grants to suppliers of goods and services.

Post-IPO Incentivization Scheme

The Company has adopted the Post-IPO Incentivization Scheme by resolutions passed by the Company on October 14, 2020, with effect upon completion of the Listing. For more details of the Post-IPO Incentivization Scheme, please refer to "Statutory and General Information — D. Share Incentivization Schemes — 3. Post-IPO Incentivization Scheme" of Appendix V to the Prospectus.

The purpose of the Post-IPO Incentivization Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Post-IPO Incentivization Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

Under the Post-IPO Incentivization Scheme, the Company is authorized to issue up to 37,617,622 Shares (subject to possible adjustments), which represents approximately 9.38% of the total issued share capital of the Company as at the date of this interim report. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Incentivization Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules. The Post-IPO Incentivization Scheme will remain in force for a period of ten years unless terminated sooner, and has a remaining term of approximately 8.5 years as at the date of this interim report.

The subscription price per Share under the Post-IPO Incentivization Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any Business Day falling within the period before Listing); and (iii) the nominal value of a Share on the date of grant. A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

As at June 30, 2021, no options under the Post-IPO Incentivization Scheme has been granted, exercised, cancelled and lapsed.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended June 30, 2021, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2021

	Note	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue		**—**	—
Other income	*6*	**3,933**	847
Other (losses)/gains — net	*7*	**(725)**	4,115
Selling expenses	*8*	**(46,176)**	—
General and administrative expenses	*8*	**(105,101)**	(81,007)
R&D expenses	*8*	**(185,509)**	(82,266)
Operating loss		**(333,578)**	(158,311)
Finance income	*9*	**1,934**	126
Finance costs	*9*	**(537)**	(290)
Finance income — net	*9*	**1,397**	(164)
Fair values loss of preferred shares		**—**	(484,442)
Fair values gain/(losses) of warrants	*22*	**51,486**	(7,112)
Loss before income tax		**(280,695)**	(650,029)
Income tax expense	*10*	**—**	—
Loss for the period and attribute to the equity holders of the Company		**(280,695)**	(650,029)
Loss per share for the loss attributable to owners of the company			
— Basic and diluted (in RMB)	*11*	**(0.71)**	(9.96)

Condensed Consolidated Statement of Comprehensive Loss

For the six months ended June 30, 2021

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

Condensed Consolidated Balance Sheet

As at June 30, 2021

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**308,911**	285,224
Right-of-use assets		**24,214**	22,636
Intangible assets	*13*	**822,450**	774,974
Prepayment for license	*14*	**6,460**	6,525
Other non-current assets	*15*	**54,505**	42,774
Total non-current assets		**1,216,540**	1,132,133
Current assets			
Inventories		**15,212**	955
Other current assets		**20,713**	9,750
Other receivables and prepayments		**25,879**	2,794
Restricted bank deposits		**—**	3,262
Cash and cash equivalents		**2,206,341**	2,630,598
Total current assets		**2,268,145**	2,647,359
Total assets		**3,484,685**	3,779,492

As at June 30, 2021

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
EQUITY			
Equity attribute to the owners of the Company			
Share capital	*16*	**27**	26
Reserves	*17*	**6,107,384**	6,078,584
Accumulated losses		**(2,929,570)**	(2,648,875)
Total equity		**3,177,841**	3,429,735
LIABILITIES			
Non-current liabilities			
Borrowings	*21*	**97,500**	100,000
Lease liabilities		**11,963**	12,712
Total non-current liabilities		**109,463**	112,712
Current liabilities			
Lease liabilities		**14,102**	10,881
Borrowings	*21*	**2,500**	—
Trade and other payables	*20*	**121,885**	119,053
Contingent consideration for business combination	*24*	**58,894**	55,369
Warrants	*22*	**—**	51,742
Total current liabilities		**197,381**	237,045
Total liabilities		**306,844**	349,757
Total equity and liabilities		**3,484,685**	3,779,492

