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 2019

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 2019 (the "**Reporting Period**"), together with the comparative figures of the year ended 31 December 2018. The consolidated financial statements of the Company for the Reporting Period have been reviewed by the Audit Committee of the Company and audited by the Company's auditors. Unless otherwise specified, financial figures in this announcement are prepared under the International Financial Reporting Standards ("**IFRS**").

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

Financial Highlights

- Total revenue was RMB775.1 million, attributable mainly to the booming sales of Toripalimab since its commercialization in February 2019.
- Due to continued investment in research and development ("**R&D**"), our R&D expenses were RMB946.1 million, representing a 75.8% increase compared to that in 2018. With constant progress in key clinical trials and the introduction of co-R&D and license-in projects, the Company's R&D pipeline expanded to small molecule drugs and antibody drug conjugates (ADC).
- Selling and distribution expenses were RMB320.1 million, mainly due to the launch and commercialization of Toripalimab.

- Total comprehensive expense was RMB741.1 million, representing a slight increase from RMB714.6 million in 2018, mainly benefits from the contribution of Toripalimab sales, but offset by the increase in R&D expenses and administrative expenses.

- Net cash from financing activities was RMB593.6 million, principally attributable to net cash from the exercise of over-allotment option of H shares amounting RMB403.8 million in our initial public offering of H shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

- Net cash used in investing activities was RMB952.0 million, mainly due to (1) the Lingang Production Base's construction. The Lingang Production Base is expected to enhance our current production capacity by ten times; and (2) diversification of our R&D pipeline and expansion to small molecule drugs and ADCs through equity investment.

- 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 product commercialization, clinical trials, pipeline expansion and construction of production bases, including:

- As of the date of this announcement, we have developed a product pipeline comprising 21 drug candidates which covers a wide variety of disease areas associated with high levels of unmet medical needs, using our core platforms and through collaborations with third parties.

- Revenue from sales of Toripalimab (trade name: 拓益(TUOYI®)), the Company's core product, reached RMB774.1 million during the Reporting Period. Gross profit margin of sales was 88.3%, and sales expenses accounted for approximately 41.3% of sales revenue.

  As of the date of this announcement, there were 14 pivotal registered clinical trials covering a broad spectrum indications for Toripalimab being conducted simultaneously, including: urothelial carcinoma ("**UC**"), nasopharyngeal carcinoma ("**NPC**"), melanoma, non-small cell lung carcinoma ("**NSCLC**"), small cell lung carcinoma ("**SCLC**"), triple-negative breast carcinoma ("**TNBC**"), esophageal carcinoma ("**EC**"), hepatocellular carcinoma ("**HCC**"), gastric carcinoma ("**GC**") and renal cell carcinoma ("**RCC**").

  During the Reporting Period, Toripalimab has gained high standing in the field of academic research. Relevant study results have been published in journals such as Monoclonal Antibodies (mAbs), Journal of Hematology & Oncology, Annals of Oncology and Journal of Clinical Oncology (JCO). In addition to the outstanding performance in top academic journals, Toripalimab also participated in a series of authoritative academic conferences such as American Society of Clinical Oncology ("**ASCO**"), European Society for Medical Oncology ("**ESMO**"), World Conference for Lung Cancer ("**WCLC**") and Chinese Society of Clinical Oncology ("**CSCO**") during the Reporting Period. With clinically-proven and excellent safety and efficacy, Toripalimab is also included in the 2019 edition of the CSCO Guidelines for the Diagnosis and Treatment of Melanoma.

- TAB004/JS004 (anti-BTLA monoclonal antibody) was approved for IND by FDA. We are conducting Phase I clinical trial in the United States. Also, TAB004/JS004 was approved for IND by NMPA on 23 January 2020, we will formulate its domestic clinical development strategy afterwards.

- NDA application for UBP1211 (Humira biosimilar) to NMPA was submitted, and it was accepted in November 2019.

- JS005 (anti-IL-17A monoclonal antibody) has received the Clinical Trial Approval from NMPA in August 2019. Phase I clinical trial of JS005 is expected to complete the first patient enrollment in the first half of 2020.

- Our Lingang Production Base with 30,000L capacity in Shanghai, constructed in accordance with the Current Good Manufacturing Practice (cGMP) standards, has obtained the Drug Production License issued by the Shanghai Medical Products Administration.

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 commercialization on a global scale. Since our establishment 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 are the first innovative drug company in China to obtain the approval for the marketing of anti-PD-1 monoclonal antibody in the PRC and also the first company to obtain approval for clinical trial for anti-PCSK9 monoclonal antibody and anti-BLyS monoclonal antibody among the Chinese companies. We filed an application to the US Food and Drug Administration ("**FDA**") for our BTLA monoclonal antibody, the "first-in-human" innovative drug in the immuno-oncology field in 2019, and have commenced clinical trial for the drug. Toripalimab (anti-PD-1 monoclonal antibody injection), the first product marketed by the Company, has delivered impressive clinical data, and has shown satisfying efficacy and safety on various indications.

Currently, we have two world-leading monoclonal antibody production bases that comply with GMP standards. They are located in the Wujiang Economic and Technological Development Zone in Suzhou and the Lingang Industrial Park in Shanghai Free-Trade Zone, respectively. The Company has established the world's advanced antibody production plant for global drug supply in Shanghai Lingang. The fermentation capacity of the first phase of the Lingang Production Base has reached 30,000L. The Company has introduced the highest international standards for production, filling and testing equipment, and will adopt cGMP for production in strict compliance with its plan. With the intelligent full-process data interaction system, the Company has achieved real-time management and control of the entire drug production process, ensuring that the products reach the top global standards.

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 to provide patients with treatment options that work better and cost less. Our R&D platforms have become more sophisticated and diversified. At present, we can develop monoclonal antibodies and small molecule drugs and we also possess the capability for developing other types of novel molecules such as antibody-cytokine fusion proteins, bispecific antibodies, and antibody-drug conjugates (ADCs), as well as the exploration of the next-generation innovative therapies for cancer and autoimmune diseases.

Product Pipeline

At present, we have 21 drug candidates, including 13 original innovative drugs independently developed by the Company and 8 drugs jointly developed with our partners. Our diversified drug pipeline covers different R&D stages. Our product, JS001 (i.e. Toripalimab, a recombinant humanized anti-PD-1 monoclonal antibody for injection, trade name : 拓益(TUOYI®)), was officially launched for sale with approved indication of locally advanced or metastatic melanoma after standard treatment failure. 9 candidates obtained Investigational New Drug ("**IND**") approvals from the National Medical Products Administration of China ("**NMPA**"), including: JS001, which was conditionally approved for marketing, commenced clinical trials for indication expansion; UBP1211 (a biosimilar of Humira) was accepted for New Drug Application ("**NDA**") by NMPA; JS002 (a recombinant humanized anti-PCSK9 monoclonal antibody for injection) commenced Phase II clinical trial; JS501 (a biosimilar of Avastin), JS003 (a recombinant humanized anti-PD-L1 monoclonal antibody for injection), JS101 (a pan-CDK inhibitor), TAB004/JS004 (a recombinant humanized anti-BTLA monoclonal antibody for injection) and JS005 (a recombinant humanized anti-IL-17A monoclonal antibody for injection) commenced Phase I clinical trials; and UBP1213 (a recombinant humanized anti-BLyS monoclonal antibody for injection) is being prepared for clinical trial. 2 candidates obtained approval from the FDA for clinical trial, including: JS001 commenced Phase Ib clinical trial in the United States; and TAB004/JS004 (a recombinant humanized anti-BTLA monoclonal antibody for injection) is the world's first anti-BTLA monoclonal antibody for injection approved for clinical trial, and commenced Phase I clinical trial in the United States. 12 candidates are in the preclinical research stage, and an IND application for JS108 (a recombinant humanized anti-Trop2 monoclonal antibody-Tub196 conjugate for injection) has been submitted to and accepted by the NMPA. The markets of our core products are extensive. The Company has a diversified product pipeline and obvious technical advantages.

