BeiGene, Ltd.
百濟神州有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 06160)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

BeiGene, Ltd. (the "Company" or "we" or "us") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended December 31, 2020 (the "Reporting Period"), together with the comparative figures for the corresponding periods in 2019, which have been prepared under generally accepted accounting principles in the United States (the "U.S. GAAP") and reviewed by the audit committee (the "Audit Committee") of the Board of Directors (the "Board" or "Directors") of the Company.

FINANCIAL HIGHLIGHTS

- *Total revenues for the year ended December 31, 2020 decreased by approximately US$119.3 million or approximately 27.9% to approximately US$308.9 million, as compared to the year ended December 31, 2019. Product revenue increased by approximately US$86.3 million or approximately 38.8% to approximately US$308.9 million, as compared to the year ended December 31, 2019. Collaboration revenue decreased by approximately US$205.6 million or 100% to nil, as compared to the year ended December 31, 2019.*

- *Total expenses for the year ended December 31, 2020 increased by approximately US$578.5 million or approximately 41.7% to approximately US$1,966.6 million, as compared to the year ended December 31, 2019.*

- *Net loss for the year ended December 31, 2020 increased by approximately US$649.9 million or approximately 68.4% to approximately US$1,600.5 million, as compared to the year ended December 31, 2019.*

- *Basic and diluted loss per share for the year ended December 31, 2020 amounted to US$1.47, representing an increase of 20.5% when compared with that of US$1.22 for the year ended December 31, 2019.*

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31, 2020 US$' 000	2019 US$' 000
Assets			
Current assets:			
Cash and cash equivalents		1,381,950	618,011
Short-term restricted cash	5	307	288
Short-term investments	6	3,268,725	364,728
Accounts receivable, net	7	60,403	70,878
Inventories	8	89,293	28,553
Prepaid expenses and other current assets	14	160,012	90,238
Total current assets		4,960,690	1,172,696
Non-current assets:			
Long-term restricted cash	5	7,748	2,476
Property, plant and equipment, net	11	357,686	242,402
Operating lease right-of-use assets	10	90,581	82,520
Intangible assets, net	12	5,000	5,846
Deferred tax assets	13	65,962	37,894
Other non-current assets	14	113,090	68,455
Total non-current assets		640,067	439,593
Total assets		5,600,757	1,612,289
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable	15	231,957	122,488
Accrued expenses and other payables	14	346,144	163,556
Tax payable	13	20,380	13,454
Operating lease liabilities, current portion	10	13,895	10,814
Research and development cost share liability, current portion	3	127,808	–
Short-term debt	16	335,015	–
Total current liabilities		1,075,199	310,312

CONSOLIDATED BALANCE SHEETS (continued)

	Note	As of December 31, 2020 US$' 000	2019 US$' 000
Non-current liabilities:			
Long-term bank loans	16	183,637	83,311
Shareholder loan	16	–	157,384
Operating lease liabilities, non-current portion	10	29,417	25,833
Deferred tax liabilities	13	10,792	10,532
Research and development cost share liability, non-current portion	3	375,040	–
Other long-term liabilities	14	57,429	46,562
Total non-current liabilities		656,315	323,622
Total liabilities		1,731,514	633,934
Commitments and contingencies	25		
Equity:			
Ordinary shares, US$0.0001 par value per share; 9,500,000,000 shares authorized; 1,190,821,941 and 801,340,698 shares issued and outstanding as of December 31, 2020 and 2019, respectively		118	79
Additional paid-in capital		7,414,932	2,925,970
Accumulated other comprehensive income (loss)	21	6,942	(8,001)
Accumulated deficit		(3,552,749)	(1,955,843)
Total BeiGene, Ltd. shareholders' equity		3,869,243	962,205
Noncontrolling interest	9	–	16,150
Total equity		3,869,243	978,355
Total liabilities and equity		5,600,757	1,612,289

CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Year Ended December 31, 2020 US$' 000	2019 US$' 000
Revenues			
Product revenue, net	17	308,874	222,596
Collaboration revenue	3	–	205,616
Total revenues		308,874	428,212
Expenses			
Cost of sales – product		70,657	71,190
Research and development		1,294,877	927,338
Selling, general and administrative		600,176	388,249
Amortization of intangible assets	12	846	1,326
Total expenses		1,966,556	1,388,103
Loss from operations		(1,657,682)	(959,891)
Interest income, net		1,998	9,131
Other income, net	6	37,490	7,174
Loss before income taxes		(1,618,194)	(943,586)
Income tax (benefit) expense	13	(17,671)	6,992
Net loss		(1,600,523)	(950,578)
Less: net loss attributable to noncontrolling interests		(3,617)	(1,950)
Net loss attributable to BeiGene, Ltd.		(1,596,906)	(948,628)
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US$)	19	(1.47)	(1.22)
Weighted-average shares outstanding, basic and diluted	19	1,085,131,783	780,701,283
Net loss per American Depositary Share ("ADS"), basic and diluted (in US$)		(19.13)	(15.80)
Weighted-average ADSs outstanding, basic and diluted		83,471,676	60,053,945

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year Ended December 31, 2020 US$' 000	2019 US$' 000
Net loss		(1,600,523)	(950,578)
Other comprehensive income (loss), net of tax of nil:			
Foreign currency translation adjustments	21	23,603	(9,424)
Pension liability adjustments	24	(8,113)	–
Unrealized holding loss, net	21	(419)	(448)
Comprehensive loss		(1,585,452)	(960,450)
Less: comprehensive loss attributable to noncontrolling interests		(3,489)	(2,295)
Comprehensive loss attributable to BeiGene, Ltd.		(1,581,963)	(958,155)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year Ended December 31, 2020 US$' 000	2019 US$' 000
Cash flows from operating activities:			
Net loss		(1,600,523)	(950,578)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense		31,789	18,617
Share-based compensation expense	20	183,481	134,154
Acquired in-process research and development		109,500	69,000
Amortization of research and development cost share liability	3	(113,986)	–
Unrealized gains on equity investments	6	(11,826)	–
Gain on deconsolidation of a subsidiary	6	(11,307)	–
Deferred income tax benefits		(27,807)	(9,232)
Other items, net		6,634	(1,397)
Changes in operating assets and liabilities:			
Accounts receivable		10,363	(29,822)
Inventories		(58,906)	(12,311)
Prepaid expenses and other current assets		(65,528)	45
Other non-current assets		9,311	(20,782)
Accounts payable		95,835	2,224
Accrued expenses and other payables		182,693	64,030
Tax payable		2,319	7,566
Deferred revenue		–	(27,982)
Operating lease liabilities		(102)	(2,283)
Other long-term liabilities		(25,401)	8,482
Net cash used in operating activities		(1,283,461)	(750,269)
Cash flows from investing activities:			
Purchases of property and equipment		(117,508)	(89,612)
Deconsolidation of a subsidiary		(2,025)	–
Purchases of investments		(5,690,408)	(1,169,300)
Proceeds from sale or maturity of investments		2,751,075	1,882,075
Purchase of in-process research and development		(109,500)	(69,000)
Net cash (used in) provided by investing activities		(3,168,366)	554,163

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Note	Year Ended December 31, 2020 US$' 000	2019 US$' 000
Cash flows from financing activities:			
Proceeds from sale of ordinary shares, net of cost	22	4,232,017	–
Proceeds from research and development cost share liability	3	616,834	–
Payment to acquire joint venture ("JV") minority interest	9	(28,723)	–
Proceeds from loans	16	433,905	67,489
Repayment of loans	16	(144,308)	(32,813)
Capital contribution from noncontrolling interest		–	4,000
Proceeds from option exercises and employee share purchase plan		93,101	47,004
Net cash provided by financing activities		5,202,826	85,680
Effect of foreign exchange rate changes, net		18,231	(9,512)
Net increase (decrease) in cash, cash equivalents, and restricted cash		769,230	(119,938)
Cash, cash equivalents, and restricted cash, beginning of year		620,775	740,713
Cash, cash equivalents, and restricted cash, end of year		1,390,005	620,775
Supplemental cash flow disclosures:			
Cash and cash equivalents		1,381,950	618,011
Short-term restricted cash		307	288
Long-term restricted cash		7,748	2,476
Income taxes paid		10,596	8,984
Interest paid		44,130	4,315
Supplemental non-cash activities:			
Acquisitions of equipment included in accounts payable		42,762	29,086