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021

	Note	Attributable to equity holders of the Company			
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2020		4	42,729	(985,072)	(942,339)
Loss for the period		—	—	(650,029)	(650,029)
Other comprehensive loss		—	(18,338)	—	(18,338)
Total comprehensive loss		—	(18,338)	(650,029)	(668,367)
Transactions with owners					
Issuance of ordinary shares		3	628,211	—	628,214
Share-based compensation expenses		—	57,471	—	57,471
Total transactions with owners		3	685,682	—	685,685
Balance at June 30, 2020 (Audited)		7	710,073	(1,635,101)	(925,021)
Balance at January 1, 2021		**26**	**6,078,584**	**(2,648,875)**	**3,429,735**
Loss for the period		**—**	**—**	**(280,695)**	**(280,695)**
Other comprehensive loss		**—**	**(36,562)**	**—**	**(36,562)**
Total comprehensive loss		**—**	**(36,562)**	**(280,695)**	**(317,257)**
Transactions with owners					
Issuance of ordinary shares	*16*	**1**	**1,379**	**—**	**1,380**
Share-based compensation expenses		**—**	**63,983**	**—**	**63,983**
Total transactions with owners		**1**	**65,362**	**—**	**65,363**
Balance at June 30, 2021 (Unaudited)		**27**	**6,107,384**	**(2,929,570)**	**3,177,841**

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2021

	Note	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Cash flows used in operating activities			
Cash used in operations		**(283,053)**	(107,003)
Interest received		**1,934**	126
Net cash used in operating activities		**(281,119)**	(106,877)
Cash flows used in investing activities			
Purchases of property, plant and equipment		**(37,065)**	(77,642)
Purchases of intangible assets		**(54,857)**	(2,353)
Prepayment for license		**—**	(7,007)
Cash acquired from acquisition of subsidiaries	*24*	**—**	45,308
Net cash used in investing activities		**(91,922)**	(41,694)
Cash flows used in financing activities			
Proceeds from issuance of preferred shares		**—**	709,132
Proceeds from issuance of ordinary shares		**1,380**	—
Payment for listing expenses		**(15,651)**	(783)
Payment of lease liabilities		**(5,240)**	(4,701)
Interest paid for lease liabilities		**(537)**	(290)
Proceeds from bank borrowings		**—**	49,177
Interest paid for bank borrowings		**(2,350)**	(2,009)
Net cash (used in)/generated from financing activities		**(22,398)**	750,526
Net (decrease)/increase in cash and cash equivalents		**(395,439)**	601,955
Cash and cash equivalents at beginning of the period		**2,630,598**	254,866
Exchange (loss)/gain on cash and cash equivalents		**(28,818)**	3,376
Cash and cash equivalents at end of the period		**2,206,341**	860,197

1 GENERAL INFORMATION

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New standard, amendments and interpretation adopted by the Group

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

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

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

2.3 New standards and interpretations not yet adopted

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2020 Annual Financial Statements.

There have been no changes in the risk management policies since December 31, 2020.

3.2 Fair value estimation

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, restricted bank deposits, other receivables and prepayments (excluding prepayments), borrowings and accruals and other payables) approximate their fair values.

The Group applies IFRS 13 for financial instruments that are measured in the consolidated balance sheets at fair value, which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation (Continued)

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's liabilities that are measured at fair value at June 30, 2021.

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Liabilities (Unaudited)				
Contingent consideration for business combination	**—**	**—**	**58,894**	**58,894**

The following table presents the Group's liabilities that are measured at fair value at December 31, 2020.

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Liabilities				
Contingent consideration for business combination	—	—	55,369	55,369

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments or discounted cash flow analysis.

There were no changes in valuation techniques during the six months ended June 30, 2021 (2020: nil).

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the six months ended June 30, 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the 2020 Annual Financial Statements.

5 SEGMENT INFORMATION

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

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

6 OTHER INCOME

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

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

7 OTHER (LOSSES)/GAINS — NET

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Net foreign exchange gain/(losses)	**4,404**	(1,901)
Bargain purchase gain *(Note 24)*	**—**	6,016
Fair value loss of contingent consideration for business combination *(Note 24)*	**(4,859)**	—
Others	**(270)**	—
Total	**(725)**	4,115

8 EXPENSES BY NATURE

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Employee benefit expenses (including directors' emoluments)	**200,214**	102,991
R&D materials and consumables	**42,715**	8,777
Testing and clinical expenses	**25,830**	19,729
Professional service expenses	**22,806**	7,152
Office expenses	**11,756**	2,858
Depreciation of property, plant and equipment *(Note 12)*	**9,253**	6,041
Depreciation-right of use assets	**6,134**	4,457
Business promotion fee	**5,492**	—
Short term lease and low value lease expenses	**4,473**	2,211
Auditors' remuneration	**589**	—
Amortization of intangible assets *(Note 13)*	**361**	176
Listing expenses	**—**	7,669
Other expenses	**7,163**	1,212
Total selling expenses, general and administrative expenses and R&D expenses	**336,786**	163,273