The main strategic focus of the Group's product pipeline includes:

(1) Focusing on anti-tumor, autoimmune, metabolic diseases, neurologic diseases and other therapeutic areas to facilitate the R&D progress of the existing drug candidates at full steam: With respect to our existing product pipeline, we will expedite clinical trials to obtain NDA approval in the PRC for multiple additional oncological indications of JS001, and rapidly advance the United States and international multi-center clinical trials of JS001. We will focus on supporting the further progress of the clinical trials for TAB004/JS004, a global first-in-human drug candidate, in the PRC and the United States. We will intensify our efforts to push forward the clinical trials for JS002 and JS005, while accelerating the commercialization of drug candidates and the R&D of pre-clinical products.

(2) Focusing on independent development for the entire industrial chain: Our product pipeline concentrates on self-developed products, and we have the ability to develop and commercialize drugs throughout the industrial chain. In the existing product pipeline, a total of 13 products were developed by the Company. Leveraging our self-developed R&D platforms and globally integrated R&D process, the Company aims at developing drugs for the fulfilment of unmet medical needs in a sustainable manner. At the same time, the Company will also further increase production capacity to further reduce production costs while ensuring a steady increase in product output.

(3) Focusing on innovation and unmet medical needs and to quickly expand the product pipeline: We are dedicated to the development of first-in-class and best-in-class macromolecular drugs through original innovation, and focuses on the discovery and application of new targets. We will continue our tracking and exploratory research on potential targets suitable for the development of macromolecular drugs, and utilize advanced antibody discovery, high-efficiency screening platforms and high-expression cell line construction platforms to discover and select new drug candidates. We will allocate appropriate resources to the exploration and R&D of new drug targets in the fields of small molecule and cytokine, and promote the R&D cooperation with other excellent biopharmaceutical companies. We will also conduct exploratory research in the fields of nucleic acid drugs, cell therapy, tumor vaccines and ADCs, exploring opportunities to further expand the product pipeline. At the same time, in view of the fact that anti-PD-1 monoclonal antibodies are the cornerstone drugs for tumor immunotherapy, the Company has initiated the exploration and layout for a wide range of innovative combinations. By expanding the innovative combinations of drugs under combination therapy, the Company strives to develop drugs to fulfil the unmet medical needs domestically and abroad.

(4) The combination of drug policies: Our product pipeline comprises innovative drugs and biosimilar, combinations of macromolecular drugs and small molecular drugs, which are subject to different drug management policies. At the same time, we pay attention to the coordinated development of product pipelines domestically and abroad, such that we can have a solid foothold in the domestic market while expanding the overseas market by adopting drug policies applicable to different countries and regions. JS001 and TAB004/JS004 commenced ongoing clinical trials in the United States. JS001 also commenced ongoing international multi-center clinical trials. The Company has made active efforts in the overall planning in the global, Asian and China markets and will strive to make progress in a short period of time.

In terms of our R&D pipeline, leveraging our profound scientific expertise and understanding of unmet medical needs, the Company has established a diversified R&D pipeline comprising 21 drug candidates with therapeutic areas covering anti-tumor, metabolic diseases, autoimmune diseases, neurologic diseases and infectious disease. Product types include monoclonal antibodies, fusion proteins, ADCs, and small molecule drugs. In terms of R&D speed, with the strength in R&D platforms and efficient execution by the Company, our JS001 is the first domestic PD-1 monoclonal antibody approved in the PRC, and a variety of indications are expected to be approved one after another over the next few years. TAB004/JS004 is the first anti-BTLA monoclonal antibody which obtained an IND approval in the world, which is a testimony to our R&D capabilities of innovative drugs. In the meantime, we plan to submit 2 to 3 IND applications every year. In addition to promoting the development of the current products at the clinical trial stage, we will also further expand our product pipeline.

As of the date of this announcement, the development progress of the Company's drug candidates is as follows:

Treatment Area	Medicine Code	Targets	Indications	Pre Clinical	Phase I	Phase II	Phase III	NDA	Origins of Development	Location of Clinical Trial	Segmentation Stage
Oncology	JS001	PD-1	Melanoma, mucosal melanoma, nasopharyngeal carcinoma, urothelial carcinoma, non-small cell lung carcinoma, triple negative breast carcinoma, esophagus carcinoma, hepatocellular carcinoma	Approved on 17 December 2018					In House	China	NDA approved
	JS003	PD-L1	Urothelial carcinoma, melanoma,non-small cell lung cancer, triple negative breast carcinoma, esophageal carcinoma, nasopharyngeal cancer, hepatocellular carcinoma						In House	China	Recruiting
	JS004	BTLA	Melanoma, lung cancer, lymphoma						In House	United States	Recruiting
			Solid tumors							China	Not recruited yet
	JS006	TIGIT	Solid tumors						In House	/	Process development
	JS007	CTLA-4	Lung cancer, melanoma						In House	/	Process development
	JS009	Undisclosed	Undisclosed						In House	/	Optimizing medical elements
	JS011	Undisclosed	Undisclosed						In House	/	Optimizing medical elements
	JS012	Undisclosed	Undisclosed						In House	/	Process development
	JS101	Pan-CDK	Breast cancer						In House	China	Not recruited yet
	JS104	Pan-CDK	Breast cancer						Co-development	/	Process development
	JS105	PI3K-α	Breast cancer, kidney cancer, Hodgkin's lymphoma						Co-development	/	Process development
	JS014	IL-21	Tumor						Co-development	/	Process development

Treatment Area	Medicine Code	Targets	Indications	Pre Clinical	Phase I	Phase II	Phase III	NDA	Origins of Development	Location of Clinical Trial	Segmentation Stage
	JS501	VEGF (Avastin biosimilar)	Metastatic colorectal cancer and terminal, metastatic or recurrent non-small cell lung carcinoma						Co-development	China	Recruited
	JS108	Anti-Trop2 mAb-Tub196 coupling agent	Solid tumors such as Trop2 positive triple negative breast carcinoma, small cell lung carcinoma, pancreatic cancer						Co-development	All Asian countries and area (except for Japan and Korea)	IND application has been accepted
Metabolic	JS002	PCSK9	Hyperlipidemia						In House	China	Recruited
	JS008	Undisclosed	Undisclosed						In House	/	Selecting medical elements
Auto-immunity	UBP1211	TNF-α (Humira biosimilar)	Rheumatoid arthritis, ankylosing spondylitis, psoriasis arthritis						Co-development	China	NDA accepted
	JS005	IL-17A	Psoriatic, rheumatoid arthritis						In House	China	Recruiting
	UBP1213	BLyS	Systemic lupus erythematosus						Co-development	China	Preparing for dosage improvement and clinical experiment
Neurologic	JS010	Undisclosed	Undisclosed						In House	/	Process development
Infectious disease	JS016	S protein	COVID-19						Co-development	China	Preparing for clinical trail application

