SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*
上海君實生物醫藥科技股份有限公司

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

(Stock code: 1877)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司) (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Reporting Period**"), together with the comparative figures of the year ended 31 December 2017. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee of the Company and audited by the Company's auditors. Unless specified, figures in this announcement are prepared under the International Financial Reporting Standards.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

Financial Highlights

- Total revenue generated from continuing operations for the year ended 31 December 2018 was approximately RMB0.9 million, which was derived mainly from consultancy service fee income.

- As a biopharmaceutical company highly invested in research and development ("**R&D**"), we were honored to be the first PRC company to launch self-developed PD-1 monoclonal antibody in the PRC market. Our R&D expenses almost doubled from approximately RMB275.3 million for the year ended 31 December 2017 to approximately RMB538.2 million for the Reporting Period, along with promising progress in key clinical trials.

- Selling and distribution expenses were approximately RMB20.3 million for the year ended 31 December 2018 as we started to set up commercial team in the second half of 2018.

- Total comprehensive expense was approximately RMB714.6 million for the Reporting Period, representing an increase from approximately RMB326.9 million for the year ended 31 December 2017, mainly due to the increase in R&D expenses and administrative expenses, which was aligned with our business development and preparation for the launching and commercialisation of JS001.

- Net cash from financing activities for the year ended 31 December 2018 was approximately RMB3,432.6 million principally attributable to net cash from the successful new allotment of shares amounting RMB2,713.2 million through our initial public offering on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

* *For identification purpose only*

- Net cash used in investing activities for the Reporting Period was RMB421.0 million mainly due to Lingang Production Base's construction, which will significantly enhance our production capacity.

- The Directors do not recommend a final dividend for the Reporting Period.

Business Highlights

During the Reporting Period, we have achieved significant progress with respect to our commercial-stage product, pipeline, clinical trial programs, manufacturing and commercialisation, including:

- Our Wujiang Production Base in Suzhou, PRC, successfully obtained the GMP certificate in December 2018, and our Lingang Production Base is now in the stage of equipment installation.

- There were nine pivotal clinical trials (Phase II or Phase III) conducted simultaneously, including: urothelial carcinoma, melanoma, mucosal melanoma, non-small cell lung carcinoma ("**NSCLC**"), Triple-negative breast carcinoma ("**TNBC**"), esophageal carcinoma, nasopharyngeal cancer (Phase II & Phase III) and hepatocellular carcinoma.

- JS003 (anti-PD-L1 mAb) and JS101 (CDK inhibitor) received Investigational New Drug (the "**IND**") approval from the National Medical Products Administration of China ("**NMPA**") in August and October 2018 respectively.

- On 17 December 2018, JS001 (anti-PD-1 mAb; Toripalimab) was conditionally granted marketing approval for second line treatment of unresectable local progression or metastatic melanoma by the NMPA. JS001 is the first commercialized product of the Group.

- On 7 January 2019, the Company announced that the price of Tuoyi* (拓益) (JS001) to be RMB 7,200/240mg (per vial), and on 26 February 2019, the first prescription was issued, signifying our progression to the stage of commercial sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are an innovation-driven biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialisation on a global scale. Since our very inception in December 2012, leveraging our advanced R&D platforms and globally integrated R&D process, we have developed a collection of drug candidates that we believe to have solid biological mechanisms. We strive to develop additional drug candidates for the fulfilment of unmet medical needs using our technology and innovation platforms in a sustainable manner.

Our mission is to provide patients with treatment options that work better and cost less. Equipped with our core platform technology of protein engineering, we stand at the frontier of R&D of macromolecular biologics.

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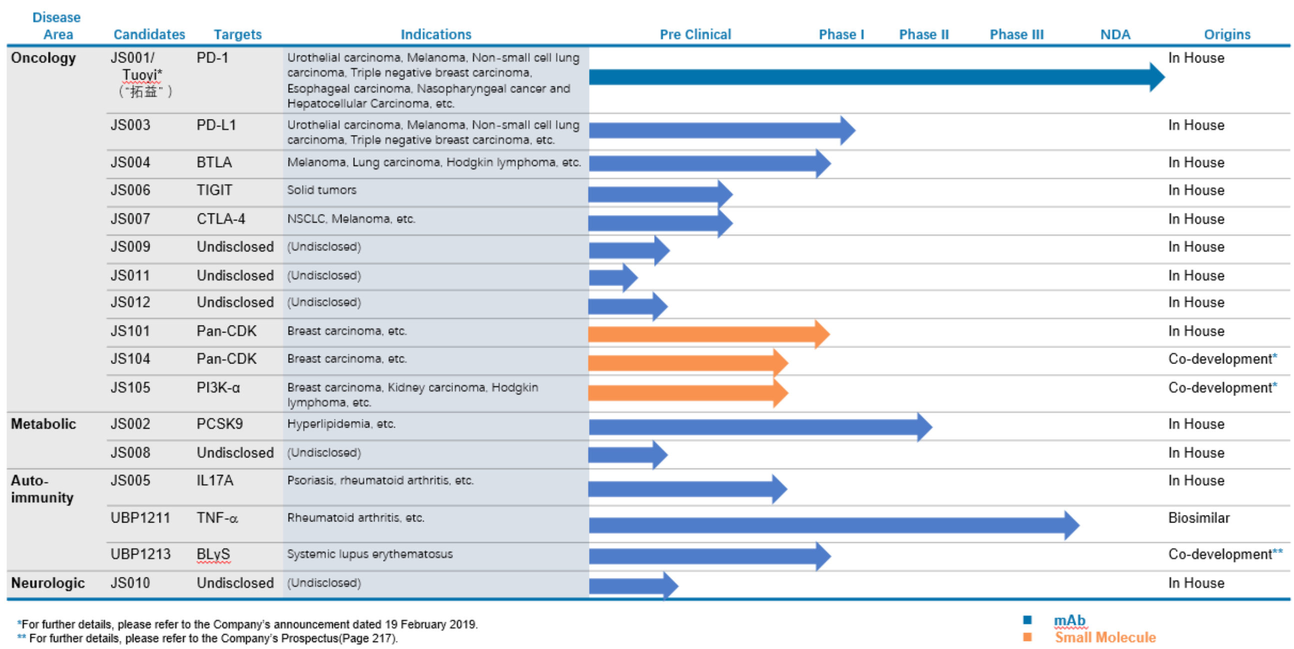
Our aim is to develop first-in-class and best-in-class drugs through original innovation and become a pioneer in the area of translational medicine. As we supplement our product pipeline and explore drug combination therapies, we expect our innovation field to expand to R&D of more types of drugs, including small molecule drugs and antibody drug conjugates (or ADCs), as well as the exploration of the next-generation innovative therapies for cancer and autoimmune diseases.

Business Review

Progress of R&D pipeline



The Group has developed a product pipeline comprising seventeen drug candidates covering a wide variety of indications associated with high levels of unmet medical needs. They include eleven oncology drug candidates, two drug candidates for metabolic diseases, three targeting inflammation or autoimmune diseases and one for the treatment of neurologic diseases.

During the Reporting Period, our R&D pipeline has further achieved significant progress, which mainly included:

JS001 (anti-PD-1 mAb, Toripalimab) – Tuoyi* (拓益)

JS001 is the first commercialized product of the Group. In March 2018, the New Drug Application ("**NDA**") for JS001, a recombinant humanized anti-PD-1 monoclonal antibody for injection, was accepted by the NMPA. On 17 December 2018, that was conditionally granted marketing approval for second line treatment of unresectable local progression or metastatic melanoma by the NMPA.

In its pivotal clinical trial, 128 patients were enrolled and 127 of them were included in full analysis set ("**FAS**"). Among them, 1 CR, 21 PR and 51 SD were observed with the ORR of 17.3% (22/127) and the DCR of 57.5% (73/127), median OS reached 23.18 months, and the one-year overall survival rate is 69.3%.

The NDA approval of JS001 witnessed the pivotal step of us transforming from a pre-revenue biotech start-up to a commercial-stage biopharmaceutical company.

* *For identification purpose only*

JS003 (anti-PD-L1 mAb)

In August 2018, the IND for JS003, a humanized monoclonal antibody targeting PD-L1 protein with completely new CDR sequences solely developed by us, was approved by the NMPA. PD-L1 has emerged as an important cancer biomarker and a target for immunotherapy. Targeted blockade of PD-L1 may help restore the antitumor responses. PD-L1 is frequently expressed on tumor cells and tumor-infiltrating immune cells within the tumor microenvironment. Preclinical studies have demonstrated that JS003, which binds to PD-L1 with high affinity, is effective in blocking the interaction between PD-L1 and PD-1, thereby activating the T cell's antitumor activity.

JS101 (CDK inhibitor)

JS101 is a chemical drug that inhibits the function of cyclin-dependent kinases ("**CDKs**"). CDK inhibitor is used to treat cancers by preventing over-proliferation of cancer cells. We developed JS101 and received IND approval from the NMPA in October 2018. We have also applied for a patent regarding JS101. The Group plans to formulate our strategy for next steps of JS101 based on the progress of clinical trials.

JS104 (CDK inhibitor) and JS105 (PI3K-α inhibitor)

In February 2019, the Company entered into the Technology Transfer and Cooperation Agreement with 潤佳(蘇州)醫藥科技有限公司 (Rizen (Suzhou) Biosciences Co., Ltd.*) ("**Rizen**"), pursuant to which, the parties agree to cooperate on the development of two projects, namely JS104 and JS105. JS104 is a pan-CDK inhibitor that effectively inhibits the activity of various cyclin-dependent protein kinases including CDK-1, CDK-2, CDK-4, CDK-6 and CDK-9. A completed preclinical study showed that the drug candidate has ideal pharmacokinetic profile in laboratory animals and was found to have significantly low acute toxicity. JS105 is an oral small molecule α-specific PI3K inhibitor. In a breast cancer cell line carrying the PIK3CA mutation, the drug candidate has the potential to inhibit the PI3K pathway and has an inhibitory effect on cell proliferation. The pharmacokinetic properties of the drug candidate are characterized by high efficacy and low toxicity. According to the Technology Transfer and Cooperation Agreement, the Group obtained a 50% interest in each of these two drugs. For further details, please refer to the announcement of the Company dated 19 February 2019.