9 FINANCE INCOME/(COSTS) — NET

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income:		
Interest income on bank deposits	**1,934**	126
Total finance income	**1,934**	126
Finance costs		
Interest expense on bank borrowings	**(2,350)**	(2,009)
Less: amounts capitalized in property, plant and equipment *(Note 12)*	**2,350**	2,009
	—	—
Interest expense on lease liabilities	**(537)**	(290)
Total finance costs	**(537)**	(290)
Finance income/(costs) — net	**1,397**	(164)

10 INCOME TAX EXPENSE

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

(a) Cayman Islands income tax

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

(b) Hong Kong income tax

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

10 INCOME TAX EXPENSE (Continued)

(c) The PRC corporate income tax

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

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Loss before income tax	**(280,695)**	(650,029)
Tax calculated at applicable tax rate of 25%	**(70,174)**	(162,507)
Effect of different tax rate	**(10,077)**	123,984
Expenses not deductible for taxation purposes	**16,455**	15,147
Super deduction in respect of research and development expenditures	**(27,338)**	(17,337)
Tax loss not recognized as deferred tax assets	**91,134**	40,713
Income tax expense	**—**	—

11 LOSS PER SHARE

(a) Basic loss per share

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

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

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

11 LOSS PER SHARE (Continued)

(b) Diluted loss per share

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

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

12 PROPERTY, PLANT AND EQUIPMENT

	Machinery *RMB'000*	Electronic equipment *RMB'000*	Leasehold Improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Six months ended June 30, 2020 (Audited)					
Opening net book amount	25,258	8,518	21,602	123,554	178,932
Additions	2,450	1,084	221	64,026	67,781
Transfers	4,219	—	—	(4,219)	—
Acquisition of subsidiaries	3,815	3,918	—	—	7,733
Depreciation charges *(Note 8)*	(2,224)	(1,333)	(2,484)	—	(6,041)
Closing net book amount	33,518	12,187	19,339	183,361	248,405
As at June 30, 2020 (Audited)					
Cost	40,811	15,701	24,992	183,361	264,865
Accumulated depreciation	(7,293)	(3,514)	(5,653)	—	(16,460)
Net book amount	33,518	12,187	19,339	183,361	248,405

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery *RMB'000*	Electronic equipment *RMB'000*	Leasehold Improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Six months ended June 30, 2021 (Unaudited)					
Opening net book amount	**32,707**	**17,605**	**17,389**	**217,523**	**285,224**
Additions	**3,302**	**1,085**	**—**	**28,693**	**33,080**
Transfer	**137**	**462**	**2,933**	**(3,532)**	**—**
Disposals	**(76)**	**(64)**	**—**	**—**	**(140)**
Depreciation charges *(Note 8)*	**(3,659)**	**(2,553)**	**(3,041)**	**—**	**(9,253)**
Closing net book amount	**32,411**	**16,535**	**17,281**	**242,684**	**308,911**
As at June 30, 2021 (Unaudited)					
Cost	**46,737**	**24,412**	**28,529**	**242,684**	**342,362**
Accumulated depreciation	**(14,326)**	**(7,877)**	**(11,248)**	**—**	**(33,451)**
Net book amount	**32,411**	**16,535**	**17,281**	**242,684**	**308,911**

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

	Six months ended June 30,	
	2021 *RMB'000* (Unaudited)	2020 *RMB'000* (Audited)
General and administrative expenses	**1,753**	1,106
R&D expenses	**7,500**	4,935
	9,253	6,041

(b) Capitalized borrowing costs are RMB2,350,000 for the six months ended June 30, 2021 (the six months ended June 30, 2020: RMB2,009,000). The capitalization rate of borrowings was 4.70% for the six months ended June 30, 2021 (the six months ended June 30, 2020: 4.90%).