Biologics
Small molecule drugs

Notes:

1. JS001 received conditional approval for Phase II pivotal clinical trial data for local progression or metastatic melanoma indications after previous standard treatment failures, and no Phase III clinical trial is required when approved. According to the requirement of the Technical Guide for Conditional Approval of Clinical Urgent Drugs (Consultation Draft), the Company has reached an agreement with the regulatory agency on the confirmatory clinical trial protocol for conditional approval when Toripalimab was conditionally approved, which is a randomized, controlled, multicenter, Phase III clinical study examining JS001 versus Dacarbazine in the first-line treatment of unresectable or metastatic melanoma. The procedure has begun and is currently underway.

2. For UBP1211, the Company conducted Phase I and III studies simultaneously in accordance with the Technical Guiding Principles for the Development and Evaluation of Biosimilar (Trial) to compare the similarities between UBP1211 and Humira for treating patients with moderate to severe rheumatoid arthritis. Currently, NDA has been submitted and accepted.

3. For each phase of clinical trials, the length of the arrows is listed according to "not yet recruited, recruiting, recruited", and the specific progress of each period has been listed in the table; for pre clinical stages, the length of the arrows is listed according to "selecting medical elements, optimizing medical elements, process development", and the specific progress of each period has been listed in the table.

Business Review

During the Reporting Period, the Group has achieved breakthroughs of products that are under commercialization, research, clinical trials, early R&D and drugs in-licensing and business expansion.

Commercialized-stage product and related clinical development

- Toripalimab injection (hereinafter referred to as "**JS001**" or "**Toripalimab**") is the first domestic anti-PD-1 mAb developed by the Company in-house and approved by NMPA for NDA. During the Reporting Period, Toripalimab (trade name: 拓益(TUOYI®)) recorded revenue from sales of RMB774.1 million. Gross profit margin of sales was 88.3%, and sales expenses accounted for approximately 41.3% of revenue from sales. In 2019, the Company promoted commercialization of Toripalimab with reference to product characteristics, clinical data and prescription information. We actively built and trained sales teams, established the brand image of TUOYI®, set up effective marketing strategies and plans and continuously conducted academic promotion. Meanwhile, in view of market potential and product characteristics, we carried out meaningful Investigator Sponsored Study (ISS) and Real World Study (RWS) to continue to find the best tumor immunotherapy.

- As of the date of this announcement, in addition to the approved indications for locally advanced or metastatic melanoma after failed in routine systemic treatment, the Group is currently conducting more than 30 clinical trials for Toripalimab monotherapy and combo treatments worldwide, including 14 pivotal registered clinical trials. Pivotal registered clinical trials for Toripalimab that have been conducted include first-line treatment for melanoma, first-line treatment combo with chemotherapy for recurrent or metastatic nasopharyngeal carcinoma, first-line treatment combo with chemotherapy for esophageal squamous cell carcinoma, and combo with chemotherapy for EGFR-sensitive mutated TKI failed terminal non-small cell lung cancer, first-line treatment combo with chemotherapy for EGFR mutated TKI failed terminal stage non-small cell lung carcinoma, neoadjuvant therapy for non-small cell lung carcinoma, combo with chemotherapy for extensive stage small cell lung carcinoma, first-line treatment combo with albumin-bound paclitaxel for triple negative breast carcinoma, postoperative adjuvant treatment for hepatocellular carcinoma, first-line treatment combo with Bevacizumab for hepatocellular carcinoma, first-line and second-line treatment for nasopharyngeal carcinoma, second-line treatment for urothelial carcinoma, combo with Axitinib for renal cell carcinoma, third-line treatment for gastric carcinoma covering many types of cancers with large patient populations, high mortality and no standard treatment. Meanwhile, the Group is conducting Phase Ib clinical trials of Toripalimab in the United States. Pivotal registered clinical trials for Toripalimab that are being conducted are shown below:

Medicine Code	Targets	Indications	Pre Clinical	Phase I	Phase II	Phase III	Location of Clinical Trial	Segmentation Stage
JS001	PD-1	Melanoma (first-line treatment, monotherapy)	Pivotal registered trial				China	Recruiting
		Nasopharyngeal carcinoma (first-line treatment, combo with chemo)	Pivotal registered trial				Asia Pacific	Recruited
		Esophagus carcinoma (combo with chemo)	Pivotal registered trial				China	Recruiting
		Triple negative breast carcinoma (combo with albumin-bound paclitaxel)	Pivotal registered trial				China	Recruiting
		Hepatocellular carcinoma (monotherapy, postoperative adjuvant)	Pivotal registered trial				China	Recruiting
		Hepatocellular carcinoma (first-line treatment, combo with Bevacizumab)	Pivotal registered trial				China	Not yet recruited
		Renal cell carcinoma (combo with Axitinib)	Pivotal registered trial				China	Not yet recruited
		EGFR negative non-small cell lung carcinoma (firstline treatment, combo with chemo)	Pivotal registered trial				China	Recruiting
		EGFR mutated TKI failed terminal stage non-small cell lung carcinoma (combo with chemo)	Pivotal registered trial				China	Recruiting
		Non-small cell lung carcinoma (neoadjuvant)	Pivotal registered trial				China	Not yet recruited
		Extensive stage small cell lung carcinoma (combo with chemo)	Pivotal registered trial				China	Recruiting
		Nasopharyngeal carcinoma (second-line treatment, monotherapy, pivotal trial)	Pivotal registered trial				China	Recruited
		Urothelial carcinoma (second-line treatment, monotherapy, pivotal trial)	Pivotal registered trial				China	Recruited
		Gastric carcinoma (third-line treatment, monotherapy, pivotal trial)	Pivotal registered trial				China	Not yet recruited
		Solid tumors					United States	Recruiting

Notes:

1. For JS001, only pivotal registered trial and ongoing major clinical trials are listed.

2. JS001 has received conditional approval for Phase II pivotal clinical trial data for local progression or metastatic melanoma indications after previous standard treatment failures, and no Phase III clinical trial is required upon approval. According to the requirement of the Technical Guide for Conditional Approval of Clinical Urgent Drugs (Consultation Draft), the Company has reached an agreement with the regulatory agency on the confirmatory clinical trial protocol for conditional approval when Toripalimab was conditionally approved, which is a randomized, controlled, multicenter, Phase III clinical study examining JS001 versus Dacarbazine in the first-line treatment of unresectable or metastatic melanoma. The procedure has begun and is currently underway.

- Toripalimab has gained high standing in the field of academic research.

  During the Reporting Period, the research group of Toripalimab published an article about its structure and binding characteristics in the journal Monoclonal Antibodies (mAbs), illustrating that the combination of Toripalimab and PD-1 is carried out mainly through the unique long HCDR3 binding to the FG loop of PD-1, thereby blocking the binding of PD-1 on the surface of T cells and PD-L1 on the surface of tumors, which does not rely on any glycosylation modification.