UBP1213 (anti-BLyS)

UBP1213 is a recombinant human anti-BLyS monoclonal antibody injection for the treatment of systemic lupus erythematosus and other autoimmune diseases. UBP1213 reduces the production of antibodies against autoantigens by inhibiting the specific function of B cells, achieving long-term relief of systemic lupus erythematosus, reducing systemic hormone use, and reducing the recurrence of flare. The Company is the only PRC company to receive IND approval from the NMPA for such product.

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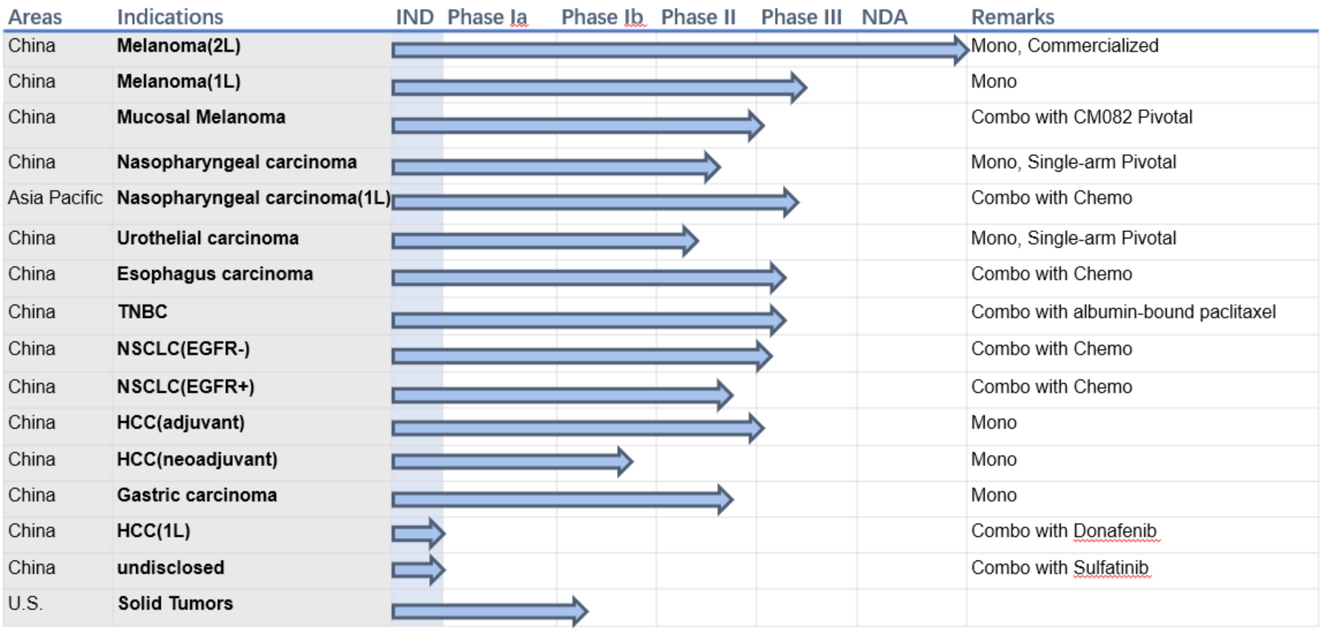
Progress of clinical projects

JS001 (anti-PD-1 mAb, Toripalimab)



During the Reporting Period, we nearly completed the Phase Ib/II clinical trials enrollment of toripalimab monotherapy or combined with standard therapy for advanced gastric cancer, advanced esophageal cancer, advanced head and neck squamous carcinoma, and advanced nasopharyngeal carcinoma; conducted the enrollment of pivotal clinical trial for advanced urothelial carcinoma; conducted Phase II clinical trial of JS001, combined with standard therapy for advanced EGFR-mutation non-small cell lung cancer and completed most of the enrollment; conducted or was ready to conduct the Phase III pivotal clinical trial of the monotherapy or in combination with standard therapy for advanced melanoma, advanced esophageal cancer, adjuvant treatment of advanced hepatocellular carcinoma, non-small cell lung cancer (EGFR-) and other 1L treatment in the PRC; and conducted the Phase III multi-center clinical trial for advanced nasopharyngeal cancer 1L treatment in Asia Pacific region.

On 9 January 2018, JS001 obtained IND approval from the United States Food and Drug Administration ("**FDA**") to conduct the Phase I clinical trial, and its Phase Ia clinical trial in the United States has been completed.

During the Reporting Period, the Company launched a series of clinical trial explorations relating to the combination therapy with JS001 with a number of pharmaceutical companies. We cooperated with CSPC Pharmaceutical Group Limited to conduct the Phase III clinical trial of toripalimab in combination with albumin-bound paclitaxel for the 1L treatment of advanced triple-negative breast cancer; cooperated with 蘇州澤璟生物製藥有限公司 (Suzhou Zelgen Biopharmaceuticals Co., Ltd.) ("**Zelgen**") to conduct the clinical trial of toripalimab in combination with donafenib for hepatocellular carcinoma; and cooperated with Betta Pharmaceuticals Co., Ltd. to conduct the clinical trial of toripalimab in combination with CM082 (Vorolanib) for the treatment of mucosal melanoma.

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JS002 (anti-PCSK9 mAb)

JS002 is an anti-PCSK9 monoclonal antibody that has been approved by the FDA for the treatment of hyperlipidemia and the prevention of cardiovascular events. According to the Frost & Sullivan Report (as a further detailed in the prospectus dated 11 December 2018), the prevalence of hypercholesterolemia in China reached 79.3 million in 2017, and is expected to grow to 95.9 million in 2022 with a CAGR of 3.9%. We believe the action mechanism of JS002 is differentiated from the currently available lipid-lowering medications, and the launch of JS002 could benefit a large number of patients with hypercholesterolemia. The Company is the first PRC company to obtain anti-PCSK9 mAb IND approval from the NMPA, and has completed Phase I clinical trial in 2018.

UBP1211 (anti-TNF-α mAb; Humira Biosimilar)

UBP1211 is a biosimilar of Humira (adalimumab) used for the treatment of autoimmune diseases such as rheumatoid arthritis and ankylosing spondylitis. Humira ranked first among all medicines globally by sales for six consecutive years up to and including 2017 with sales totaling USD18.9 billion in 2017. The enrollment of Phase III clinical trial of UBP1211 was completed in 2018.

Production

Wujiang Production Base in Suzhou, PRC with a production capacity of 1,500L (3*500L) received on-site inspection and dynamic three batch check in August and September 2018 before the marketing approval of JS001 (Toripalimab), and successfully obtained the GMP certificate in December 2018. Lingang Production Base has completed its structural construction of structure in October 2018, and is now in the stage of equipment installation.

Commercialisation

Since the establishment of the Commercial Marketing Department in October 2018, the Company has rapidly established and improved five key departments: marketing, sales, product medicine, internal operations (including administrative personnel, training, SFE and others), and external operations (channels, access and government affairs). We have 240 employees in the Commercial Marketing Department with a majority of them coming from the oncology department of international and multinational corporations such as Roche, AstraZeneca and Bayer, as well as well-known domestic companies. On 7 January 2019, the Company announced that the price of Tuoyi* (拓益) to be RMB7,200/240mg (per vial), and the first prescription was issued on 26 February 2019, which signified that we have progressed into the stage of commercial sales.

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Intellectual Property

Core technology of main drugs (products)

1. The Company has invention patents for JS001, which are registered in the PRC and the United States. The Company also has filed patent applications for JS001 in other jurisdictions or under PCT pending for approval.

2. For JS002, the Company submitted one invention patent in the PRC, as well as a number of patent applications in other jurisdictions or under PCT pending for approval.

3. For JS003, the Company submitted one invention patent application pending for approval and one PCT patent application pending for approval in the PRC.

4. The Company has one invention patent for UBP1213 in the PRC which is valid until 2032. Invention patents are registered in Japan, Russia, South Africa and the United States, which are valid until 2033. In addition, the Company had filed patent applications in other jurisdictions or under PCT.

Well-known or famous trademarks

As at the end of the Reporting Period, the Company had various approved trademarks and trademark applications pending for approval in the PRC. The Company also had trademarks and trademark applications pending for approval in Hong Kong.

Patents

Item	**The current period**	**The previous period**
Number of patents owned by the Company	22	6
Number of invention patents owned by the Company	10	6

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R&D personnel

Education level	Number at the beginning of the Reporting Period	Number at the end of the Reporting Period
PhD	10	16
Master	69	123
Undergraduate or below	22	20
Total number of R&D personnel	101	159
Percentage of R&D personnel to the total number of staff	32.48%	26.50%

R&D expenses (Prepared under the People's Republic of China Accounting Standards. ("CAS"))

Item	Amount/ percentage for the current period	Amount/ percentage for the previous period
R&D expenses	538,182,847.98	275,303,382.16
Percentage of R&D expenses to operating revenue	18,383.24%	505.15%
Percentage of capitalized R&D expenses	–	–

Five projects with the highest R&D investment (Prepared under CAS)

Unit: 00,000,000RMB

No.	R&D project	R&D investment for the Reporting Period	Accumulated R&D investment	Current stage of R&D (registration)
1	JS001	4.03	7.35	Clinical research
2	UBP1211	0.38	0.91	Clinical research
3	JS005	0.32	0.34	Pre-clinical research
4	JS002	0.23	0.45	Clinical research
5	JS004	0.17	0.21	Pre-clinical research
Total		5.13	9.26	

Major government R&D grants, funding, subsidies and tax preference (Prepared under CAS)

During the Reporting Period, the Company received a total of RMB8,000,000 in government grants.

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Future and Prospects

With leading R&D capability and standing at the forefront of medical innovation, we see it as our mission to fulfill unmet medical needs and bring cure to the diseased. Through continuous development and commercialisation of innovative drugs, we intend to become an innovative biotech company with global competitiveness harboring full industrial chain operations integrating R&D, manufacturing and commercialisation. The Group will continue to focus on the advancement and commercialisation of existing drug candidates, rapidly expand our product pipeline and scale up our macromolecules fermentation capacity and lower production cost.

Clinical Development Plan

UBP1211 (Humira biosimilar) is the only biosimilar product of the Company, and we are analyzing and summarising it, and preparing for the marketing application. We will apply for NDA to NMPA in 2019.