13 INTANGIBLE ASSETS

	Computer software *RMB'000*	Licenses *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Six months ended June 30, 2020 (Audited)				
Opening net book amount	1,733	144,477	10,737	156,947
Additions	—	—	2,353	2,353
Transfer	1,002	—	(1,002)	—
Acquisition of subsidiaries	1	674,676	—	674,677
Amortization charges *(Note 8)*	(176)	—	—	(176)
Currency translation differences	—	2,139	—	2,139
Closing net book amount	2,560	821,292	12,088	835,940
As at June 30, 2020 (Audited)				
Cost	3,024	821,292	12,088	836,404
Accumulated amortization	(464)	—	—	(464)
Net book amount	2,560	821,292	12,088	835,940
Six months ended June 30, 2021 (Unaudited)				
Opening net book amount	**4,516**	**756,953**	**13,505**	**774,974**
Additions	**424**	**32,462**	**21,971**	**54,857**
Transfer	**659**	**—**	**—**	**659**
Amortization charges *(Note 8)*	**(361)**	**—**	**—**	**(361)**
Currency translation differences	**—**	**(7,679)**	**—**	**(7,679)**
Closing net book amount	**5,238**	**781,736**	**35,476**	**822,450**
As at June 30, 2021 (Unaudited)				
Cost	**6,309**	**781,736**	**35,476**	**823,521**
Accumulated amortization	**(1,071)**	**—**	**—**	**(1,071)**
Net book amount	**5,238**	**781,736**	**35,476**	**822,450**

13 INTANGIBLE ASSETS (Continued)

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Administrative expenses *(Note 8)*	**321**	167
R&D Expenses *(Note 8)*	**40**	9
	361	176

(b) Licenses

(i) License and Strategic Alliance Agreement

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

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

(ii) BCMA license

In April 2019, the Group entered into License Agreement — BCMA ("**BCMA License Agreement**") with Juno to develop and commercialize JWCAR129 in Mainland China, Hong Kong and Macau. Pursuant to the terms of the BCMA License Agreement, as disclosed in Note 22, the Group made two upfront payments for acquiring JWCAR129 by the issuance of BCMA warrants, which can be converted into Series X preferred shares. The Group recognized a total amount of USD9,140,000 (equivalent to RMB61,318,000) as intangible assets based on the fair value in year 2019.

(iii) Eureka licenses

Licenses acquired in a business combination (Note 24) are recognized at fair value at the acquisition date, which includes certain licenses under development and commercialization in Mainland China, Hong Kong, Macau, Taiwan and the member countries of Association of South East Asia Nation. The Group recognized a total amount of USD95,300,000 (equivalent to RMB674,676,000) as intangible assets based on the fair value in year 2020.

13 INTANGIBLE ASSETS (Continued)

(b) Licenses (Continued)

The Company has engaged an independent valuer to determine the fair value of the license. The discounted cash flow method was used to determine the value of each license. Key assumptions are listed below:

License acquired in business combination

	June 2020
Revenue growth rate	3.1%–229.4%
Discount rate	24%

Impairment test

Impairment test of intangible assets not ready for use and construction in progress ("**CIP**") are tested on the cash generating unit ("**CGU**") level, which is at product level and includes licenses of RMB781,736,000 and CIP of RMB278,160,000 respectively. Of which, CIP includes CIP in property, plant and equipment of RMB242,684,000 (Note 12) and CIP in intangible assets of RMB35,476,000.

The impairment test was performed for each CGU by engaging an independent valuer to estimate the value in use as the recoverable amount of each drug. The fair value is based on value in use calculations using the discounted cash flow model. The estimated revenue of each drug is based on management's expectations of timing of commercializing related products to respective drug. The cost and operating expenses are estimated by considering margins levels of the Group's business, expected revenue contribution of respective drug to the Group's total revenue and appropriate adjustments to reflect the characteristics of respective license. The discount rates used are pre-tax and reflect specific risks relating to the relevant drug that would be considered by market participants.