  In addition, the Phase I clinical results of Toripalimab in the treatment of advanced solid tumors have shown high tolerability and indicated a long-lasting antitumor activity to urothelial carcinoma, renal cell carcinoma, as well as acral and mucosal melanoma subtype, which are more common in Asia. The relevant results were published in the Journal of Hematology & Oncology in January 2019.

  In the field of gastric cancer which is of high incidence in China, researchers have studied the therapeutic predictive value of tumor mutational burden (TMB) as a biomarker for patients with chemos relapsed gastric cancer receiving treatment with Toripalimab. The relevant results were published in the Annals of Oncology.

  Most importantly, the research results on Toripalimab in combination with axitinib in the treatment of advanced mucosal melanoma have shown that the combined treatment regimen has controllable safety and long-lasting antitumor activity. The relevant results were published in the Journal of Clinical Oncology in August 2019.

  With clinically-proven and excellent safety and efficacy, Toripalimab is also included in the 2019 edition of the Chinese Clinical Oncology Society (CSCO) Guidelines for the Diagnosis and Treatment of Melanoma.

- In addition to the outstanding performance in top academic journals, Toripalimab also shone in a series of authoritative academic conferences during the Reporting Period.

  In June 2019, five clinical research results on Toripalimab were presented in the forms of poster presentation and discussion at the 2019 ASCO annual meeting, covering nasopharyngeal cancer, urothelial cancer, gastric cancer, esophagus cancer and melanoma, which included: 1) interim results of the safety and efficacy of Toripalimab for the treatment of refractory/metastatic nasopharyngeal carcinoma (POLARIS-02); 2) preliminary results of the safety and effectiveness of Toripalimab for the treatment of metastatic urothelial cancer (POLARIS-03); 3) therapeutic predictive value of tumor mutational burden (TMB) for patients with chemos relapsed gastric cancer and undergone chemotherapy receiving treatment with Toripalimab; 4) therapeutic predictive value of 11q13 amplification for patients with advanced esophageal squamous cell carcinoma receiving treatment with Toripalimab; 5) therapeutic predictive value of tumor growth rate (TGR) for patients with advanced melanoma receiving treatment with Toripalimab;

  In September 2019, the research results on the safety and efficacy of using Toripalimab in combination with carboplatin-pemetrexed for the treatment of advanced or recurrent EGFR mutation positive and T790M negative non-small cell lung carcinoma with failing EGFR-TKI treatment were presented orally at the WCLC 2019;

  In September 2019, the clinical research results of Toripalimab for two indications of urothelial cancer and non-small cell lung carcinoma were presented orally, which included: 1) updated results on the safety and efficacy of Toripalimab for the treatment of metastatic urothelial cancer (POLARIS-03); 2) research results on the safety and efficacy of using Toripalimab in combination with carboplatin-pemetrexed for the treatment of advanced T790M negative non-small cell lung carcinoma with failing EGFR-TKI treatment or relapsing EGFR sensitive mutations were presented orally at the 2019 CSCO annual meeting;

  At the latest ASCO GU seminar in February 2020, the latest results on the safety and efficacy of Toripalimab for the treatment of advanced metastatic urothelial carcinoma (POLARIS-03) were presented in the form of poster presentation.

- The following table sets out the clinical results of major registered clinically relevant indications of Toripalimab:

Indication	Objective response rate (ORR)	Disease control rate (DCR)	N (Number of assessable patients)	Note
Advanced or metastatic urothelial carcinoma (Phase II)	25.7%	45.9%	148	Clinical results after the completion of enrollment
Refractory or metastatic nasopharyngeal carcinoma (Phase II)	25.5%	47.1%	165	Interim results for pivotal clinical trial
Non-small cell lung carcinoma (with failing EGFR-TKI treatment, Phase II)	50%	87.5%	40	/
Advanced esophageal squamous cell carcinoma (Phase II)	18.6%	47.5%	59	/

Source: ASCO (Annual meeting of American Clinical Oncology Association), CSCO (Academic conference of Chinese Society of Clinical Oncology), WCLC (World Conference for Lung Cancer) and ASCO GU (American Society of Clinical Oncology Symposium on Urogenital Cancer)

Note:

1. The clinical trial stage shown in the table is the clinical trial stage of the product during the time of clinical data evaluation.

2. The number of assessable patients refers to the number corresponding to clinical data for the evaluation of efficacy.

Other core products development

- TAB004/JS004 is the world's first-in-human recombinant humanized anti-BTLA monoclonal antibody for injection specific to B- and T- lymphocyte attenuator (BTLA) independently developed by the Group and officially approved for clinical trial. An IND application of the TAB004/JS004 treatment of advanced unresectable or metastatic solid tumors (including patients with lymphoma and PD-1 antibody resistance) was submitted to the FDA on 22 March 2019. An US IND approval was obtained on 18 April in the same year. TAB004/JS004 was granted a NMPA IND approval on 23 January 2020, and we will formulate its domestic clinical development strategy for this product afterwards. Currently, no other similar product in the world has entered the clinical stage. The Group is conducting Phase I clinical trial of TAB004/JS004 in the United States. The Phase I clinical trial has commenced the dose-escalation study in October 2019 and completed the dosing of the first patient, which is expected to be completed in the first half of 2020. The dose-expansion trial will be carried out subsequently and it is planned to recruit 120 patients who have received anti-PD-1 monoclonal antibody and suffered from disease progression. The initial planned indications include melanoma, lung cancer and lymphoma.

- JS002 is a recombinant humanized anti-PCSK9 monoclonal antibody for injection independently developed by the Company for the treatment of cardiovascular diseases. The Company is the first PRC company to obtain clinical trial approval for the target drug. The Company has completed the Phase I clinical trial with the clinical trial center Fuwai Hospital to test the safety and tolerability of JS002 in voluntary patients. At present, the Phase II clinical trial has completed enrollment and is conducting follow-ups. Based on the obtained clinical research data, JS002 shows sound safety and tolerability profile. No serious adverse events (SAE) or any withdrawal due to adverse events (AE) are reported during the study. In terms of lowering LDL-C, JS002 shows a comparable lipid reduction and longer duration compared with products of the same target. Currently, the Company is initiating preparations for Phase III clinical studies with larger patient population.

- UBP1211 is a recombinant humanized anti-TNF-α-monoclonal antibody injection, which targets autoimmune diseases such as rheumatoid arthritis, and is a biosimilar of Humira (adalimumab). The Company has submitted a NDA application for UBP1211 to NMPA and it was accepted in November 2019.

- JS005 is a recombinant humanized anti-IL-17A monoclonal antibody injection, which targets autoimmune diseases including psoriasis. JS005 obtained the Drug Clinical Trial Notification from the NMPA in August 2019. The amino acid sequence of JS005, especially the sequence of the CDR region (the region that binds to the target molecule) is different from the CDR sequences of similar monoclonal antibodies on the market and is a unique new structure. In preclinical studies, JS005 has shown efficacy and safety comparable to those of marketed anti-IL-17 monoclonal antibodies. The Phase I clinical trial of JS005 is expected to complete the first patient enrollment in the first half of 2020.