The Company will accelerate the clinical trials of JS001 (anti-PD-1 mAb; Toripalimab) which has been conducted and may continue to cooperate with more third parties to further explore the various efficacy and safety of JS001 in combination therapy. We will also launch more pivotal clinical trials based on our solid Phase Ib/II studies, and conduct Phase II clinical trials in the United States in 2019.

In addition, JS002 (anti-PCSK9 mAb) will soon enter Phase II clinical trial, and JS003 (and PD-L1 mAb) will conduct clinical trial this year.

Preclinical R&D

On 22 March 2019, the IND for a first in human (FIH) recombinant humanized, IgG4 Monoclonal Antibody TAB004/JS004, specific to B- and T-lymphocyte attenuator (BTLA) was accepted for review by US FDA for the proposed indications of advanced unresectable or metastatic solid tumors, including patients refractory to prior immunotherapy. In vitro and in vivo studies have shown that TAB004/JS004 can promote antigen specific T cell proliferation and effector function, reduce tumor burden and improve survival in human BTLA knock-in tumor models. The Group plan to initiate FIH dose escalation study of TAB004/JS004 in advance solid tumors refractory to prior immunotherapy and explore combination use of TAB004/JS004 with JS001, the Group marketed anti-PD-1 antibody, in the dose expansion phase of the trial. For further details, please refer to the announcement of the Company dated 25 March 2019.

Additionally, in 2019, the Company plans to apply IND for JS005 (anti-IL-17A mAb) in the PRC.

Production

For Wujiang Production Base, in addition to the original production capacity of 1,500L (3*500L), the Group has started to increase the fermentation capacity by 1,500L (3*500L) by the end of 2018. Installation and commissioning have been completed. It is expected to pass the inspection and application in the first half of 2019. Wujiang Production Base will commence production at full steam to guarantee commercial sales and clinical drug demand.

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In the production process of Lingang Production Base, we have adjusted the planning on production capacity. At present, the designed fermentation capacity of Lingang Production Base is 30,000L (15*2000L). The construction and equipment installation are expected to be completed in the first half of 2019. Trial production will begin in the third quarter of 2019.

Commercialisation

The Company's arrangements on commercialisation for JS001 (anti-PD-1 mAb; Toripalimab) in 2019 mainly includes: with reference to the product characteristics, clinical data and prescription information, we will establish the brand image of Tuoyi* (拓益) and set up effective marketing strategies and plans. In view of market potential and product characteristics, we will carry out meaningful Investigator Sponsored Study ("**ISS**") and Real World Study ("**RWS**") to find the best immune tumor program. We will work on the training and expansion of professional sales personnel.

Financial Review

1. Other income

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Continuing operations		
Interest income from bank and time deposit	**3,756**	2,308
Government grants *(Note a)*	**4,631**	2,614
Income received from collaboration agreements *(Note b)*	**–**	47,420
	8,387	52,342

Notes:

(a) Government grants include subsidies from the PRC government which are specifically for (i) the capital expenditure incurred for plant and machinery, which is recognised as income over the useful life of the related assets; (ii) the incentives and other subsidies for R&D activities, which are recognised upon meeting specific conditions; and (iii) the incentives which have no specific conditions attached to the grants.

(b) On 28 February 2017, the Group entered into an agreement with Jiangsu T-mab Biopharma Co., Ltd (江蘇泰康生物醫藥有限公司) ("**T-mab**"), pursuant to which the Group provided T-mab with know-how and consulting services to build up a certificate of Good Manufacturing Practice ("**cGMP**") compliant facility. All performance obligations were completed in 2017 and therefore the Group recognised RMB10.8 million as service income in 2017.

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On 28 August 2017, the Group and T-mab entered into a co-development and commercialisation agreement (the "**Collaboration Agreement**") for UBP1211, a biosimilar the Group originally had sole ownership of patents and know-how. Under the terms of the Collaboration Agreement, the patents and know-how from the R&D of UBP1211 will be registered under the name of both parties while all future R&D costs and net profit from sales of UBP1211 upon successful commercialisation will be evenly shared between the Group and T-mab. The Group has joint control over the arrangement that unanimous consent is required from all parties to the agreement for relevant activities including clinical studies, manufacturing and marketing. As such, the Group accounted for the arrangement as joint operation. A non-refundable consideration of RMB36.6 million received upon the signing of the Collaboration Agreement from T-mab on passing T-mab the right to access the know-how of UBP1211 was recognised in other income during the year ended 31 December 2017.

2. R&D Expenses

Our R&D expenses mainly include clinical trial expenses, preclinical study costs, reagents and consumables, staff salary and welfare and depreciation and amortisation.

For the years ended 31 December 2017 and 2018, we incurred R&D expenses in the amount of approximately RMB275.3 million and RMB538.2 million, respectively. The significant increases in our R&D expenses were mainly due to (i) increases in clinical trial expenses and preclinical study costs, as we initiated a number of preclinical research and clinical trials for several new indications and accelerated the progress of clinical trials; (ii) increases in our staff salary and welfare for R&D personnel, which was primarily due to the increase in the number of our R&D.

3. Selling and Distribution Expenses

Our selling and distribution expenses mainly include selling staff costs, marketing and promotion activities and travelling cost.

For the year ended 31 December 2018, our selling and distribution expenses were RMB20.3 million for the preparation for the JS001's commercialisation.

4. Administrative Expenses

Our administrative expenses primarily consist of administrative staff cost, office administration expenses, depreciation and amortisation and audit and consultancy fees.

For the years ended 31 December 2017 and 2018, our administrative expenses were RMB73.8 million and RMB124.8 million, respectively. The significant increase was mainly due to (i) new hiring; (ii) audit and consultancy fees for the annual audit and business development; (iii) increased office administration expenses in line with business expansion.

5. Liquidity and Capital Resources

As at 31 December 2018, our bank balance and cash increased to RMB2,763.6 million from RMB266.3 million as at 31 December 2017. The increase was mainly due to our successful initial public offering on the Stock Exchange.

6. *Discontinued Operations and Disposal of A Subsidiary*

In April 2018, the shareholder of Beijing Junke Jingde Biotechnology Co., Ltd.* (a non-wholly owned subsidiary of the Company), resolved to dispose of the segment of sales of biological reagent. The Group entered into a sales and purchase agreement with an independent third party to dispose of its entire interest in Beijing Xinjing ke Biotechnology Co., Ltd.* ("**Xinjingke**") for a cash consideration of RMB2.0 million. The disposal was completed on 29 June 2018. The disposal allows the Group to concentrate its resources on development and documentation of drugs.

The profit for the year ended 31 December 2018 from the discontinued operations is RMB0.1 million.

7. *Non-IFRS Measures*

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

Non-IFRS adjusted total comprehensive expenses for the year

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
IFRS total comprehensive expense for the year	**(714,593)**	(326,915)
Add:		
Loss on fair value changes of convertible loan notes measured at FVTPL	**24,741**	–
Listing expense	**6,097**	–
Share-based payment expenses	**21,700**	–
Net exchange losses	**14,275**	–
Adjusted total comprehensive expense for the year	**(647,780)**	(326,915)

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8. *Global Offering and Use of Proceeds*

On 24 December 2018, the Company issued 158,910,000 new H Shares at HK$19.38 (equivalent to RMB17.07) per H share for total gross proceeds of HK$3,079.7 million (equivalent to RMB2,713.2 million) by way of initial public offering of the Company on the Stock Exchange.

On 4 January 2019, the over-allotment option was fully exercised and the Company issued an aggregate of 23,836,500 H Shares for total net proceeds of HK$462.0 million.

The intended use of net proceeds from the Global Offering for the purposes and in the amounts as disclosed in the prospectus of the Company dated 11 December 2018 as below (the "**Prospectus**"):

- Approximately 65% of the net proceeds will be allocated to the R&D and commercialisation of our drug candidates as follows:

  - Approximately 40% of the net proceeds, or HK$1,365.1 million, will be used for the R&D and commercialisation of our Core Product, JS001, to fund clinical trials for JS001 including (i) ongoing clinical trials in the PRC; (ii) post-launch Phase III clinical trials in the PRC; (iii) additional clinical trials to be initiated in the PRC for additional indications and combination therapies; and (iv) Phase I clinical trial in the United States and to fund the commercial launch of JS001;

  - Approximately 16% of the net proceeds, or HK$546.0 million, will be used for the R&D of our other drug candidates to fund clinical trials, including head-to-head clinical trials and post-approval studies. Specifically, it will be used to fund (i) Phase I and III clinical trials for UBP1211 in the PRC; (ii) Phase I, II and III clinical trials for JS002 in the PRC; (iii) Phase I, II and III clinical trials for UBP1213 in the PRC; and (iv) preclinical studies and clinical trials for our other drug candidates in the PRC;

  - Approximately 9% of the net proceeds, or HK$307.1 million, will be used for the construction of our Lingang Production Base and our Wujiang Production Base;

- Approximately 25% of the net proceeds, or HK$853.2 million, will be used for our investment in and acquisition of companies in the pharmaceutical sector, in particular companies with strong R&D and/or commercialisation capabilities that are complementary to our Company. As of the date of this announcement, we have not identified any specific targets, or adopted a concrete timetable or expected capital expenditure plan to implement any acquisition, and we have not entered into any letter of intent or agreement in relation to any acquisition; and

- Approximately 10% of the net proceeds, or HK$341.3 million, will be used for our working capital and other general corporate purposes.

As of 31 December 2018, due to the proximity in time between completion of the initial public offering and the year-end date the net proceeds from the Global Offering had not been used. The proceeds are intended to be used in line with those discussed in the Prospectus.

* *For identification purpose only*

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from 24 December 2018, the date on which the H Shares of the Company were first listed on the Stock Exchange (the "**Listing Date**") and up to 31 December 2018.

Subsequent Events after the Reporting Period

On 4 January 2019, the over-allotment option (as described in the Prospectus) was fully exercised and 23,836,500 H Shares were allotted at the offer price of HK$19.38 per H Share. The number of H Shares increased from 158,910,000 to 182,746,500 afterwards. Further details are set out in the Prospectus and the announcement of the Company dated 4 January 2019.