13 INTANGIBLE ASSETS (Continued)

(b) Licenses (Continued)

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

Relma-cel:

	As at June 30, 2021	2020
Pre-tax discount rate	**25.1%**	25.0%
Revenue growth rate	**1.2%–437.7%**	0.5%–383.7%
Recoverable amount of CGU *(in RMB million)*	**1,256**	1,072
Carrying amount of CGU *(in RMB million)*	**351**	254

JWCAR129:

	As at June 30, 2021	2020
Pre-tax discount rate	**24.9%**	25.0%
Revenue growth rate	**3.0%–135.9%**	3.5%–135.9%
Recoverable amount of CGU *(in RMB million)*	**177**	149
Carrying amount of CGU *(in RMB million)*	**93**	89

License acquired in business combination

	As at June 30, 2021
Pre-tax discount rate	**25.7%**
Revenue growth rate	**3.1%–229.4%**
Recoverable amount of CGU *(in RMB million)*	**677**
Carrying amount of CGU *(in RMB million)*	**616**

Based on the result of above assessment, there was no impairment for the intangible asset as at June 30, 2021. (2020: nil)

14 PREPAYMENT FOR LICENSE

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Prepayment for license *(Note)*	**6,460**	6,525

Note: In January 2020, the Company entered into an Option and License Agreement with Acepodia Biotechnologies, Ltd. ("**Acepodia**"), pursuant to which, the Company was granted an exclusive option to acquire an exclusive right and license to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize certain products. On February 3, 2020, the Company paid first instalment of USD1,000,000 (equivalent to RMB6,810,000) to Acepodia.

15 OTHER NON-CURRENT ASSETS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Value-added tax recoverable	**46,655**	37,097
Prepayments for property, plant and equipment	**4,397**	1,245
Rental deposits	**3,453**	3,452
Others	**—**	980
	54,505	42,774

16 SHARE CAPITAL

Authorized:

	Number of ordinary shares *In thousands*	Nominal value of ordinary shares *USD*	RMB equivalent value *RMB'000*
As at January 1, 2021 and June 30, 2021	**500,000**	**50,000**	**332**

Issued and fully paid:

	Number of ordinary shares *In thousands*	Nominal value *USD*	RMB equivalent value *RMB'000*
As at January 1, 2020 and December 31, 2020	387,906	3,878	26
Issue of shares for share based compensation *(Note (a))*	12,996	130	1
Issue of shares for settle contingent consideration *(Note (b))*	23	—	—
As at June 30, 2021 (Unaudited)	**400,925**	**4,008**	**27**

(a) During the six months ended June 30, 2021, the Group issued a total of 12,996,057 ordinary shares to the Group's employees as the result of exercise of stock option and RSU after vesting period with a total exercise price of USD96,000 (equivalent to RMB617,000).

(b) On January 27, 2021 the group issued 23,050 ordinary shares to settle USD117,000 (equivalent to RMB763,000) of the contingent consideration for business combination.

17 RESERVES

	Share premium RMB'000	Share-based compensation reserve RMB'000 Note (a)	Treasury shares held in trust	Foreign currency translation RMB'000 Note (b)	Capital reserve RMB'000	Total RMB'000
Balance at January 1, 2020	40,615	15,443	—	(25,554)	12,225	42,729
Share based compensation expenses	—	57,471	—	—	—	57,471
Currency translation differences	—	—	—	(18,338)	—	(18,338)
Issuance of ordinary shares *(Note 24)*	628,211	—	—	—	—	628,211
Balance at June 30, 2020 (Audited)	668,826	72,914	—	(43,892)	12,225	710,073
Balance at January 1, 2021	**6,023,049**	**149,693**	**(1)**	**(106,383)**	**12,226**	**6,078,584**
Share based compensation expenses	**—**	**63,983**	**—**	**—**	**—**	**63,983**
Currency translation differences	**—**	**—**	**—**	**(36,562)**	**—**	**(36,562)**
Issuance of ordinary shares *(Note 16)*	**1,379**	**—**	**—**	**—**	**—**	**1,379**
Balance at June 30, 2021 (Unaudited)	**6,024,428**	**213,676**	**(1)**	**(142,945)**	**12,226**	**6,107,384**

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

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

18 SHARE-BASED PAYMENTS

(a) Stock option and restricted share unites

Pursuant to a resolution dated September 4, 2019, the Company adopted a 2019 Stock Option Scheme ("**stock option**") and a 2019 restricted share scheme ("**RSU**") (together, "**2019 Plan**"). The Company granted 346,945 stock options and 685,242 RSUs to certain directors and senior management of the Group, as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries. In addition, the Company granted 39,685 stock options to two consultants, as reward of their past services.