Manufacturing facilities

- The Company has two production bases. Among which, the Wujiang Production Base in Suzhou, with a 3,000L fermentation capacity, obtained GMP certification and is currently in the commercial production of the Company's products and the production of clinical trial drugs. Lingang Production Base in Shanghai was constructed in accordance with the cGMP standard and obtained the Drug Production License issued by the Shanghai Medical Products Administration in November 2019. The first phase of Lingang Production Base has been put into trial production at the end of 2019, which has a fermentation capacity of 30,000L. The Company will further increase the fermentation capacity of macromolecular drugs and explore new production processes to further reduce production costs.

- The Company always focuses on product quality management, and aims at safeguarding the product quality through establishing comprehensive standards, processes and specifications. According to the actual situation, the Company clarifies the work and responsibilities of departments and individuals, strengthens performance evaluation and continuously improves the management; strengthens equipment use and maintenance management, and fully utilizes the technical performance of equipment; implements GMP normalization management, refines various operating rules, and strengthens staff rules and quality awareness to ensure the quality of pharmaceutical production.

Other business development highlights

- 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(Risen (Suzhou) Biosciences Co., Ltd.*), pursuant to which the parties agreed 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 an ideal pharmacokinetic profile in laboratory animals and was found to have significantly low acute toxicity. JS105 is an oral small molecule-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. In the PRC, only two CDK inhibitors have been approved at present, and no PI3K-α inhibitor has been approved.

- In June 2019, the Company entered into a stock purchase agreement with Anwita Biosciences, Inc. ("**Anwita**"). Meanwhile, the Company and Anwita entered into a license agreement for the Company to develop and commercialize Anwita's AWT008, a novel IL-21 fusion protein, in the greater China territories (including mainland China, Taiwan, Macau, and Hong Kong). IL-21 is an active cytokine to stimulate the activation of innate and adaptive immune cells, such as natural killer (NK) cells and cytotoxic T cells. At present, no similar products have been approved for sale in the market in the PRC and overseas.

- In June 2019, the Company entered into a technology transfer and cooperation development contract with Shanghai Huaota Biological Pharmaceutical Co., Ltd.* (上海華奧泰生物藥業股份有限公司) ("**Huaota Biosciences**"). The Company purchased the existing research and development results of Avastin biosimilar (JS501) from Huaota Biosciences and subsequent technical support. At present, except for the originator drugs for metastatic colorectal cancer and non-small cell lung cancer which have been approved, only a biosimilar from Qilu Pharma has been approved in the PRC. JS501 has been granted "Clinical Trial Approval Document" from NMPA and it has entered into Phase I clinical trial.

- In December 2019, the Company entered into the Drug Development and License Contract with Hangzhou DAC Biotech Co., Ltd. The Company developed and commercialized JS108 in the licensed area by way of an exclusive license. JS108 is an anti-Trop2 monoclonal antibody conjugated with an antitubulin Tubulysin B analog through a smart linker. Currently, there is no drug which shares the same target on the market. An IND Application for JS108 (recombinant humanized anti-Trop2 monoclonal antibody-Tub196 conjugate for injection) has been submitted to and has been accepted by the NMPA.

When the Company promoted product licensing, it fully considered the innovation, potential in the future market of related products and their synergy with the Company's existing products. The aforementioned in-licensing products have strong innovation and market potential, which is conducive to expanding the Company's product pipeline and enhancing the Company's innovative product portfolio.

Financial Review

1. Other income

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Interest income from bank and time deposit	**29,222**	3,756
Government grants *(Note)*	**31,546**	4,631
	60,768	8,387

Notes: 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 research and development activities, which are recognised as income upon meeting specific conditions; and (iii) the incentives which have no specific conditions attached to the grants.

2. R&D Expenses

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

For the years ended 31 December 2018 and 2019, we incurred R&D expenses in the amount of approximately RMB538.2 million and RMB946.1 million, respectively. The significant increases in our R&D expenses were mainly due to (i) increases in Co-R&D and license-in project which diversify our R&D pipeline; (ii) 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; (iii) 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 staff costs of selling department, marketing activities and travelling costs.

For the years ended 31 December 2018 and 2019, our selling and distribution expenses were RMB20.3 million and RMB320.1 million, respectively. The significant increases in our selling and distribution expenses were mainly due to the the commencement of sales of JS001 and the building of the sales teams.

4. Administrative Expenses

Our administrative expenses mainly include administrative staff cost, office administration expenses, depreciation and amortization and audit and consultancy fees.

For the years ended 31 December 2018 and 2019, our administrative expenses were RMB124.8 million and RMB244.2 million, respectively. The significant increases were mainly due to (i) new hiring; (ii) intermediary consultancy fees and auditor fees; (iii) increased office administration expenses in line with business expansion.

5. Liquidity and Capital Resources

As at 31 December 2019, our bank balance and cash decreased to RMB1,214.0 million from RMB2,763.6 million as at 31 December 2018. The decrease was mainly due to (i) investment in on going R&D project, newly Co-R&D and license in project; (ii) investment in and acquisition of companies in the pharmaceutical sector; (iii) investment in the production bases especially the Lingang Production Base.

6. 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	
	2019	2018
	RMB'000	*RMB'000*
IFRS total comprehensive expense for the year	**(741,055)**	(714,593)
Add:		
Loss on fair value changes of convertible loan notes measured at FVTPL	**23,426**	24,741
Listing expense	**4,345**	6,097
Share-based payment expenses	**11,797**	21,700
Net exchange losses	**2,266**	14,275
Adjusted total comprehensive expense for the year	**(699,221)**	(647,780)

7. *Global Offering and Use of Proceeds*

The total proceeds from the issue of new H Shares by the Company in its listing of H shares on the Stock Exchange ("**Listing**") (after deducting the underwriting fees and related listing expenses) amounted to approximately RMB3,003.4 million (Note a) and the balance of unutilized net proceeds was approximately RMB828.0 million as at 31 December 2019.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the prospectus of the Company dated 11 December 2018 and subsequently the announcement of the Company dated 29 August 2019 regarding the change in use of proceeds from the Listing. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2019.

	Prior to the change of use of proceeds (Note d)						Following the change of use of proceeds (Note d)				
Usage	% of total proceeds	Planned use of net proceeds RMB '000	Interests RMB '000	Utilized proceeds (Note b) RMB '000	Unutilized proceeds RMB '000	Usage	% of total proceeds	Planned use of net proceeds RMB '000	Interests RMB '000	Utilized proceeds (Note b) RMB '000	Unutilized proceeds RMB '000
The R&D and commercialization of the Group's drug candidates	65%	1,952,203	–	964,440	987,763	The R&D and commercialization of the Group's drug candidates	72%	2,162,440	–	1,698,395	464,045
The R&D and commercialization of the Group's Core Product, JS001	*40%*	*1,201,356*	–	*579,778*	*621,578*	*The R&D and commercialization of the Group's Core Product, JS001*	*40%*	*1,201,356*	–	*992,071*	*209,285*
The R&D of the Group's other drug candidates to fund clinical trials	*16%*	*480,542*	–	*114,357*	*366,185*	*The R&D of the Group's other drug candidates to fund clinical trials worldwide including JS004, etc.*	*16%*	*480,542*	–	*330,951*	*149,591*
The construction of the Lingang Production Base and the Wujiang Production Base	*9%*	*270,305*	–	*270,305*	–	*The construction of, acquisition of facilities for and settlement of start-up costs on the Lingang Site and the Wujiang Site*	*16%*	*480,542*	–	*375,373*	*105,169*
The Group's investment in and acquisition of companies in the pharmaceutical sector	25%	750,847	–	3,700	747,147	The Group's investment in the health care and/or life science sector(s), including acquisition of companies, licensing-in and collaboration	18%	540,610	–	213,943	326,667
The Group's working capital and other general corporate purposes	10%	300,339	11,117	33,456	278,000	The Group's working capital and other general corporate purposes	10%	300,339	28,529	291,556	37,312
Total	**100%**	**3,003,389**	**11,117**	**1,001,596**	**2,012,910**	**Total**	**100%**	**3,003,389**	**28,529**	**2,203,894**	**828,024** (Note c)