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Attributable to BeiGene, Ltd.							
	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total	Noncontrolling Interests	Total
	Shares	Amount US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at December 31, 2018	776,263,184	77	2,744,814	1,526	(1,007,215)	1,739,202	14,445	1,753,647
Contributions from shareholders	–	–	–	–	–	–	4,000	4,000
Exercise of options, ESPP and release of RSUs	20,571,675	2	47,002	–	–	47,004	–	47,004
Issuance of shares reserved for share option exercises	4,505,839	–	–	–	–	–	–	–
Share-based compensation	–	–	134,154	–	–	134,154	–	134,154
Other comprehensive loss	–	–	–	(9,527)	–	(9,527)	(345)	(9,872)
Net loss	–	–	–	–	(948,628)	(948,628)	(1,950)	(950,578)
Balance at December 31, 2019	801,340,698	79	2,925,970	(8,001)	(1,955,843)	962,205	16,150	978,355
Proceeds from issuance of ordinary shares, net of cost	145,838,979	14	2,069,596	–	–	2,069,610	–	2,069,610
Issuance of ordinary shares in connection with collaboration	206,635,013	21	2,162,386	–	–	2,162,407	–	2,162,407
Exercise of options, ESPP and release of RSUs	38,020,892	3	93,098	–	–	93,101	–	93,101
Use of shares reserved for share option exercises and RSU releases	(1,013,641)	1	–	–	–	1	–	1
Share-based compensation	–	–	183,481	–	–	183,481	–	183,481
Deconsolidation of a subsidiary	–	–	–	–	–	–	(3,545)	(3,545)
Acquisition of joint venture ("JV") minority interest	–	–	(19,599)	–	–	(19,599)	(9,116)	(28,715)
Other comprehensive income	–	–	–	14,943	–	14,943	128	15,071
Net loss	–	–	–	–	(1,596,906)	(1,596,906)	(3,617)	(1,600,523)
Balance at December 31, 2020	1,190,821,941	118	7,414,932	6,942	(3,552,749)	3,869,243	–	3,869,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

BeiGene, Ltd. (the "Company", "BeiGene", "it", "its") is a global, commercial-stage biotechnology company focused on discovering, developing, manufacturing, and commercializing innovative medicines to improve treatment outcomes and expand access for patients worldwide.

The Company has delivered ten molecules into the clinic in its first ten years, including its two lead commercial medicines, BRUKINSA®, a small molecule inhibitor of Bruton's Tyrosine Kinase ("BTK") for the treatment of various blood cancers, and tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers. The Company is marketing BRUKINSA® in the world's two largest pharmaceutical markets, the United States ("U.S." or "US") and The People's Republic of China (the "PRC" or "China"), and tislelizumab in China, with an established, science-based commercial organization. The Company has built state-of-the-art biologic and small molecule manufacturing facilities in China to support the potential future demand of its products, and it also works with high quality contract manufacturing organizations ("CMOs") to manufacture its internally developed clinical and commercial products.

The Company is a leader in China-inclusive global clinical development, which it believes can facilitate faster and more cost-effective development of innovative medicines. Its internal clinical development capabilities are deep, including a more than 1,600-person global clinical development team that is running more than 60 ongoing or planned clinical trials. This includes more than 25 pivotal or registration-enabling trials for three product candidates that have enrolled more than 12,000 patients and healthy volunteers, of which approximately one-half have been outside of China, as of January 2021. The Company has over 45 products and product candidates in commercial stage or clinical development, including 7 approved medicines, 5 pending approval, and over 30 in clinical development.

Supported by its development and commercial capabilities, the Company has entered into collaborations with world-leading biopharmaceutical companies such as Amgen Inc. ("Amgen") and Novartis Pharma AG ("Novartis") to develop and commercialize innovative medicines globally. Since its inception in 2010 in Beijing, the Company has become a fully integrated global organization of approximately 5,300 employees in 14 countries and regions, including China, the U.S., Europe and Australia.

As of December 31, 2020, the Company's subsidiaries are as follows:

Name of Company	Place of Incorporation	Particulars of issued/paid-in capital	Percentage of Ownership by the Company	Principal Activities
BeiGene 101	Cayman Islands	nil	100%	Inactive
BeiGene AUS Pty Ltd. ("BeiGene Australia")	Australia	US$56,947,230	100%	Medical, pharmaceutical research and development and commercial
BeiGene (Beijing) Co., Ltd. ("BeiGene Beijing")	PRC	US$46,711,000	100%	Medical and pharmaceutical research and development
BeiGene Biologics Co., Ltd. ("BeiGene Biologics")	PRC	RMB2,000,000,000	100%	Medical and pharmaceutical research and development and manufacturing
BeiGene (Canada) ULC	Canada	CAD 100	100%	Medical, pharmaceutical research and development and commercial
BeiGene ESP SL	Spain	EUR 3,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene France Sarl	France	EUR 7,500	100%	Medical, pharmaceutical research and development and commercial
BeiGene Guangzhou Biologics Manufacturing Co., Ltd. ("BeiGene Guangzhou Factory")	PRC	RMB1,000,000,000	100%	Medical and pharmaceutical research and development and manufacturing
BeiGene (Guangzhou) Co., Ltd. ("BeiGene Guangzhou")	PRC	US$238,000,000	100%	Medical and pharmaceutical research
BeiGene Germany GmbH	Germany	EUR 25,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene (Hong Kong) Co., Limited. ("BeiGene HK")	Hong Kong, China	HK$1	100%	Investment holding
Beijing Innerway Bio-tech Co., Ltd. ("Innerway")	PRC	US$4,000,000	100%	No substantial business, holding property for company operations
BeiGene (Italy) Sarl	Italy	EUR 10,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene Ireland Limited ("BeiGene Ireland")	Republic of Ireland	–	100%	Medical, pharmaceutical research and development and commercial
BeiGene Korea Y.H.	Korea	KRW 100,000,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene Pharmaceuticals (Guangzhou) Co., Ltd. ("BeiGene Pharmaceutical (Guangzhou)")	PRC	RMB3,800,000	100%	Medical and pharmaceutical research
BeiGene Pharmaceutical (Shanghai) Co., Ltd. ("BeiGene Pharmaceutical (Shanghai)")	PRC	US$1,000,000	100%	Medical and pharmaceutical consulting, marketing and promotional services
BeiGene (Shanghai) Co., Ltd. ("BeiGene Shanghai")	PRC	RMB34,344,310	100%	Medical and pharmaceutical research and development
BeiGene Singapore Pte., Ltd.	Singapore	SGD 1	100%	Medical, pharmaceutical research and development and commercial
BeiGene (Suzhou) Co., Ltd. ("BeiGene Suzhou")	PRC	US$144,000,000	100%	Medical and pharmaceutical research and manufacturing
BeiGene Switzerland GmbH ("BeiGene Switzerland")	Switzerland	CHF 20,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene (Taiwan) Limited	Taiwan, China	TWD 500,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene UK, Ltd. ("BeiGene UK")	United Kingdom	GBP 120	100%	Research, development, manufacture and distribution or licensing of pharmaceutical and related products
BeiGene United Kingdom, Ltd.	United Kingdom	GBP 100	100%	Investment holding
BeiGene USA, Inc. ("BeiGene USA")	U.S.	US$1	100%	Medical, pharmaceutical research and development and commercial
BeiGene International GmbH	Switzerland	CHF 20,000	100%	Medical, pharmaceutical research and development and commercial
BeiGene (Shanghai) Research & Development Co., Ltd.	PRC	RMB70,000,000	100%	Medical and pharmaceutical research and development
BeiGene NZ, Limited	New Zealand	–	100%	Medical, pharmaceutical research and development and commercial
BeiGene Pharmaceuticals GmbH	Switzerland	CHF 20,000	100%	Medical, pharmaceutical research and development and commercial

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances between the Company and its wholly-owned subsidiaries are eliminated upon consolidation.

Noncontrolling interests are recognized to reflect the portion of the equity of subsidiaries which are not attributable, directly or indirectly, to the controlling shareholders. Prior to 2020, the Company consolidated its interests in its joint ventures, BeiGene Biologics Co., Ltd. ("BeiGene Biologics") and MapKure, LLC ("MapKure"), under the voting model and recognized the minority shareholders' equity interest as a noncontrolling interest in its consolidated financial statements. In June 2020, the Company deconsolidated MapKure and recorded an equity method investment for its remaining ownership interest in the joint venture (see Note 6). In November 2020, the Company acquired the remaining equity interest in BeiGene Biologics. Subsequent to the share purchase, BeiGene Biologics is a wholly owned subsidiary of the Company (see Note 9).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, estimating the useful lives of long-lived assets, estimating variable consideration in product sales and collaboration revenue arrangements, identifying separate accounting units and the standalone selling price of each performance obligation in the Company's revenue arrangements, estimating the fair value of net assets acquired in business combinations, assessing the impairment of long-lived assets, valuation and recognition of share-based compensation expenses, realizability of deferred tax assets, estimating uncertain tax positions, valuation of inventory, estimating the allowance for credit losses, determining defined benefit pension plan obligations, measurement of right-of-use assets and lease liabilities and the fair value of financial instruments. Management bases the estimates on historical experience, known trends and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