The clinical trial application for the Company's toripalimab (JS001) in combination with the new drug, vorolanib (CM082) of Anew Pharmaceutical Science and Technology (Shanghai) Co., Ltd. ("**Anew**"), a wholly-owned subsidiary of Betta Pharmaceuticals Co., Ltd. was accepted by the NMPA on 18 July 2018. In January 2019, Anew and the Company received the Clinical Trial Notices issued by NMPA regarding the above application. For details, please refer to announcement of the Company dated 18 January 2019.

In February 2019, toripalimab (JS001) of the Company and donafenib tosylate (CM4307) of Zelgen were proposed to be used in combination in the clinical study on the treatment of advanced hepatocellular carcinoma. For details, please refer to announcement of the Company dated 14 February 2019.

On 19 February 2019, the Company entered into a discloseable transaction in relation to the Technology Transfer and Cooperation Agreement with Rizen pursuant to which the Company agreed to purchase from Rizen 50% interest of two drug projects (CDK inhibitor and PI3K inhibitor) at a cash consideration of RMB150 million per drug project. For details, please refer to announcement of the Company dated 19 February 2019.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with each of the Directors, all the Directors confirmed that they had complied with such code of conduct from the Listing Date up to the end of the Reporting Period.

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Corporate Governance

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules from the Listing Date.

The Board is of the view that from the Listing Date and up to 31 December 2018, the Company has complied with all code provisions as set out in the CG Code.

Audit Committee

The audit committee of the Company ("**Audit Committee**") consists of two independent non-executive Directors, being Mr. Chen Xinjun (Chairman) and Mr. Qian Zhi and one non-executive Director, being Mr. Li Cong. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

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

Annual General Meeting

The annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 15 May 2019. The notice of AGM will be published on the websites of the Company (www.junshipharma.com) and the Stock Exchange (www.hkexnews.hk) and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Final Dividends

The Directors do not recommend a final dividend for the Reporting Period.

Closure of the Register of Members

The register of members of H shares of the Company will be closed from Monday, 15 April 2019 to Wednesday, 15 May 2019, both days inclusive, during which period no transfer of H shares will be registered, in order to determine the holders of the H Shares of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Wednesday, 15 May 2019. In order to be eligible to attend and vote at AGM, all transfers of the H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Friday, 12 April 2019 (Hong Kong time, being the last share registration date).

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*4*	**934**	1,148
Cost of services		**(267)**	(446)
Gross profit		**667**	702
Other income		**8,387**	52,342
Other gains and losses		**(32,641)**	(24,599)
Impairment loss, net of reversal in respect of trade and other receivables		**(638)**	(165)
R&D expenses		**(538,183)**	(275,303)
Selling and distribution expenses		**(20,304)**	–
Administrative expenses		**(124,837)**	(73,752)
Share of (loss) profit of a joint venture		**(4)**	31
Other operating expenses		**(6,097)**	–
Finance costs		**(4,063)**	–
Loss before tax	*5*	**(717,713)**	(320,744)
Income tax credit (expense)		**1,213**	(58)
Loss for the year from continuing operations		**(716,500)**	(320,802)
Discontinued operations			
Profit (loss) for the year from discontinued operations		**147**	(269)
Loss for the year		**(716,353)**	(321,071)
Other comprehensive income (expense) for the year			
Item that will not be reclassified to profit or loss:			
Fair value loss on financial liability designated at fair value through profit or loss ("**FVTPL**") attributable to change in credit risk		**(9,367)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**10,638**	(5,480)
Fair value gain (loss) on investments in debt instruments measured at fair value through other comprehensive income ("**FVTOCI**")		**227**	(364)
Reclassification to profit or loss upon disposal of investments measured at FVTOCI		**262**	–
Other comprehensive income (expense) for the year		**1,760**	(5,844)
Total comprehensive expense for the year		**(714,593)**	(326,915)

* *For identification purpose only*

	NOTE	Year ended 31 December 2018 RMB'000	2017 RMB'000
(Loss) profit for the year attributable to owners of the company:			
– from continuing operations		**(716,503)**	(320,683)
– from discontinued operations		**89**	(161)
Loss for the year attributable to owners of the Company		**(716,414)**	(320,844)
Profit (loss) for the year attributable to non-controlling interests:			
– from continuing operations		**3**	(119)
– from discontinued operations		**58**	(108)
Profit (loss) for the year attributable to non-controlling interests		**61**	(227)
		(716,353)	(321,071)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(714,654)**	(326,688)
Non-controlling interests		**61**	(227)
		(714,593)	(326,915)
Loss per share			
From continuing and discontinued operations			
Basic (RMB yuan)	*3*	**(1.19)**	(0.55)
Diluted (RMB yuan)		**(1.19)**	N/A
From continuing operations			
Basic (RMB yuan)		**(1.19)**	(0.55)
Diluted (RMB yuan)		**(1.19)**	N/A

* *For identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		At 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**939,341**	359,626
Prepaid lease payments		**74,408**	69,553
Goodwill		**–**	1,519
Other intangible assets		**1,455**	266
Interest in a joint venture		**1,027**	1,031
Deferred tax assets		**1,288**	139
Other assets, prepayments and other receivables		**311,607**	272,246
Other financial assets	*7*	**18,000**	–
Debt instrument measured at FVTOCI		**–**	4,323
		1,347,126	708,703
Current assets			
Inventories		**48,468**	30,603
Trade receivables	*8*	**–**	220
Other assets, prepayments and other receivables		**92,630**	39,490
Other financial assets	*7*	**5,516**	147,434
Pledged bank deposits		**–**	26,961
Bank balances and cash		**2,763,570**	266,298
		2,910,184	511,006
Current liabilities			
Trade and other payables	*9*	**291,322**	41,499
Contract liabilities		**1,111**	646
Borrowings	*10*	**178,632**	–
Tax payables		**–**	381
Other financial liabilities	*7*	**–**	16,034
		471,065	58,560
Net current assets		**2,439,119**	452,446
Total assets less current liabilities		**3,786,245**	1,161,149

* *For identification purpose only*

		At 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Non-current liabilities			
Borrowings	*10*	**150,000**	–
Contract liabilities		**28,302**	–
Convertible loan notes	*11*	**241,763**	–
Deferred income		**45,047**	41,815
		465,112	41,815
Net Assets		**3,321,133**	1,119,334
Capital and reserves			
Share capital	*12*	**760,310**	584,750
Reserves		**2,561,936**	535,758
Equity attributable to owners of the Company		**3,322,246**	1,120,508
Non-controlling interests		**(1,113)**	(1,174)
Total equity		**3,321,133**	1,119,334

* *For identification purpose only*

Notes to the Consolidated Financial Statements

1. GENERAL

Shanghai Junshi Biosciences Co., Ltd. (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 27 December 2012 and converted into a joint stock company with limited liability in May 2015. In August 2015, the Domestic Share was listed on the National Equities Exchange and Quotations ("**NEEQ**") (stock code 833330). On 24 December 2018, the H Shares were first listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate controlling party is Mr. Jun XIONG, who is also the chairman and an executive director of the Company. The registered addresses of the Company is Room 602, No. 781, Cai Lun Road, China (Shanghai) Pilot Free Trade Zone the PRC and principal place of business of the Company is Level 54, Hopewell Centre 183 Queen's Road East Hong Kong. The principal activities of the Company and its subsidiaries (the "**Group**") are mainly discovery, development and commercialisation of innovative drugs.

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has consistently applied all the new and revised IFRSs issued by the International Accounting Standards Board (the "**IASB**") that are effective for the Group's accounting period beginning on 1 January 2018 for the years ended 31 December 2018 and 2017.

The Group has also applied Amendments to IFRS 9 *Prepayment Features with Negative Compensation* in advance of the effective date, 1 January 2019, for the years ended 31 December 2018 and 2017.

New and amendments to IFRSs in issue but not effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January, 2019
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January, 2021
[4] Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January, 2020
[5] Effective for annual periods beginning on or after 1 January, 2020

* *For identification purpose only*

3. LOSS PER SHARE

(a) Basic

For continuing and discontinued operations

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(716,414)**	(320,844)

Number of shares:

	Year ended 31 December	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic loss per share	**601,917,890**	579,608,904

For continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company	**(716,414)**	(320,844)
Less: Profit (loss) for the year from discontinued operations attributable to owners of the Company	**89**	(161)
Loss for the year for the purpose of basic loss per share from continuing operations	**(716,503)**	(320,683)

From discontinued operations

Basic earnings per share for the discontinued operations is RMB0.01 cent per share for the year ended 31 December 2018 (2017: basic loss of RMB0.03 cent per share), based on the profit for the year from the discontinued operations of RMB89,000 for the year ended 31 December 2018 (2017: loss of RMB161,000), and the denominators detailed above for the basic loss per share from continuing and discontinued operations.

* *For identification purpose only*

(b) Diluted

The Group issued the convertible loan notes during the year as set out in Note 11. For the purpose of calculation of diluted loss per share, it did not assume the conversion of the convertible loan notes since their assumed conversion would result in a decrease in loss per share. The Group granted share options on 14 May, 2018. The computation of diluted loss per share for the year ended 31 December 2018 does not assume the exercise of the Company's outstanding share options and over-allotment share options since their assumed exercise would result in a decrease in loss per share.

The Company does not have any dilutive potential ordinary shares outstanding during the year ended 31 December 2017 and thus no diluted loss per share for the year ended 31 December 2017 are presented.

4. REVENUE

For the years ended 31 December 2017 and 2018. the Group had not commercialised any drugs and therefore did not record any revenue from drug product sales. During the years ended 31 December 2017 and 2018, the Group derived its revenue from consulting and research services income through fee-for-service contracts. pursuant to which we provided specific project-related consultancy services related to technology, personnel and production process and equipment for the development of drug candidates. among others, as well as pharmaceutical research services. The Group recognised revenue generated from continuing operations of RMB1.1 million and RMB0.9 million for the years ended 31 December 2017 and 2018, respectively.

5. INCOME TAX (CREDIT) EXPENSE

Under the law of the PRC Enterprise Income Tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate applicable to the Company and its PRC subsidiaries are 25% for both 2017 and 2018.