Notes:

(a) Net proceeds raised from the Listing amounted to approximately RMB3,117.3 million. After deducting listing expense payable of approximately RMB113.9 million, the net proceeds to be utilized for intended use amounted to approximately RMB3,003.4 million.

(b) Net proceeds were received in HKD and were converted to RMB and USD for the planned use of proceeds, which was adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

(c) The total sum of unutilized proceeds, amounting to approximately RMB828.0 million as at 31 December 2019, includes interests of approximately RMB28.5 million generated from bank savings account in which the Listing proceeds have been deposited.

(d) The Company has changed the use of proceeds from the Listing on 29 August 2019. The underlined items represent the changes made to the use of proceeds. Further details are set out in the Company's announcement dated 29 August 2019.

Future and Outlook

With strong R&D capabilities, we are at the forefront of medical innovation, and the mission of the Company is to provide patients with better treatment options with less expenses.

In the aspect of R&D of drugs, with the focus on the development of macromolecular drugs, we will continue to track and conduct exploratory research on potential targets suitable for the development of macromolecular drugs on the basis of accelerating the R&D and commercialization progress of research pipelines in order to develop new drugs under research. Meanwhile, we will invest appropriate resources in the field of small molecule R&D to explore and develop new drug targets, and carry out exploratory research in the field of cell therapy and tumor vaccines. Based on independent R&D, we will further expand the product pipeline through licensing and other methods to stay on the front line of R&D of innovative drugs. As for production, we plan to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further reduce production costs. In the aspect of commercialization, we will continue to improve the establishment of marketing and commercialization teams. The Company is committed to becoming an innovative biopharmaceutical company with global competitiveness, integrating R&D, production and commercialization, and achieving the ambitious goal of "Manufacture in China, Driven by Global Innovation: Synchronously Serve for Domestic and Overseas Markets".

Proposed A Share Listing

In order to optimize the Company's capital structure and enhance the Company's self-development capabilities, we have applied for an initial public offering and listing of A shares on the STAR Market of the Shanghai Stock Exchange (the "**SSE**") (the "**A Share Listing**"). The resolution regarding the Initial Public Offering and Listing of the Renminbi Ordinary Shares (A shares) of the Company on the STAR Market was approved at the 2018 Annual General Meeting, the 2019 First Class Meeting of Domestic Shareholders and the 2019 First Class Meeting of H Shareholders in June 2019. In September 2019, the application for the A Share Listing was formally accepted by the SSE. The Company has replied to the SSE's first and second rounds of enquiry in December 2019 and February 2020, respectively. The Listing Committee of STAR Market of the SSE is scheduled to convene the 7th Listing Committee Review Meeting of 2020 on 30 March 2020 to review the listing of the Company's A shares on the STAR Market. If the shares of the Company are issued and listed on the STAR Market, the funds raised will be used for innovative drug R&D projects, Junshi Biosciences Technology Industrialization Lingang project, repayment of bank loans and replenishment of liquidity.

Subsequent Events after the Reporting Period

On 3 February 2020, the Company signed the A+ Round Capital Increase Agreement of Stemirna Therapeutics, Ltd. with Stemirna Therapeutics, Ltd. ("**Stemirna**") and its existing shareholders, regarding the Company's participation in the A+ round financing of Stemirna by making capital contribution of RMB10 million and acquiring its 2.86% equity interest. Further details are set out in the announcement of the Company dated 5 February 2020.

On 4 February 2020, the Company has received the Clinical Trial Approval in respect of the "recombinant humanized anti-BTLA monoclonal antibody injection" issued by NMPA. Further details are set out in the announcement of the Company dated 4 February 2020.

On 20 March 2020, the Company announced that in order to actively cope with the current pandemic, respond to national call and meet emergency need for novel coronavirus neutralizing antibody (the "**novel NAb**"), the Company, relying on strength and foundation of its own complete antibody commercial development, will cooperate with the Institute of Microbiology, Chinese Academy of Sciences ("**IMCAS**") to develop novel coronavirus NAb (the "**Business Cooperation**"). Further details are set out in the Company's announcement dated 20 March 2020.

On 27 March 2020, the Company announced that Toripalimab in combination with Axitinib for treatment of mucosal melanoma was granted the orphan-drug designation by the US FDA. Further details are set out in the Company's announcement dated 27 March 2020.

Purchase, Sale or Redemption of Listed Securities

Save as disclosed in the paragraph headed "2018 Convertible Bonds" below, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

2018 Convertible Bonds

On 23 February 2018, the Company issued the innovative start-ups convertible bonds (創新創業可轉換公司債券) (the "**2018 Convertible Bonds**") in a principal amount of RMB200 million to qualified investors at the issue price representing 100% of its face value (i.e. RMB200 million). The term of the 2018 Convertible Bonds is 6 years commencing from the issue date. The annual interest rate of the 2018 Convertible Bonds is 10.35%. The 2018 Convertible Bonds may be converted into Domestic Shares of the Company after the expiry of a six-month period from the issue date. The 2018 Convertible Bonds were previously listed on the SSE (code: 145951.SH). Further details of the 2018 Convertible Bonds are set out in the Prospectus and 2018 annual report of the Company.

In June 2019, the Company announced for the early redemption of all of the outstanding 2018 Convertible Bonds. All of the outstanding 2018 Convertible Bonds were redeemed at its nominal price plus accrued interest (i.e. RMB114.1214 per bond) and delisted from the SSE in July 2019.

Continuing Connected Transaction

On 4 December 2018, the Company and Beijing Zhengdan International Technology Co., Ltd.* (北京正旦國際科技有限責任公司) ("**Beijing Zhengdan**") entered into a technical development engagement framework agreement (the "**Framework Agreement**"), pursuant to which the Company (together with its subsidiaries) may engage Beijing Zhengdan and/or its associates to provide pharmaceutical research and technical development services, including conducting analysis for biological samples from clinical trials, and from non-clinical trials (including formation of methodology, verification, filter, tests, preparation of reports, sample treatment and related tasks), conducting stability tests, keeping of samples and files, and other services relating to drug studies and technical services. The Framework Agreement commenced from 24 December 2018 and expires on 31 December 2020. Further details of the Framework Agreement are set out in the Prospectus.