Recent Accounting Pronouncements

New accounting standards which have been adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses*. Subsequently, the FASB issued ASU 2019-05, *Financial Instruments – Credit Losses* (Topic 326): Targeted Transition Relief and ASU 2019-11 Codification Improvements to Topic 326, *Financial Instruments – Credit Losses* (collectively, the "Credit Loss ASUs"). The Credit Loss ASUs change the methodology to be used to measure credit losses for certain financial instruments and financial assets, including trade receivables. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. This new standard also requires that credit losses related to available-for-sale debt securities be recorded as an allowance through net income rather than reducing the carrying amount under the current, other-than-temporary-impairment model. The Company adopted the standard on January 1, 2020. Based on the composition of the Company's trade receivables and investment portfolio, the adoption of this standard did not have a material impact on the Company's financial position or results of operations upon adoption. The Company has updated its accounting policy for trade accounts receivable and is providing additional disclosure about its allowance for credit losses, as required by the standard, upon adoption.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The update eliminates, modifies, and adds certain disclosure requirements for fair value measurements. The added disclosure requirements and the modified disclosure on the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented. All other changes to disclosure requirements in this update should be applied retrospectively to all periods presented upon their effective date. The Company adopted this standard on January 1, 2020. There was no material impact to the Company's financial position or results of operations upon adoption.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software* (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. This update requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to defer and recognize as an asset. This guidance should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company adopted this standard on January 1, 2020. There was no material impact to the Company's financial position or results of operations upon adoption.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements* (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606. This update clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer and precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. This guidance should be applied retrospectively to the date of initial application of Topic 606. The Company adopted this standard on January 1, 2020. There was no material impact to the Company's financial position or results of operations upon adoption.

New accounting standards which have not yet been adopted

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes. This update simplifies the accounting for income taxes as part of the FASB's overall initiative to reduce complexity in accounting standards. The amendments include removal of certain exceptions to the general principles of ASC 740, *Income taxes*, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. The update is effective in fiscal years beginning after December 15, 2020, and interim periods therein, and early adoption is permitted. Certain amendments in this update should be applied retrospectively or modified retrospectively, all other amendments should be applied prospectively. The Company is currently evaluating the impact on its financial statements of adopting this guidance.

3. Collaborative and Licensing Arrangements

The Company enters into collaborative arrangements for the research and development, manufacture and/or commercialization of drug products and drug candidates. To date, these collaborative arrangements have included out-licenses of internally developed products and drug candidates to other parties, in-licenses of products and drug candidates from other parties, and profit– and cost-sharing arrangements. These arrangements may include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing and reimbursement arrangements, royalty payments, and profit sharing.

Out-Licensing Arrangements

To date, the Company's collaboration revenue related to its out-licensing collaborative agreements has consisted of upfront license fees, research and development reimbursement revenue, and research and development services revenue from its collaboration agreement with BMS for tislelizumab.

The following table summarizes total collaboration revenue recognized for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
	US$'000	US$'000
Revenue from Collaborators		
Reimbursement of research and development costs	–	27,634
Research and development service revenue	–	27,982
Other	–	150,000
Total	–	205,616

Celgene Corporation, a Bristol Myers Squibb company ("BMS")

On July 5, 2017, the Company entered into a license agreement with Celgene Corporation, now a BMS company, pursuant to which the Company granted to the BMS parties an exclusive right to develop and commercialize the Company's investigational PD-1 inhibitor, tislelizumab, in all fields of treatment, other than hematology, in the United States, Europe, Japan and the rest of world other than Asia (the "PD-1 License Agreement"). In connection with the closing of the transactions on August 31, 2017, the Company and BMS amended and restated the PD-1 License Agreement (the "A&R PD-1 License Agreement") to, among other things, clarify the parties' responsibilities relating to the conducting and funding of certain global registration clinical trials and clarify the scope of the regulatory materials transferred by BeiGene to BMS. The Company entered into a mutual agreement with BMS to terminate the A&R PD-1 License Agreement effective June 14, 2019 in advance of the acquisition of Celgene by BMS.