During the year ended 31 December 2017, the United States federal imposed progressive corporate income tax rates ranging from 15% to 35%. The US Tax Cuts and Jobs Act ("**Act**") was enacted into law on 22 December, 2017. The Act includes significant changes to the US corporate income tax system that have become effective on 1 January 2018, including a reduction of the US corporate income tax rate to a flat rate of 21%.

TopAlliance Biosciences Inc., a wholly-owned subsidiary of the Company, is subject to the US State Income tax rate of 8.84% for the year ended 31 December 2018 (2017: 8.84%). No provision for taxation in the United States has been made as TopAlliance Biosciences Inc. has no assessable profit for both years.

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**–**	418
Overprovision in prior years in respect of EIT	**(64)**	–
	(64)	418
Deferred tax	**(1,149)**	**(360)**
Total income tax (credit) expense recognised in the current year	**(1,213)**	58

6. DIVIDEND

No dividend was paid or declared by the Company during the year ended 31 December 2018 and 2017.

* *For identification purpose only*

7. OTHER FINANCIAL ASSETS/LIABILITIES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current assets		
Financial assets measured at FVTPL		
– Financial products *(Note a)*	**5,500**	45,000
– Fund *(Note b)*	**16**	102,434
	5,516	147,434
Non-current assets		
Financial assets measured at FVTPL		
– Unlisted equity investment *(Note c)*	**18,000**	–
Investments in debt instrument measured at FVTOCI		
– Corporate bond *(Note d)*	**–**	4,323
Current liabilities		
Financial liabilities measured at FVTPL		
– Foreign exchange forward contracts *(Note e)*	**–**	16,034

(a) The Group entered into contracts in respect of financial products (the "**Financial Products**") with financial institutions, with contractual terms from 7 days to 21 days. The principal is not guaranteed by the relevant financial institutions and the expected return rate is 3.95% per annum for the year ended 31 December 2018 (2017: 2.74% to 3.13% per annum).

(b) The Group entered into several contracts of funds (the "**Fund**") with financial institutions. The principals are not guaranteed and the return of the Fund are determined by reference to the performance of the underlying instruments including equity and debt securities. The Fund was substantially disposed during the year ended 31 December, 2018.

(c) The Group invested in Hebei Boke Biotechnology Co., Ltd. (河北博科生物技術有限公司) ("**Boke**") at the fair value of RMB15,000,000 in April 2018, representing 5% of the registered capital of Boke. Boke is mainly engaged in drug discovery and development consulting services. The Group also invested in Beijing Zhenzhi Medical Technology Co., Ltd. (北京臻知醫學科技有限責任公司) ("**Zhenzhi**") at the fair value of RMB3,000,000 in September 2018, representing 15% of the registered capital of Zhenzhi. Zhenzhi is mainly engaged in technology services and medical R&D.

(d) In August 2013, the Group invested in a listed corporate bond which was traded publicly in the Shanghai Stock Exchange and was subsequently disposed in March 2018.

(e) The Group entered into several foreign exchange forward contracts with banks in order to manage the Group's foreign currency exposure in relation to United States Dollar ("**USD**") against RMB for its planned operating funding transfer to a subsidiary in the United States. The major terms of these contracts are as follows:

At 31 December 2017

Notional amount	**Maturity**	**Exchange rate**
Buy USD15,000,000	15 May, 2018	USD1/RMB7.0092
Buy USD2,000,000	15 May, 2018	USD1/RMB7.0092
Buy USD18,000,000	16 May, 2018	USD1/RMB7.0213

There was no outstanding foreign exchange forward contracts as at 31 December 2018.

* *For identification purpose only*

8. TRADE RECEIVABLES

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers were amounted to nil and RMB220,000, respectively. There has been no change in the estimation techniques or significant assumptions made during both years.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The aged analysis of the Group's trade receivables, based on invoice date at the end of each reporting period are as follows:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
0－30 days	**–**	106
31－90 days	**–**	31
91－180 days	**–**	33
181 days－1 year	**–**	24
1－2 years	**–**	26
	–	220

9. TRADE AND OTHER PAYABLES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables		
– related parties	**3,620**	3,685
– third parties	**36,558**	12,621
Accrued expenses in respect of:		
– construction costs of properties under construction	**80,025**	777
– research and development expenses	**81,049**	4,195
– selling and distribution expenses	**7,867**	–
– others	**13,394**	–
Salary and bonus payables	**50,901**	16,160
Other tax payables	**2,126**	323
Payables for issue costs	**14,415**	–
Other payables		
– related parties	**–**	32
– third parties	**1,367**	3,706
	291,322	41,499

* *For identification purpose only*

The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
0 – 30 days	**33,372**	15,289
31 – 60 days	**198**	207
61 – 180 days	**81**	209
Over 180 days	**6,527**	601
	40,178	16,306

10. BORROWINGS

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Bank borrowings		
– secured	**150,225**	–
– unsecured	**18,132**	–
	168,357	–
Other borrowings – unsecured	**160,275**	–
Total borrowings	**328,632**	–
The maturity profile of bank and other borrowings is as follows:		
– within one year	**178,632**	–
– within a period of more than one year but not exceeding five years	**150,000**	–
	328,632	–
Less: amount due within one year shown under current liabilities	**(178,632)**	–
Amount shown under non-current liabilities	**150,000**	–

* *For identification purpose only*

11. CONVERTIBLE LOAN NOTES

On 9 February 2018, the Company obtained no objection letter from the Shanghai Stock Exchange for the issue of convertible loan notes in a principal amount of no more than RMB500,000,000. On 23 February 2018, the Company issued convertible loan notes in a principal amount of RMB200,000,000 to qualified investors.

The movement of the convertible loan notes for the year is set out as below:

	Fair value of convertible loan notes *RMB'000*
At 23 February 2018 (date of issuance)	200,000
Change in fair value charged to profit or loss	32,396
Change in fair value charged to other comprehensive income attributable to change in credit risk	9,367
At 31 December 2018	**241,763**

The Company has used the binominal option pricing model to determine the fair value of the convertible loan notes as of the date of issuance and at the end of each reporting period.

12. SHARE CAPITAL

	Total number of shares	**Amount** *RMB'000*
Registered, issued and fully paid at RMB1.0 per share:		
At 31 January 2017	550,000,000	550,000
Issue of domestic ordinary shares by private equity placement on 24 February 2017 *(Note a)*	34,750,000	34,750
At 31 December 2017	584,750,000	584,750
Issue of domestic ordinary shares by private equity placement on 7 March 2018 *(Note b)*	16,650,000	16,650
H share issued upon initial public offering *(Note c)*	158,910,000	158,910
At 31 December 2018	**760,310,000**	**760,310**

* *For identification purpose only*

Notes:

(a) On 24 February 2017, the Company completed an issue of 34,750,000 domestic ordinary shares. The net proceeds received from the issue amounted to RMB319,634,000, after deduction of issue expenses of RMB66,000. Part of the proceeds, amounting to RMB34,750,000, was credited as issued and fully paid share capital, and the remaining balance (after deduction of issue expenses) of RMB284,884,000 was credited to share premium.

(b) On 7 March 2018, the Company completed an issue of 16,650,000 domestic ordinary shares. The net proceeds received from the issue amounted to RMB297,955,000, after deduction of issue expenses of RMB1,745,000. Part of the proceeds, amounting to RMB16,650,000, was credited as issued and fully paid share capital, and the remaining balance (after deduction of issue expenses) of RMB281,305,000 was credited to share premium.

(c) On 24 December 2018, the Company issued 158,910,000 new H shares at HK$19.38 (equivalent to RMB17.07) per share for a total gross proceeds of HK$3,079,676,000 (equivalent to RMB2,713,194,000) by way of initial public offering of the Company on the Stock Exchange. The proceeds of RMB158,910,000 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of RMB2,554,284,000 were credited to share premium account of the Company. On the same date, the Company's H shares were listed on the Main Board of the Stock Exchange.

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

Scope of work of Messrs. Deloitte Touche Tohmatsu

The IFRS figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year prepared in accordance with IFRS. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

RISK FACTORS

Risk factors that remained during the Reporting Period

1. ***R&D risk of new drugs***

   Classified as technical innovations, the R&D of new drugs is characterized by long R&D cycles, significant investment, high risks and low success rate. From laboratory research to obtaining approval, new drugs go through a lengthy process linked by complicated stages, including preclinical study, clinical trial, registration and marketing of new drugs and after-sales supervision. Any of the above stages is subject to the risk of failure.

   The Company will strengthen its forward-looking strategic research, and determine the direction of new drug R&D according to the needs of clinical drug use. The Company will also formulate reasonable new drug technology solutions, continuously increase the investment in R&D of new drugs, and uphold the principle of prudence in launching R&D projects for new drugs. In particular, the Company implements phase-based assessment on product candidates in the course of R&D. If it is found that the expected result cannot be achieved, the subsequent R&D of such product will be terminated at once, so as to minimize the R&D risks of new drugs.

2. ***Market competition risk***

   The R&D and commercialization of new drugs are highly competitive. The Company's recent drug candidates and any drug that may be sought for R&D and commercialization in the future will face competition from pharmaceutical companies and biotechnology companies around the world. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective or have fewer side effects than the drugs we developed. Our competitors may also obtain approval from the NMPA or FDA faster than we may obtain approval for ours, such that they may establish a strong market position before we are able to enter the market. The Company will maintain its market competitiveness with its rapid advancement in R&D and clinical trial of drugs, corroborant efficacy and stable production process.

* *For identification purpose only*

3. Quality control risk of drugs

The quality and safety of drugs not only concern the health of drug users but also arouse wide public concern. Due to various factors, drugs are subject to quality control risks in all stages, including R&D, manufacturing, distribution and use. Therefore, risk control runs through the entire process of drug development, manufacturing, distribution, and use. The Company will secure necessary resources, strengthen training in risk management, and improve various rules and regulations, so as to ensure strict compliance with the GMP standards and control the quality risk of drugs.

4. Risk of not making a profit in short run

One of the most prominent characteristics of the biopharmaceutical industry is a long profit cycle. Generally, a biopharmaceutical enterprise in R&D stage takes a longer time to make a profit. As an early-stage biopharmaceutical enterprise, the Company is under a period of making significant R&D investments. With the further supplement of product pipelines, as well as rapid advancement in domestic and international clinical trials for drug candidates, the Company will continue to make significant R&D investments. Our future profit will be dependent on the marketing progress of drug candidates, and the sales of marketed drugs. In addition, significant R&D investment, business promotion cost and operation cost create more uncertainties in making profits. Therefore, the Company is subject to the risk of not making a profit in short run.