As at the date of the Framework Agreement, Beijing Zhengdan held 40% of the equity interest in Beijing Junkejingde Biotechnology Co., Ltd.* (北京軍科鏡德生物科技有限責任公司) ("**Beijing Junkejingde**"), a 60%-owned subsidiary of the Company. Beijing Zhengdan was a substantial shareholder of Beijing Junkejingde and thus a connected person of the Company at the subsidiary level by virtue of Rule 14A.07(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Therefore, the Framework Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and was subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.105 of the Listing Rules, the Company has applied for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with the announcement requirement in respect of the above non-exempt continuing connected transaction. Such waiver will expire on 31 December 2020.

On 9 January 2020, Beijing Junkejingde completed industrial and commercial deregistration in the PRC and ceased to be a subsidiary of the Company. Upon the deregistration of Beijing Junkejingde, Beijing Zhengdan is no longer a connected person of the Company under the Listing Rules and the Framework Agreement is no longer a continuing connected transaction of the Company under the Listing Rules.

The annual cap for the year ended 31 December 2019 under the Framework Agreement was RMB16.25 million and the actual transaction amount for the year ended 31 December 2019 was approximately RMB12.0 million.

Pursuant to Rule 14A.55 of the Listing Rules, the Company's independent non-executive Directors have reviewed the above continuing connected transaction and confirmed that such transaction has been entered into (i) in the Group's ordinary and usual course of business; (ii) on normal commercial terms or better; and (iii) according to the agreement governing the transaction on terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with each of the Directors and Supervisors, they have confirmed that they had complied with such code of conduct during the Reporting Period.

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 during the Reporting Period.

The Board is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the Reporting Period.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors being Dr. He Jia (Chairman), Mr. Chen Xinjun 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**") is scheduled to be held on Monday, 11 May 2020. 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 Dividend

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 the Company will be closed from Friday, 10 April 2020 to Monday, 11 May 2020, both days inclusive, during which period no transfer of H shares will be registered, in order to determine the holders of H shares of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Monday, 11 May 2020. In order to be eligible to attend and vote at the AGM, Shareholders of H shares of the Company whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Thursday, 9 April 2020 (Hong Kong time).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December	
		2019	2018
	NOTES	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*4*	**775,089**	934
Cost of sales and services		**(90,684)**	(267)
Gross profit		**684,405**	667
Other income		**60,768**	8,387
Other gains and losses		**21,222**	(32,641)
Impairment in respect of trade and other receivables under expected credit loss model, net of reversal		**1,038**	(638)
Research and development expenses		**(946,100)**	(538,183)
Selling and distribution expenses		**(320,056)**	(20,304)
Administrative expenses		**(244,229)**	(124,837)
Share of loss of a joint venture		**(5)**	(4)
Share of losses of associates		**(2,522)**	–
Other expenses		**(4,345)**	(6,097)
Finance costs		**(13,300)**	(4,063)
Loss before tax		**(763,124)**	(717,713)
Income tax credit	*5*	**18,891**	1,213
Loss for the year from continuing operations		**(744,233)**	(716,500)
Discontinued operations			
Profit for the year from discontinued operations		**–**	147
Loss for the year		**(744,233)**	(716,353)
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 differences arising on translation of foreign operations		**3,178**	10,638
Fair value gain on investments in debt instrument measured at fair value through other comprehensive income ("**FVTOCI**")		**–**	227
Reclassification to profit or loss upon disposal of investments measured at FVTOCI		**–**	262
Other comprehensive income for the year		**3,178**	1,760
Total comprehensive expense for the year		**(741,055)**	(714,593)

	NOTE	Year ended 31 December 2019 RMB'000	2018 RMB'000
(Loss) profit for the year attributable to owners of the company:			
– from continuing operations		**(743,922)**	(716,503)
– from discontinued operations		**–**	89
Loss for the year attributable to owners of the Company		**(743,922)**	(716,414)
(Loss) profit for the year attributable to non-controlling interests:			
– from continuing operations		**(311)**	3
– from discontinued operations		**–**	58
(Loss) profit for the year attributable to non-controlling interests		**(311)**	61
		(744,233)	(716,353)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(740,744)**	(714,654)
Non-controlling interests		**(311)**	61
		(741,055)	(714,593)
Loss per share			
From continuing and discontinued operations			
Basic (RMB yuan)	*3*	**(0.95)**	(1.19)
Diluted (RMB yuan)		**(0.95)**	(1.19)
From continuing operations			
Basic (RMB yuan)		**(0.95)**	(1.19)
Diluted (RMB yuan)		**(0.95)**	(1.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		At 31 December	
		2019	2018
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,827,868**	939,341
Right-of-use assets		**179,518**	–
Prepaid lease payments		**–**	74,408
Goodwill		**–**	–
Other intangible assets		**6,291**	1,455
Interest in a joint venture		**1,022**	1,027
Interests in associates		**71,224**	–
Deferred tax assets		**20,590**	1,288
Other assets, prepayments and other receivables		**335,466**	311,607
Other financial assets	*7*	**69,345**	18,000
		2,511,324	1,347,126
Current assets			
Inventories		**180,666**	48,468
Trade receivables	*8*	**157,416**	–
Other assets, prepayments and other receivables		**352,163**	92,630
Other financial assets		**17**	5,516
Restricted bank deposits		**6,828**	–
Bank balances and cash		**1,214,026**	2,763,570
		1,911,116	2,910,184
Current liabilities			
Trade and other payables	*9*	**514,639**	291,322
Contract liabilities		**–**	1,111
Borrowings	*10*	**76,891**	178,632
Lease liabilities		**13,846**	–
		605,376	471,065
Net current assets		**1,305,740**	2,439,119
Total assets less current liabilities		**3,817,064**	3,786,245

	NOTES	At 31 December 2019 RMB'000	2018 RMB'000
Non-current liabilities			
Borrowings	*10*	**744,896**	150,000
Contract liabilities		**–**	28,302
Convertible loan notes	*11*	**–**	241,763
Deferred income		**56,320**	45,047
Lease liabilities		**27,332**	–
		828,548	465,112
Net assets		**2,988,516**	3,321,133
Capital and reserves			
Share capital	*12*	**784,147**	760,310
Reserves		**2,204,372**	2,561,936
Equity attributable to owners of the Company		**2,988,519**	3,322,246
Non-controlling interests		**(3)**	(1,113)
Total equity		**2,988,516**	3,321,133

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 of the Company were first listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate controlling party is Mr. Xiong Jun, who is also the chairman and an executive director of the Company. The registered address of the Company is 13th floor, Building 2, Nos. 36, 58, Haiqu Road, China (Shanghai) Pilot Free Trade Zone, the PRC and principal place of business in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622) 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")

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time in the current year:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle

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 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39, and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2022

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 data:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(743,922)**	(716,414)

Number of shares:

	Year ended 31 December	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic loss per share	**783,624,056**	601,917,890

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	
	2019	2018
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company	**(743,922)**	(716,414)
Less: Profit for the year from discontinued operations attributable to owners of the Company	**–**	89
Loss for the year for the purpose of basic loss per share from continuing operations	**(743,922)**	(716,503)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

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

(b) Diluted

The Company issued the convertible loan notes on 23 February 2018 as set out in Note 11. For the purpose of calculation of diluted loss per share for the years ended 31 December 2019 and 2018, 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 and over-allotment options as per underwriting agreement entered on 16 December 2018. The over-allotment options were exercised in January 2019. The computation of diluted loss per share for the year ended 31 December 2019 and 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.