Under the terms of the A&R PD-1 License Agreement, BMS paid the Company US$263,000,000 in upfront non-refundable fees, of which US$92,050,000 was paid in the third quarter of 2017 and the remaining US$170,950,000 was paid in December 2017. The Company allocated US$13,000,000 of upfront fees to the fair value of assets related to the Company's acquisition of Celgene Shanghai, a wholly-owned subsidiary of Celgene Holdings East Corporation established under the laws of China, which was completed contemporaneously with the A&R PD-1 License Agreement. The Company was also eligible to receive product development and commercial milestone payments based on the successful achievement of development and regulatory and commercialization goals, respectively, and potential royalty payments.

In addition to the exclusive right to develop and commercialize tislelizumab, the terms of the A&R PD-1 License Agreement provided BMS with the right to collaborate with the Company on the development of tislelizumab for specified indications, including required participation on a joint development committee and a joint steering committee as well as a joint commercialization committee upon achievement of commercialization. BMS reimbursed the Company for certain research and development costs at a cost plus agreed upon markup for the development of tislelizumab related to the clinical trials that BMS opted into, as outlined in the development plan.

Under ASC 606, the Company identified the following deliverables of the collaboration agreement as distinct performance obligations: (a) the license provided to BMS for the exclusive right to develop and commercialize tislelizumab, in all fields of treatment, other than hematology, in the United States, Europe, Japan and the rest of world other than Asia ("the license"); and (b) the research and development services provided to BMS to develop tislelizumab within specified indications ("R&D services"). For each deliverable, the Company determined the stand-alone selling price and allocated the non-constrained consideration of US$250,000,000 to the units of accounting using the relative selling price method. The consideration allocated to the license was recognized upon transfer of the license to BMS at contract inception and the consideration allocated to the R&D services was deferred and recognized over the term of the respective clinical studies for the specified indications. The payments associated with the defined developmental, regulatory, and commercialization goals were considered variable consideration and were fully constrained at contract inception through the date of termination.

In connection with the termination in June 2019, the Company regained full global rights to tislelizumab and received a US$150,000,000 payment from BMS. The payment was recognized as other collaboration revenue upon termination as the Company had no further performance obligations under the collaboration. Upon termination, the Company also recognized the remainder of the deferred revenue balance related to the upfront consideration allocated to research and development services at the time of the original collaboration. The Company's license from BMS to distribute the approved cancer therapies ABRAXANE®, REVLIMID®, and VIDAZA® in China was not affected by the termination of the tislelizumab collaboration.

For the year ended December 31, 2019, the Company recognized collaboration revenue of US$205,616,000 related to the BMS collaboration, which consisted of US$27,634,000 of research and development reimbursement revenue for the trials that BMS had opted into through the termination of the collaboration agreement; US$27,982,000 of research and development services revenue, which reflects the recognition of the remaining upfront consideration that was allocated to research and development services at the time of the collaboration and was recognized over the term of the respective clinical studies for the specified indications; and US$150,000,000 of other collaboration revenue related to the payment received from BMS in connection with the termination of the collaboration agreement.

In-Licensing Arrangements – Commercial

Amgen

On October 31, 2019, the Company entered into a global strategic oncology collaboration with Amgen (the "Amgen Collaboration Agreement") for the commercialization and development in China, excluding Hong Kong, Taiwan and Macao, of Amgen's XGEVA®, KYPROLIS®, and BLINCYTO®, and the joint global development of a portfolio of oncology assets in Amgen's pipeline, with BeiGene responsible for development and commercialization in China. On January 2, 2020, following approval by the Company's shareholders and satisfaction of other closing conditions, the agreement became effective.

Under the agreement, the Company is responsible for the commercialization of XGEVA®, KYPROLIS® and BLINCYTO® in China for five or seven years. Amgen is responsible for manufacturing of the products globally and will supply the products to the Company at an agreed upon price. The Company and Amgen will share equally in the China commercial profits and losses during the commercialization period. Following the commercialization period, the Company has the right to retain one product and is entitled to receive royalties on sales in China for an additional five years on the products not retained. XGEVA® was approved in China in 2019 for patients with giant cell tumor of the bone and a supplemental new drug application has been filed for prevention of skeletal-related events in cancer patients with bone metastases. In July 2020, the Company began commercializing XGEVA® in China. In December 2020, BLINCYTO® was approved in China for injection for the treatment of adult patients with relapsed or refractory (R/R) B-cell precursor acute lymphoblastic leukemia (ALL). Additionally, a new drug application has been filed in China for KYPROLIS® as a treatment for patients with multiple myeloma.