Pursuant to a resolution dated June 30, 2020, the Company adopted a 2020 June Stock Option and a 2020 June RSU (together, "**2020 June Plan**"). The Company granted 248,441 stock options and 1,371,925 RSUs to certain directors, senior management and employees of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries. In addition, the Company granted 96,662 RSUs to three consultants, as reward of their past services.

On August 21, 2020, the Company underwent a subdivision of shares whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital shall be subdivided into 10 shares of US$0.00001 par value each. Further details are set out in Note 16.

Pursuant to a resolution dated September 10, 2020, the Company adopted 2020 September Stock Option and 2020 September RSU (together, "**2020 September Plan**"). The Company granted 3,529,840 stock options and 1,078,170 RSUs to certain directors, senior management and employees of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries. In addition, the Company granted 808,480 RSUs to two consultants, as reward of their past services.

Pursuant to the 2019 Plan and 2020 June Plan, certain directors and senior managements' stock options and RSUs were vested on the grant date to compensate for their past services before the date of grant.

There are two types of vesting schedules for the remaining 2019 Plan, 2020 June Plan and 2020 September Plan: (i) with 30% will vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% will vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% will vest on each anniversary of the vesting commencement date, respectively.

During the six months ended June 30, 2021, 1,014,090 stock option and 12,005,017 RSU of the three plans above are exercised.

18 SHARE-BASED PAYMENTS (Continued)

(b) Expenses arising from share-based payment transactions

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Administrative expenses	**43,775**	47,401
R&D expenses	**16,302**	10,070
Selling expenses	**3,906**	—
Total	**63,983**	57,471

19 DIVIDEND

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

20 TRADE AND OTHER PAYABLES

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

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

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

21 BORROWINGS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Non-current		
Total non-current unsecured bank borrowings	**97,500**	100,000
Current		
Total current unsecured bank borrowings	**2,500**	—
Total	**100,000**	100,000

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Bank borrowings — RMB	**4.70%**	4.90%

As at June 30, 2021, the Group has no unutilized bank facility (December 31, 2020: nil).

22 WARRANTS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Warrants	**—**	51,742

In connection with the BCMA License Agreement, two warrants were issued to the related preferred shareholder — Juno ("**BCMA Warrants**"), which the Company will issue preferred shares at two aggregate value of USD10,000,000 each for Series X.

22 WARRANTS (Continued)

The Group recognized BCMA Warrants as a cash-settled share-based payments based on the fair value of JWCAR129 at the grant date, which is recorded in "Warrants" in the consolidated balance sheet. The initial fair value of USD8,545,000 (equivalent to RMB57,327,000) for the first BCMA warrant and USD595,000 (equivalent to RMB3,991,000) for the second BCMA warrant at the grant date is recorded immediately as cash-settled share-based payments and classified as liabilities. The warrants were remeasured at each reporting date and at the date of settlement with changes in fair value recorded in profit or loss.

In November 2019, Juno exercised the first BCMA Warrant, and the Company issued 466,553 Series X preferred shares at a price of USD21.43 per share for a total amount of USD10,000,000 (equivalent to RMB70,118,000).

As at June 30, 2021, the Group was no longer obliged to settle the second BCMA Warrant as agreed by June due to its discontinued clinical development of related product.

Movements of warrants for the six months ended June 30, 2020 and 2021 are set out below:

	RMB'000
At January 1,2020	19,317
Change in fair value	7,112
Currency translation difference	339
At June 30, 2020 (Audited)	26,768

	RMB'000
At January 1,2021	**51,742**
Change in fair value	**(51,486)**
Currency translation difference	**(256)**
At June 30, 2021 (Unaudited)	**—**

23 COMMITMENTS

(a) Capital commitments

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Intangible assets	**4,530**	17,674
Property, plant and equipment	**659**	1,089
	5,189	18,763

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

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

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
No later than 1 year	**486**	896
Later than 1 year and no later than 2 years	**144**	101
Later than 2 years and no later than 5 years	**57**	55
	687	1,052

24 BUSINESS COMBINATION

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

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

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

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

24 BUSINESS COMBINATION (Continued)

Recognized amounts of identifiable assets acquired and liabilities assumed

	As at June 30, 2020 *RMB'000* (Audited)
Cash and cash equivalents	45,308
Licenses *(Note 13)*	674,676
Other assets	9,273
Trade and other payables	(43,234)
Total identifiable net assets	686,023
Bargain purchase gain	(6,016)
	680,007