The Company's first drug candidate, namely "Toripalimab", was officially granted the marketing approval by NMPA on 17 December 2018. The successful marketing of the drug has ruled out the risk of incapability in securing drug sales revenue. Following the steady advancement in clinical trials of "Toripalimab" for more indications, development of other drug candidates, as well as the set-up of the Company's commercialization team, the official launch of the first drug product will promptly improve the Company's financial stability and address the risk of being unprofitable in the future.

5. Risk of industry regulation and policies

In view of the further reform in the medical and health system and the establishment of the new National Medical Security Administration, as well as the implementation of a series of policies such as control in medical insurance fees, publication of the revised Essential Medicine List, consistency evaluation, reform in drug approval, compliance regulations, the commencement of centralized procurement of "4+7" drugs on a trial basis and "zero tariff" on imported drugs, encouragement of innovation and reduction in drug prices by pharmaceutical enterprises have become an inevitable trend, and the industry landscape is facing renovation. The Company will adapt to changes in external policies, and strive to increase R&D, in order to respond to challenges through innovation. The Company will also adhere to legal compliance by adapting its business activities to changes in regulatory policies, thereby preventing policy risks.

Since its establishment, the Company has embraced "innovation" as its core competence. Apart from a biosimilar product, our pipeline products are all new drugs. In the face of the aforesaid industry and policy risks, the Company will adapt to changes in external policies by continuous improvement in capabilities of innovation and sustainable development, increased R&D investments and accelerated clinical trials and launching of innovative drugs, in order to respond to challenges through innovation. On this basis, the Company will further expand its production capacity and reduce the unit cost of its products, so as to address the price reduction of drugs; meanwhile, the Company will also adhere to legal compliance by adapting its business activities to changes in regulatory policies, thereby preventing policy risks.

6. Risks of foreign exchange

The exchange rate risk of the Company mainly comes from the financial assets and financial liabilities denominated in foreign currencies. Due to the complexity of financial markets, when the exchange rate drastically fluctuates, the value of the Company's assets denominated in foreign currencies will also substantially increase or decrease, which will affect profits of the Company.

In response to foreign exchange risks, the Company will strengthen research in foreign exchange market, enhance training with respect to foreign exchange risk management, and explore the use of appropriate financial instruments to reduce the impact of foreign exchange risk on the Company.

Additional risk factors arising during the Reporting Period

1. Market competition risk

The R&D and commercialization of new drugs are highly competitive. The Company's recent drug candidates and any drug that may be sought for R&D and commercialization in the future will face competition from pharmaceutical companies and biotechnology companies around the world. Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective or have fewer side effects than the drugs we developed. Our competitors may also obtain approvals from the NMPA or FDA in advance of us, such that they may establish a strong market position before the Company is eligible to enter the market. The Company will maintain its market competitiveness with its rapid advancement in R&D and clinical trials of drugs, corroborant efficacy and stable production process.

2. Quality control risk of drugs

The quality and safety of drugs do not only concern the well-being of drug users, but also the overall attention of the general public. Under the influence of various factors, drugs are subject to quality control risks in all stages, including R&D, manufacturing, distribution and use. Therefore, risk controls are taken place throughout the entire process of drug development, manufacturing, distribution, and use. The Company will secure necessary resources, strengthen training in risk management, and improve various rules and regulations, so as to ensure strict compliance with the GMP standards and effective control over the quality risk of drugs.

3. Risks of foreign exchange

The exchange rate risk of the Company mainly comes from the financial assets and financial liabilities denominated in foreign currencies. Due to the complexity of financial markets, when the exchange rate drastically fluctuates, the value of the Company's assets denominated in foreign currencies will also substantially increase or decrease, which will affect the profits of the Company.

In response to foreign exchange risks, the Company will strengthen research in foreign exchange market, enhance training with respect to foreign exchange risk management, and consider the use of appropriate financial instruments to mitigate the impact of foreign exchange risk on the Company.

* *For identification purpose only*

Financial Statements prepared under CAS

The following financial information is extracted from the Company's 2018 annual report published on the website of the National Equities Exchange and Quotations, which is prepared in accordance with the PRC Generally Accepted Accounting Principles.

Consolidated balance sheet

Unit: RMB

Item	Closing balance for the Reporting Period	Opening balance for the Reporting Period
Current assets:		
Cash and bank balances	2,763,570,176.83	293,259,373.25
Clearing settlement funds		
Loans to banks and other financial institutions		
Held-for-trading financial assets	16,402.95	106,756,911.89
Derivative financial assets		
Notes and accounts receivable	6,635,819.82	973,582.93
Prepayments	44,654,789.45	28,721,316.77
Premiums receivable		
Reinsurance accounts receivable		
Receivables from subcontracting reserves		
Other receivables	6,242,443.73	9,061,729.76
Financial assets held under resale agreements		
Inventories	48,467,546.06	30,601,576.03
Contract assets		
Assets held for sale		
Current portion of non-current assets		953,265.70
Other current assets	40,596,756.49	45,000,000.00
Total current assets	2,910,183,935.33	515,327,756.33
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,027,261.40	1,030,943.07
Other investments in equity instruments	18,000,000.00	
Other non-current financial assets		
Investment properties		
Fixed assets	259,654,365.00	235,962,271.14
Construction in progress	669,870,253.79	123,071,176.90
Productive biological assets		
Oil and gas assets		
Intangible assets	75,863,697.85	69,818,553.34
Development expenditures		
Goodwill		1,518,979.51
Long-term unamortized expenses	2,825,984.02	807,048.66
Deferred tax assets	1,287,876.31	139,412.34
Other non-current assets	311,607,478.72	272,031,944.58
Total non-current assets	1,340,136,917.09	704,380,329.54
Total assets	4,250,320,852.42	1,219,708,085.87

* *For identification purpose only*

Item	Closing balance for the Reporting Period	Opening balance for the Reporting Period
Current liabilities:		
Short-term loans	18,132,121.03	
Borrowings from central bank		
Deposits from customers and interbank		
Loans from banks and other financial institutions		
Held-for-trading financial liabilities		16,034,072.32
Derivative financial liabilities		
Notes and accounts payable	217,395,035.17	21,277,732.58
Receipts in advance		
Contract liabilities	1,111,152.00	646,207.57
Financial assets sold under repurchase agreements		
Fees and commissions payable		
Payroll payable	50,901,300.80	16,160,104.14
Taxes payable	2,126,240.45	704,208.95
Other payables	181,401,160.76	3,737,370.00
Reinsurance accounts payable		
Insurance contract reserves		
Funds from securities trading agency		
Funds from underwriting securities agency		
Liabilities held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	471,067,010.21	58,559,695.56
Non-current liabilities:		
Long-term borrowings	150,000,000.00	
Bonds payable	241,763,000.00	
Including: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	45,046,569.33	41,814,860.37
Deferred tax liabilities		
Other non-current liabilities	28,301,886.78	
Total non-current liabilities	465,111,456.11	41,814,860.37
Total liabilities	936,178,466.32	100,374,555.93

* *For identification purpose only*

Item	Closing balance for the Reporting Period	Opening balance for the Reporting Period
Owners' equity (or shareholders' equity):		
Share capital	760,310,000.00	584,750,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	3,797,238,509.95	1,056,407,351.21
Less: Treasury shares		
Other comprehensive income	-9,517.84	-1,281,398.32
Special reserves		
Surplus reserves		
General risk reserves		
Undistributed profits	-1,242,283,592.26	-519,368,145.10
Total owners' equity attributable to parent company	3,315,255,399.85	1,120,507,807.79
Minority interests	-1,113,013.75	-1,174,277.85
Total owners' equity	3,314,142,386.10	1,119,333,529.94
Total liabilities and owners' equity	4,250,320,852.42	1,219,708,085.87

* *For identification purpose only*

Balance Sheet of Parent Company

Unit: RMB

Item	Closing balance for the Reporting Period	Opening balance for the Reporting Period
Current assets:		
Cash and bank balances	2,630,582,406.18	117,656,921.86
Held-for-trading financial assets		106,717,231.89
Derivative financial assets		
Notes and accounts receivable		
Prepayments	11,135,318.83	9,847,170.88
Other receivables	8,303,061.04	4,224,336.20
Inventories	15,847,383.90	464,927.82
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	22,085,161.44	
Total current assets	2,687,953,331.39	238,910,588.65
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,237,911,814.18	534,221,935.65
Other investments in equity instruments	18,000,000.00	
Other non-current financial assets		
Investment properties		
Fixed assets	20,648,776.63	19,814,879.21
Construction in progress		
Productive biological assets		
Oil and gas assets		
Intangible assets	334,378.66	
Development expenditures		
Goodwill		
Long-term unamortized expenses	863,370.59	
Deferred tax assets		
Other non-current assets	164,794,827.94	502,415,421.65
Total non-current assets	1,442,553,168.00	1,056,452,236.51
Total assets	4,130,506,499.39	1,295,362,825.16

* *For identification purpose only*

Item	Closing balance for the Reporting Period	Opening balance for the Reporting Period
Current liabilities:		
Short-term loans	18,132,121.03	
Held-for-trading financial liabilities		16,034,072.32
Derivative financial liabilities		
Notes and accounts payable	88,879,389.72	7,333,564.78
Receipts in advance		
Contract liabilities		
Payroll payable	22,526,781.25	3,716,285.81
Taxes payable	1,610,350.80	83,652.99
Other payables	181,018,426.24	1,485,905.30
Liabilities held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	312,167,069.04	28,653,481.20
Non-current liabilities:		
Long-term borrowings		
Bonds payable	241,763,000.00	
Including: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Provisions	12,374,586.75	8,348,575.21
Deferred income		
Deferred tax liabilities		
Other non-current liabilities	28,301,886.78	
Total non-current liabilities	282,439,473.53	8,348,575.21
Total liabilities	594,606,542.57	37,002,056.41
Owners' equity		
Share capital	760,310,000.00	584,750,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	3,784,419,306.04	1,043,588,147.30
Less: Treasury shares		
Other comprehensive income	-9,367,000.00	
Special reserves		
Surplus reserves		
General risk reserves		
Undistributed profits	-999,462,349.22	-369,977,378.55
Total owners' equity	3,535,899,956.82	1,258,360,768.75
Total liabilities and owners' equity	4,130,506,499.39	1,295,362,825.16