Amgen and the Company are also jointly developing a portfolio of Amgen oncology pipeline assets under the collaboration. The Company is responsible for conducting clinical development activities in China and co-funding global development costs by contributing cash and development services up to a total cap of US$1,250,000,000. Amgen is responsible for all development, regulatory and commercial activities outside of China. For each pipeline asset that is approved in China, the Company will receive commercial rights for seven years from approval. The Company has the right to retain approximately one out of every three approved pipeline assets, other than sotorasib (AMG 510), Amgen's investigational KRAS G12C inhibitor, for commercialization in China. The Company and Amgen will share equally in the China commercial profits and losses during the commercialization period. The Company is entitled to receive royalties from sales in China for pipeline assets returned to Amgen for five years after the seven-year commercialization period. The Company is also entitled to receive royalties from global sales of each product outside of China (with the exception of sotorasib).

The Amgen Collaboration Agreement is within the scope of ASC 808, as both parties are active participants and are exposed to the risks and rewards dependent on the commercial success of the activities performed under the agreement. The Company is the principal for product sales to customers in China during the commercialization period and will recognize 100% of net product revenue on these sales. Amounts due to Amgen for its portion of net product sales will be recorded as cost of sales. Cost reimbursements due to or from Amgen under the profit share will be recognized as incurred and recorded to cost of sales; selling, general and administrative expense; or research and development expense, based on the underlying nature of the related activity subject to reimbursement. Costs incurred for the Company's portion of the global co-development funding are recorded to research and development expense as incurred.

In connection with the Amgen Collaboration Agreement, a Share Purchase Agreement ("SPA") was entered into by the parties on October 31, 2019. On January 2, 2020, the closing date of the transaction, Amgen purchased 15,895,001 of the Company's ADSs for US$174.85 per ADS, representing a 20.5% ownership stake in the Company. Per the SPA, the cash proceeds shall be used as necessary to fund the Company's development obligations under the Amgen Collaboration Agreement. Pursuant to the SPA, Amgen also received the right to designate one member of the Company's board of directors, and Mr. Anthony C. Hooper joined the Company's board of directors as the Amgen designee in January 2020.

In determining the fair value of the common stock at closing, the Company considered the closing price of the common stock on the closing date of the transaction and included a lack of marketability discount because the shares are subject to certain restrictions. The fair value of the shares on the closing date was determined to be US$132.74 per ADS, or US$2,109,902,000 in the aggregate. The Company determined that the premium paid by Amgen on the share purchase represents a cost share liability due to the Company's co-development obligations. The fair value of the cost share liability on the closing date was determined to be US$601,857,000 based on the Company's discounted estimated future cash flows related to the pipeline assets. The estimation of future cash flows involved management assumptions of revenue growth rates and probability of technical and regulatory success of the pipeline assets. The total cash proceeds of US$2,779,241,000 were allocated based on the relative fair value method, with US$2,162,407,000 recorded to equity and US$616,834,000 recorded as a research and development cost share liability. The cost share liability is being amortized proportionately as the Company contributes cash and development services to its total co-development funding cap.

Amounts recorded related to the cash proceeds received from the Amgen collaboration for the year ended December 31, 2020 were as follows:

	Year Ended December 31, 2020 US$' 000
Fair value of equity issued to Amgen	2,162,407
Fair value of research and development cost share liability	616,834
Total cash proceeds	2,779,241

Amounts recorded related to the Company's portion of the co-development funding on the pipeline assets for the year ended December 31, 2020 were as follows:

	Year Ended December 31, 2020 US$' 000
Research and development expense	117,005
Amortization of research and development cost share liability	113,986
Total amount due to Amgen for BeiGene's portion of the development funding	230,991
Total amount of development funding paid or payable in cash	224,396
Total amount of development funding paid with development services	6,595

	As of December 31, 2020 US$' 000
Remaining portion of development funding cap	1,019,009

As of December 31, 2020, the research and development cost share liability recorded in the Company's balance sheet was as follows:

	As of December 31, 2020 US$' 000
Research and development cost share liability, current portion	127,808
Research and development cost share liability, non-current portion	375,040
Total research and development cost share liability	502,848

The total reimbursement due under the commercial profit-sharing agreement for in-line product sales is classified in the income statement for the year ended December 31, 2020 as follows:

	Year Ended December 31, 2020 US$' 000
Cost of sales – product	(1,210)
Selling, general and administrative	(9,750)
Research and development	(660)
Total	(11,620)

Celgene Logistics Sàrl, a BMS company

On July 5, 2017, BeiGene and Celgene Logistics Sàrl, now a BMS company, entered into a license and supply agreement pursuant to which BeiGene was granted the right to exclusively distribute and promote BMS's approved cancer therapies, ABRAXANE®, REVLIMID®, and VIDAZA® in China, excluding Hong Kong, Macau and Taiwan (the "China License Agreement"). The China License Agreement became effective on August 31, 2017, contemporaneously with the closing of the acquisition of Celgene Shanghai and the A&R PD-1 License Agreement. The Company began distributing these in-licensed products in China in September 2017. The Company subsequently assigned the agreement to its wholly-owned subsidiary, BeiGene Switzerland.