4. REVENUE

Starting from the year ended 31 December 2019, the Group generated revenue from sales of pharmaceutical products. The Group revenue climbed to RMB775.1 million in which RMB774.1 million was derived from the commercialization of PD-1.

5. INCOME TAX CREDIT

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Current tax		
(Under) overprovision in prior year:		
United States Corporate Income Tax	**(411)**	–
PRC Enterprise Income Tax ("**EIT**")	**–**	64
	(411)	64
Deferred tax	**19,302**	1,149
Total income tax credit recognised in the current year	**18,891**	1,213

Under the law of the PRC Enterprise Income Tax (the "**EIT Law**") and Implementation regulations of the EIT Law, the basic tax rate of the Company and its PRC subsidiaries is 25% for both years.

上海君實生物工程有限公司 Shanghai Junshi Biotechnology Co., Ltd. has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Shanghai and relevant authorities on 2 November 2018 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profits derived by the subsidiary is subject to 15% EIT rate for the reporting period. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authorities in the PRC for every three years.

For both years, the US Tax Cuts and Jobs Act ("Act") reduces the US Federal Corporate Income rate to a flat rate of 21%.

TopAlliance Biosciences Inc., a wholly-owned subsidiary of the Company, is subject to the US California Corporate Income Tax rate of 8.84% (2018: 8.84%) for the year ended 31 December 2019. No provision for taxation in the United States has been made as TopAlliance Biosciences Inc. has sufficient tax losses brought forward to set off against assessable profit for the year ended 31 December 2019. No provision for taxation in the United States has been made as Top Alliance Biosciences Inc. has no assessable profit for the year ended 31 December 2018.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDEND

No dividend was paid or declared by the Company during the years ended 31 December 2019 and 2018, nor has any dividend been declared since the end of the reporting period.

7. OTHER FINANCIAL ASSETS

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current assets		
Financial assets measured at FVTPL		
– Financial products *(Note a)*	**–**	5,500
– Fund *(Note b)*	**17**	16
	17	5,516
Non-current assets		
Financial assets measured at FVTPL		
– Unlisted equity investment *(Note c)*	**69,345**	18,000

Notes:

(a) The Group entered into contracts in respect of financial products (the "**Financial Products**") with financial institutions in 2018, 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. All financial products were disposed during the year ended 31 December 2019.

(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.

(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 research and development. The Group also invested in Hangzhou DAC Biotech Co., Ltd* (杭州多禧生物科技有限公司) ("**Hangzhou DAC**") at the fair value of RMB51,345,000 in October 2019, representing 4.5479% of the registered capital of Hangzhou DAC. Hangzhou DAC is mainly engaged in drug discovery.

8. TRADE RECEIVABLES

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**157,505**	–
Less: Allowance for credit losses	**(89)**	–
	157,416	–

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	
	2019	2018
	RMB'000	*RMB'000*
0 – 30 days	**96,647**	–
31 – 90 days	**60,235**	–
91 – 180 days	**534**	–
	157,416	–

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB8,540,000 (2018: nil) which are past due as at the reporting date. As there has not been a significant change in the debtors' credit quality, accordingly, the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables		
– related parties *(Note a)*	**–**	3,620
– third parties	**74,616**	36,558
Accrued expenses in respect of:		
– construction costs of properties under construction	**112,561**	80,025
– research and development expenses *(Note b)*	**98,561**	81,049
– selling and distribution expenses	**14,979**	7,867
– others	**42,948**	13,394
Salary and bonus payables	**113,311**	50,901
Other tax payables	**10,409**	2,126
Payables for issue costs	**13,565**	14,415
Other payables	**33,689**	1,367
	514,639	291,322

Payment terms with suppliers are mainly with credit term of 15 days to 60 days (2018: 15 days to 60 days) from the time when the goods and services are received from the suppliers. The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
0 – 30 days	**58,726**	33,372
31 – 60 days	**2,946**	198
61 – 180 days	**11,426**	81
Over 180 days	**1,518**	6,527
	74,616	40,178

Notes:

(a) Amount represents trade payable to United-Power Pharma Tech Co., Ltd.* (軍科正源(北京)藥物研究有限責任公司) ("UPPT"), an associate of Beijing Zhengdan International Technology Co., Ltd. ("BJZD"). BJZD is a non-controlling shareholder of Beijing Junke Jingde Biotechnology Co., Ltd*, a subsidiary of the Company.

(b) Amounts included service fees paid to outsourced service providers including contract research organisations and clinical trial centres.

10. BORROWINGS

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Bank borrowings		
– secured	**746,085**	150,225
– unsecured	**75,702**	18,132
	821,787	168,357
Other borrowings – unsecured	**–**	160,275
Total borrowings	**821,787**	328,632
The maturity profile of bank and other borrowings is as follows:		
– within one year	**76,891**	178,632
– within a period of more than two years but not exceeding five years	**744,896**	150,000
	821,787	328,632
Less: Amount due within one year shown under current liabilities	**(76,891)**	(178,632)
Amount shown under non-current liabilities	**744,896**	150,000

11. CONVERTIBLE LOAN NOTES

On 5 July 2019, the Group exercised its right to redeem all the convertible loan notes from the bondholders. The number of convertible loan notes redeemed was 2,000,000 with total amount of RMB228,242,800 (including principal and interest upon redemption date).

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 and 1 January 2019	241,763
Change in fair value charged to profit or loss	(13,520)
Payment of interests	(28,243)
Redemption of convertible loan notes	(200,000)
At 31 December 2019	**–**

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 as at 31 December 2018.

12. SHARE CAPITAL

	Total number of shares	**Amount** *RMB'000*
Registered, issued and fully paid at RMB1.0 per share:		
At 1 January 2018	584,750,000	584,750
Issue of domestic ordinary shares by private equity placement on 7 March 2018 *(Note a)*	16,650,000	16,650
H shares issued upon initial public offering *(Note b)*	158,910,000	158,910
At 31 December 2018	760,310,000	760,310
New H shares issued upon over-allotment options exercised *(Note c)*	23,836,500	23,837
At 31 December 2019	**784,146,500**	**784,147**

Notes:

(a) 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.

(b) 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.

(c) On 9 January 2019, the Company issued 23,836,500 new H shares at HK$19.38 (equivalent to RMB16.94) per share for a total gross proceeds of HK$461,951,000 (equivalent to RMB403,838,000) from the exercise of over-allotment options from initial public offering of the Company on the Stock Exchange. The proceeds of RMB23,836,500 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of RMB380,001,500 were credited to the share premium account of the Company.

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 31 December 2019 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.

Publication of the Audited Consolidated Annual Results and 2019 Annual Report on the Websites of the Stock Exchange and the Company

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk), the Company (www.junshipharma.com) and NEEQ (www.neeq.com.cn), and the 2019 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
Shanghai Junshi Biosciences Co., Ltd.*
Mr. Xiong Jun
Chairman

Shanghai, the PRC, 27 March 2020

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.

* *For identification purpose only*