* *For identification purpose only*

Consolidated income statement

Unit: RMB

Item		Amount for the Reporting Period	Amount for the previous period
I.	**Total operating income**	2,927,573.86	54,499,848.63
	Including: Operating income	2,927,573.86	54,499,848.63
	Interest income		
	Premiums earned		
	Fee and commission income		
II.	**Total operating costs**	710,292,306.98	353,558,654.57
	Including: Operating costs	1,952,996.83	5,158,451.79
	Interest expenses		
	Fee and commission expenses		
	Surrenders		
	Net payments for insurance claims		
	Net provision for deposit for insurance contracts		
	Policyholder dividend expenses		
	Reinsurance expenses		
	Taxes and surcharges	2,243,708.99	967,983.42
	Selling expenses	20,493,967.88	543,502.53
	Administrative expenses	132,028,850.53	73,658,668.46
	R&D expenses	538,182,847.98	275,303,382.16
	Financial expenses	14,738,554.33	-2,224,360.30
	Including: Interest expenses		
	Interest income	3,755,992.59	2,308,189.27
	Impairment loss of assets		151,026.51
	Credit impairment loss	651,380.44	
	Add: Other gains	4,599,930.24	2,599,109.69
	Investment gains (“-” for losses)	-26,803,083.15	5,888,332.86
	Including: Gains from investments in associates and joint ventures	-3,681.67	31,324.24
	Net gains from hedging exposure (“-” for losses)		
	Gains from changes in fair value (“-” for losses)	10,270,189.60	-26,955,985.55
	Gains from disposal of assets (“-” for losses)	102.84	
	Foreign exchange gains (“-” for losses)		
III.	**Operating profit (“-” for losses)**	-719,297,593.59	-317,527,348.94
	Add: Non-operating income	32,160.49	14,793.13
	Less: Non-operating expenses	4,802,041.57	50.00
IV.	**Total profit (“-” for total losses)**	-724,067,474.67	-317,512,605.81
	Less: Income tax expenses	-1,213,291.61	58,189.75

* *For identification purpose only*

Item	Amount for the Reporting Period	Amount for the previous period
V. Net profit ("-" for net losses)	-722,854,183.06	-317,570,795.56
Including: Net profit recognized by the merged party before combination		
(I) Classification according to the continuity of operation:		
1. Net profit from continuous operations ("-" for net losses)	-723,293,622.07	-317,570,795.56
2. Net profit from discontinued operations ("-" for net losses)	439,439.01	
(II) Classification according to ownership:		
1. Profit or loss attributable to minority interests	61,264.10	-227,257.16
2. Net profit attributable to owners of the parent company	-722,915,447.16	-317,343,538.40
VI. Other comprehensive income after-tax, net	1,271,880.48	-9,344,269.04
Other comprehensive income after-tax attributable to owners of the parent company, net	1,271,880.48	-9,344,269.04
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss using the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
(II) Other comprehensive income that can be reclassified to loss or profit	1,271,880.48	-9,344,269.04
1. Other comprehensive income that can be transferred to profit or loss using the equity method		
2. Changes in fair value of other debt investments	-9,367,000.00	
3. The profits and losses on the changes in fair value of available-for-sale financial assets		-3,864,034.71
4. Financial assets reclassified to other comprehensive income		
5. Credit impairment provision for other debt investments		
6. Cash flow hedging reserves		
7. Difference arising on translation of foreign currency financial statements	10,638,880.48	-5,480,234.33
8. Others		
Other net comprehensive income after-tax attributable to minority shareholders		
VII. Total comprehensive income	-721,582,302.58	-326,915,064.60
Total comprehensive income attributable to owners of the parent company	-721,643,566.68	-326,687,807.44
Total comprehensive income attributable to minority shareholders	61,264.10	-227,257.16
VIII. Earnings per share:		
(I) Basic earnings per share	-1.21	-0.55
(II) Diluted earnings per share	-1.21	-0.55

* *For identification purpose only*

Income statement of parent company

Unit: RMB

Item		Amount for the Reporting Period	Amount for the previous period
I.	**Operating income**	89,622.64	12,594,718.70
	Less: Operating cost	60,000.00	
	Taxes and surcharges	1,121,745.90	389,133.40
	Selling expenses	20,303,927.76	
	Administrative expenses	57,508,921.17	14,090,250.97
	R&D expenses	272,185,443.35	164,039,202.91
	Finance cost	16,317,242.34	-1,767,849.78
	Including: Interest expenses		
	Interest income	2,090,574.40	1,802,761.10
	Impairment loss of assets	241,339,980.30	149,194,023.44
	Credit impairment loss	523,560.83	
	Add: Other gains	1,107,250.49	1,548,904.79
	Investment gains ("-" for losses)	-27,446,878.85	10,424,233.50
	Including: Gains from investments in associates and joint ventures	-3,681.67	31,324.24
	Net gains from hedging exposure ("-" for losses)		
	Gains from changes in fair value ("-" for losses)	10,269,586.65	-25,380,965.41
	Gains from disposal of assets ("-" for losses)		
	Foreign exchange gains ("-" for losses)		
II.	**Operating revenue ("-" for losses)**	-625,341,240.72	-326,757,869.36
	Add: Non-operating income	32,160.00	5,673.13
	Less: Non-operating expenses	4,175,889.95	
III.	**Total profit ("-" for total losses)**	-629,484,970.67	-326,752,196.23
	Less: Income tax expenses		
IV.	**Net profit ("-" for net losses)**	-629,484,970.67	-326,752,196.23
	(I) Net profit from continuous operations	-629,484,970.67	-326,752,196.23
	(II) Net profit from discontinued operations		

* *For identification purpose only*

Item	Amount for the Reporting Period	Amount for the previous period
V. Other comprehensive income after-tax, net	-9,367,000.00	-3,864,034.71
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profit or loss using the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
(II) Other comprehensive income that can be reclassified to loss or profit	-9,367,000.00	-3,864,034.71
1. Other comprehensive income that can be transferred to profit or loss using the equity method		
2. Changes in fair value of other debt investments	-9,367,000.00	
3. The profits and losses on the changes in fair value of available-for-sale financial assets		-3,864,034.71
4. Financial assets reclassified to other comprehensive income		
5. Credit impairment provision for other debt investments		
6. Cash flow hedging reserves		
7. Difference arising on translation of foreign currency financial statements		
8. Others		
VI. Total comprehensive income	-638,851,970.67	-330,616,230.94
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

* *For identification purpose only*

Consolidated cash flow statement

Unit: RMB

Item		Amount for the period	Amount for the previous period
I.	**Cash flows from operating activities:**		
	Cash received from sales of goods and rendering of services	28,861,135.72	59,445,538.46
	Net increase in deposits from customers and inter-bank deposits		
	Net increase in borrowings from central bank		
	Net increase in loans from other financial institutions		
	Cash received as premiums of original insurance contracts		
	Net cash received from reinsurance business		
	Net increase in policyholder deposits and investments		
	Net increase in disposal of financial assets at fair value through profit or loss		
	Cash received from interests, fees and commissions		
	Net increase in loans from banks and other financial institutions		
	Net increase in capital from repurchase business		
	Refund of taxes and levies	49,123,938.44	
	Cash received from other operating activities	7,863,799.69	14,958,171.50
	Subtotal of cash inflows from operating activities	85,848,873.85	74,403,709.96
	Cash paid for purchasing goods and receiving services	-8,266,286.57	58,708,234.24
	Net increase in customers' loans and advances		
	Net increase in deposits in central bank and inter-bank deposits		
	Cash paid for compensation payout under original insurance contracts		
	Cash paid for interests, fees and commissions		
	Cash paid for policy dividends		
	Cash paid to and for the benefit of employees	102,980,389.09	52,989,008.87
	Taxes and levies paid	952,967.92	1,104,330.22
	Cash paid for other operating activities	507,133,083.01	272,902,143.07
	Subtotal of cash outflows from operating activities	602,800,153.45	385,703,716.40
	Net cash flows arising from operating activities	-516,951,279.60	-311,300,006.44

* *For identification purpose only*

Item		Amount for the period	Amount for the previous period
II.	**Cash flows from investing activities:**		
	Cash received from redemption of investments	539,007,841.24	1,604,830,000.00
	Cash received from return on investments	-24,895,715.13	5,857,008.62
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	775.86	
	Net cash received from disposal of subsidiaries and other business entities	1,253,767.70	
	Cash received from other investing activities	30,717,670.40	51,174,773.83
	Subtotal of cash inflows from investing activities	546,084,340.07	1,661,861,782.45
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	557,372,243.51	333,926,196.87
	Cash paid for investments	403,500,000.00	1,176,000,000.00
	Net increase in pledged loans		
	Net cash paid for acquisition of subsidiaries and other business entities		
	Cash paid for other investing activities		
	Subtotal of cash outflows from investing activities	960,872,243.51	1,509,926,196.87
	Net cash flows arising from investing activities	-414,787,903.44	151,935,585.58
III.	**Cash flows from financing activities:**		
	Cash received from capital contributions	3,212,894,379.80	319,700,000.00
	Including: Cash received by subsidiaries from investments of minority interests		
	Cash received from borrowings	434,132,121.03	
	Cash received from issuance of bonds		
	Cash received from other financing activities		
	Subtotal of cash inflows from financing activities	3,647,026,500.83	319,700,000.00
	Cash paid for debt repayment	106,000,000.00	
	Cash paid for the distribution of dividends, profits or interest payments	2,656,145.77	
	Including: Dividends and profits paid by subsidiaries to minority interests		
	Cash paid for other financing activities	105,768,083.88	66,037.73
	Subtotal of cash outflows from financing activities	214,424,229.65	66,037.73
	Net cash flows arising from financing activities	3,432,602,271.18	319,633,962.27
IV.	**Effects of exchange rate fluctuations on cash and cash equivalents**	-3,590,606.75	-5,358,923.94
V.	**Net increase in cash and cash equivalents**	2,497,272,481.39	154,910,617.47
	Add: Opening balance of cash and cash equivalents	266,297,695.44	111,387,077.97
VI.	**Closing balance of cash and cash equivalents**	2,763,570,176.83	266,297,695.44