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

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

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

Movements of contingent consideration of business combination for the six months ended June 30, 2021 is set out below:

At January 1,2021	**55,369**
Decrease *(Note 16)*	**(763)**
Change in fair value	**4,859**
Currency translation difference	**(571)**
At June 30, 2021 (Unaudited)	**58,894**

25 RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship with the Group
Wuxi AppTec Group *(Note)*	Shareholder and its affiliates
Juno	Shareholder

Note: The Group considers that WuXi AppTec Co., Ltd and its affiliate ("**WuXi AppTec Group**") ceased to be a related party of the Group upon the Company's listing as WuXi AppTec Group does not have significant influence over the Group since then.

(a) Transactions with related parties

(i) Short-term lease and low value lease expenses

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Wuxi AppTec Group	**—**	1,387

(ii) Receiving services

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Wuxi AppTec Group	**—**	3,512

(iii) Purchase of materials

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Juno	**1,547**	731
Wuxi AppTec Group	**—**	143
	1,547	874

25 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

(iv) Purchase of property, plant and equipment

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Wuxi AppTec Group	**—**	69

(v) License fee

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Juno	**32,462**	—

(b) Balances with related parties

(i) Trade and other payables

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Juno	**2,469**	2,878
Wuxi AppTec Group	**—**	4,888
	2,469	7,766

The balances due to related parties were non-traded, unsecured, non-interest bearing and had no fixed repayment term as at December 31, 2020 and June 30, 2021.

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

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

"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Joint Global Coordinators"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, China International Capital Corporation HongKong Securities Limited and CLSA Limited
"Juno"	Juno Therapeutics, Inc., a company incorporated in Delaware, the United States on August 5, 2013 under its former name, FC Therapeutics, Inc., a wholly-owned subsidiary of Celgene which is in turn wholly-owned by BMS, and is one of our Substantial Shareholders
"License and Strategic Alliance Agreement"	the license and strategic alliance agreement entered into between our Company and Juno in December 2017
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	November 3, 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, China Food and Drug Administration (國家食品藥品監督管理總局)
"Post-IPO Incentivization Scheme"	the Post-IPO Share Incentivization Scheme adopted by the Company on October 14, 2020
"Post-IPO Restricted Share Unit Scheme"	the Post-IPO Restricted Share Unit Scheme adopted by the Company on October 14, 2020
"Pre-IPO Incentivization Scheme"	the Pre-IPO Incentivization Scheme adopted by the Company on September 4, 2019
"Prospectus"	the prospectus of the Company dated October 22, 2020
"R&D"	research and development

"Reporting Period"	the six months ended June 30, 2021
"Restricted Share Unit Scheme"	the Restricted Share Unit Scheme adopted by the Company on September 4, 2019
"Restricted Share Unit Schemes"	the Restricted Share Unit Scheme and the Post-IPO Restricted Share Unit Scheme
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU(s)"	the restricted share unit(s) granted pursuant to the Restricted Share Unit Scheme
"Series X Preferred Shares"	the series X preferred shares of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Ju Ming"	Shanghai Ju Ming Medical Technology Co., Ltd.* (上海炬明醫療技術有限公司), a limited liability company established under the laws of the PRC on July 10, 2017 and our Consolidated Affiliated Entity
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Share Incentivization Schemes"	our Pre-IPO Incentivization Scheme, Restricted Share Unit Schemes and Post-IPO Incentivization Scheme
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Syracuse Cayman"	Syracuse Biopharma (Cayman) Ltd., a limited liability company established under the laws of Cayman Islands on December 7, 2017 under its former name, Warrior Biopharma (Cayman) Ltd., and one of our Substantial Shareholders
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"WuXi AppTec" or "WXAT"	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a joint stock company with limited liability incorporated under the laws of PRC in December 2000 and whose H shares are listed on the Stock Exchange (SEHK: 2359) and A shares are listed on the Shanghai Stock Exchange (SSE: 603259)

"WXAT HK"	WuXi AppTec (Hong Kong) Holding Limited, a limited liability company incorporated under the laws of Hong Kong on January 6, 2015, and an indirectly wholly-owned subsidiary of WXAT
"WXAT Shanghai"	WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), a company incorporated under the laws of PRC on April 2, 2002, and a directly wholly-owned subsidiary of WXAT, and directly owns WXAT HK
"%"	per cent