* *For identification purpose only*

Cash flow statement of parent company

Unit: RMB

Item		Amount for the period	Amount for the previous period
I.	**Cash flows from operating activities:**		
	Cash received from sales of goods and rendering of services	30,095,738.21	14,788,979.75
	Refund of taxes and levies	11,351,288.48	
	Cash received from other operating activities	5,510,984.15	9,903,153.13
	Subtotal of cash inflows from operating activities	46,958,010.84	24,692,132.88
	Cash paid for purchasing goods and receiving services	-46,424,953.19	4,817,223.26
	Cash paid to and for the benefit of employees	37,419,091.04	13,274,057.46
	Taxes and levies paid	-404,951.91	373,061.04
	Cash paid for other operating activities	707,472,232.95	347,842,544.55
	Subtotal of cash outflows from operating activities	698,061,418.89	366,306,886.31
	Net cash flows arising from operating activities	-651,103,408.05	-341,614,753.43
II.	**Cash flows from investing activities:**		
	Cash received from redemption of investments	463,981,822.36	1,604,830,000.00
	Cash received from return on investments	-25,097,932.94	10,392,909.26
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
	Net cash received from disposal of subsidiaries and other business entities		
	Cash received from other investing activities	29,052,252.21	2,201,083.29
	Subtotal of cash inflows from investing activities	467,936,141.63	1,617,423,992.55
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	47,192,426.03	9,007,487.29
	Cash paid for investments	498,929,200.00	1,508,546,000.00
	Net cash paid for acquisition of subsidiaries and other business entities		
	Cash paid for other investing activities		
	Subtotal of cash outflows from investing activities	546,121,626.03	1,517,553,487.29
	Net cash flows arising from investing activities	-78,185,484.40	99,870,505.26

Item	Amount for the period	Amount for the previous period
III. Cash flows from financing activities:		
Cash received from capital contributions	3,212,894,379.8	319,700,000.00
Cash received from borrowings	284,132,121.03	
Cash received from issuance of bonds		
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	3,497,026,500.83	319,700,000.00
Cash paid for debt repayment	106,000,000.00	
Cash paid for the distribution of dividends, profits or interest payments	1,807,277.11	
Cash paid for other financing activities	105,768,083.88	66,037.73
Subtotal of cash outflows from financing activities	213,575,360.99	66,037.73
Net cash flows arising from financing activities	3,283,451,139.84	319,633,962.27
IV. Effects of exchange rate fluctuations on cash and cash equivalents	-14,275,085.26	
V. Net increase in cash and cash equivalents	2,539,887,162.13	77,889,714.10
Add: Opening balance of cash and cash equivalents	90,695,244.05	12,805,529.95
VI. Closing balance of cash and cash equivalents	2,630,582,406.18	90,695,244.05

* *For identification purpose only*

Consolidated statement of changes in shareholders' equity

Unit: RMB

Item	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Minority interests	Owners' equity
	Amount for the current period												
	Equity attributable to owners of parent company												
I. Balance from last year	584,750,000.00				1,056,407,351.21		-1,281,398.32				-519,368,145.10	-1,174,277.85	1,119,333,529.94
Add: Changes in accounting policies													
Corrections to previous errors													
Effect of business combination under common control													
Others													
II. Balance at the beginning of year	584,750,000.00				1,056,407,351.21		-1,281,398.32				-519,368,145.10	-1,174,277.85	1,119,333,529.94
III. Changes in the current period ("-" for losses)	175,560,000.00				2,740,831,158.74		1,271,880.48				-722,915,447.16	61,264,10	2,194,808,856.16
(I) Total comprehensive income							1,271,880.48				-722,915,447.16	61,264,10	-721,582,302.58
(II) Increase/Decrease of capital from shareholders	175,560,000.00				2,740,831,158.74								2,916,391,158.74
1. Ordinary shares contributed by shareholders	175,560,000.00				2,719,131,222.12								2,894,691,222.12
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognized in owners' equity													
4. Others					21,699,936.62								21,699,936.62
(III) Profit distribution													
1. Transfer to surplus reserves													
2. Transfer to general risk provision													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Transfer within owners' equity													
1. Transfer from capital reserves to capital (or share capital)													
2. Transfer from surplus reserves to capital (or share capital)													
3. Losses covered by surplus reserves													
4. Changes in defined benefit plans transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserves													
1. Transferred during the period													
2. Used during the period													
(VI) Others													
IV. Balance at the end of period	760,310,000.00				3,797,238,509.95		-9,517.84				-1,242,283,592.26	-1,113,013.75	3,314,142,386.10

* *For identification purpose only*

Amount for the previous period

Equity attributable to owners of parent company

Item	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Minority interests	Owners' equity
I. Balance from last year	550,000,000.00				771,523,388.94		8,062,870.72				-202,024,606.70	-947,020.69	1,126,614,632.27
Add: Changes in accounting policies													
Corrections to previous errors													
Effect of business combination under common control													
Others													
II. Balance at the beginning of year	550,000,000.00				771,523,388.94		8,062,870.72				-202,024,606.70	-947,020.69	1,126,614,632.27
III. Changes in the current period ("-" for losses)	34,750,000.00				284,883,962.27		-9,344,269.04				-317,343,538.40	-227,257.16	-7,281,102.33
(I) Total comprehensive income							-9,344,269.04				-317,343,538.40	-227,257.16	-326,915,064.60
(II) Increase/Decrease of capital from shareholders	34,750,000.00				284,883,962.27								319,633,962.27
1. Ordinary shares contributed by shareholders	34,750,000.00				284,883,962.27								319,633,962.27
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognized in equity													
4. Others													
(III) Profit distribution													
1. Transfer to surplus reserves													
2. Transfer to general risk provision													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Transfer within owners' equity													
1. Transfer from capital reserves to capital (or share capital)													
2. Transfer from surplus reserves to capital (or share capital)													
3. Losses covered by surplus reserves													
4. Changes in defined benefit plans transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserves													
1. Transferred during the period													
2. Used during the period													
(VI) Others													
IV. Balance at the end of period	584,750,000.00				1,056,407,351.21		-1,281,398.32				-519,368,145.10	-1,174,277.85	1,119,333,529.94

* *For identification purpose only*

Consolidated statement of changes in shareholders' equity of parent company

Unit: RMB

Item	Amount for the current period											
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Total owners' equity
I. Balance from last year	584,750,000.00				1,043,588,147.30						-369,977,378.55	1,258,360,768.75
Add: Changes in accounting policies												
Corrections to previous errors												
Others												
II. Balance at the beginning of year	584,750,000.00				1,043,588,147.30						-369,977,378.55	1,258,360,768.75
III. Changes in the current period ("-" for losses)	175,560,000.00				2,740,831,158.74		-9,367,000.00				-629,484,970.67	2,277,539,188.07
(I) Total comprehensive income							-9,367,000.00				-629,484,970.67	-638,851,970.67
(II) Increase/Decrease of capital from shareholders	175,560,000.00				2,740,831,158.74							2,916,391,158.74
1. Ordinary shares contributed by shareholders	175,560,000.00				2,719,131,222.12							2,894,691,222.12
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognized in equity					21,699,936.62							21,699,936.62
4. Others												
(III) Profit distribution												
1. Transfer to surplus reserves												
2. Transfer to general risk provision												
3. Distribution to owners (or shareholders)												
4. Others												
(IV) Transfer within owners' equity												
1. Transfer from capital reserves to capital (or share capital)												
2. Transfer from surplus reserves to capital (or share capital)												
3. Losses covered by surplus reserves												
4. Changes in defined benefit plans transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Transferred during the period												
2. Used during the period												
(VI) Others												
IV. Balance at the end of period	760,310,000.00				3,784,419,306.04		-9,367,000.00				-999,462,349.22	3,535,899,956.82

Item	Amount for the previous period											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Total owners' equity
I. Balance from last year	550,000,000.00				758,704,185.03		3,864,034.71				-43,225,182.32	1,126,614,632.27
Add: Changes in accounting policies												
Corrections to previous errors												
Others												
II. Balance at the beginning of year	550,000,000.00				758,704,185.03		3,864,034.71				-43,225,182.32	1,126,614,632.27
III. Changes in the current period ("-" for losses)	34,750,000.00				284,883,962.27		-3,864,034.71				-326,752,196.23	-10,982,268.67
(I) Total comprehensive income							-3,864,034.71				-326,752,196.23	-330,616,230.94
(II) Increase/Decrease of capital from shareholders	34,750,000.00				284,883,962.27							319,633,962.27
1. Ordinary shares contributed by shareholders	34,750,000.00				284,883,962.27							319,633,962.27
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognized in equity												
4. Others												
(III) Profit distribution												
1. Transfer to surplus reserves												
2. Transfer to general risk provision												
3. Distribution to owners (or shareholders)												
4. Others												
(IV) Transfer within owners' equity												
1. Transfer from capital reserves to capital (or share capital)												
2. Transfer from surplus reserves to capital (or share capital)												
3. Losses covered by surplus reserves												
4. Changes in defined benefit plans transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Transferred during the period												
2. Used during the period												
(VI) Others												
IV. Balance at the end of the period	584,750,000.00				1,043,588,147.30						-369,977,378.55	1,258,360,768.75

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Publication of the Audited Consolidated Annual Results and 2018 Annual Report on the Websites of the Stock Exchange and the Company

This annual results announcement is published on the website of the company (www.junshipharma.com), the Stock Exchange (www.hkexnews.com) and NEEQ (www.neeq.com.cn), and the 2018 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Shanghai, the PRC, 29 March 2019

As at the date of this announcement, the board of directors of the Company comprises Mr. Xiong Jun, Dr. Li Ning, Dr. Feng Hui, Mr. Zhang Zhuobing, Dr. Wu Hai and Dr. Yao Sheng as executive Directors; Mr. Tang Yi, Mr. Li Cong, Mr. Yi Qingqing and Mr. Lin Lijun as non-executive Directors; and Dr. Chen Lieping, Dr. He Jia, Mr. Chen Xinjun, Mr. Qian Zhi and Dr. Roy Steven Herbst as independent non-executive Directors.

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