In-Licensing Arrangements – Development

The Company has in-licensed the rights to develop, manufacture and, if approved, commercialize multiple development stage drug candidates globally or in specific territories. These arrangements typically include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing arrangements, royalty payments, and profit sharing.

Our significant license agreements are described below:

EUSA Pharma

In January 2020, the Company entered into an exclusive development and commercialization agreement with EUSA Pharma ("EUSA") for the orphan biologic products SYLVANT® (siltuximab) and QARZIBA® (dinutuximab beta) in China. Under the terms of the agreement, EUSA granted the Company exclusive rights to SYLVANT® in greater China and to QARZIBA® in mainland China. Under the agreement, the Company will fund and undertake all clinical development and regulatory submissions in the territories, and will commercialize both products once approved. EUSA received a US$40,000,000 upfront payment and will be eligible to receive payments upon the achievement of regulatory and commercial milestones up to a total of US$160,000,000. EUSA will also be eligible to receive tiered royalties on future product sales. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy.

Assembly Biosciences, Inc.

In July 2020, the Company entered into a collaboration agreement with Assembly Biosciences, Inc. ("Assembly") for Assembly's portfolio of three clinical-stage core inhibitor candidates for the treatment of patients with chronic hepatitis B virus ("HBV") infection in China. Under the terms of the agreement, Assembly granted BeiGene exclusive rights to develop and commercialize ABI-H0731, ABI-H2158 and ABI-H3733 in China, including Hong Kong, Macau, and Taiwan. BeiGene is responsible for development, regulatory submissions, and commercialization in China. Assembly retains full worldwide rights outside of the partnered territory for its HBV portfolio. Assembly received an upfront payment of US$40,000,000 and is eligible to receive payments upon achievement of development, regulatory and commercial milestones up to a total of US$503,750,000. Assembly is also eligible to receive tiered royalties on net sales. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy.

Bio-Thera Solutions, Ltd.

In August 2020, the Company entered into a license, distribution and supply agreement with Bio-Thera Solutions, Ltd. ("Bio-Thera") for Bio-Thera's BAT1706, an investigational biosimilar to Avastin® (bevacizumab) in China. The agreement became effective on September 10, 2020 upon approval of Bio-Thera's shareholders, and was subsequently assigned by the Company to its affiliate BeiGene (Guangzhou) Co., Ltd. ("BeiGene Guangzhou") on September 18, 2020, as permitted by the agreement. Under the terms of the agreement, Bio-Thera agreed to grant BeiGene the right to develop, manufacture, and commercialize BAT1706 in China, including Hong Kong, Macau, and Taiwan. Bio-Thera will retain rights outside of the partnered territory. Bio-Thera received an upfront payment of US$20,000,000 in October 2020 and is eligible to receive payments upon the achievement of regulatory and commercial milestones up to a total of US$145,000,000. Bio-Thera will also be eligible to receive tiered double digit royalties on future net product sales. The upfront payment was expensed to research and development expense during the year ended December 31, 2020 in accordance with the Company's acquired in-process research and development expense policy.

Seagen, Inc.

In November 2019, the Company entered into a license agreement with Seagen, Inc. (formerly known as "Seattle Genetics, Inc.") for an advanced pre-clinical product candidate for treating cancer. The agent utilizes a proprietary Seagen antibody-based technology. Under the terms of the agreement, Seagen retained rights to the product candidate in the Americas (United States, Canada and Latin American countries), Europe and Japan. The Company was granted exclusive rights to develop and commercialize the product candidate in Asia (except Japan) and the rest of the world. Seagen will lead global development and BeiGene will fund and operationalize the portion of global clinical trials attributable to its territories. BeiGene will also be responsible for all clinical development and regulatory submissions specific to its territories. Seagen received an upfront payment of US$20,000,000 and is eligible to receive progress-dependent milestones and tiered royalties on any product sales. Seagen is a related party due to a common shareholder, and that shareholder has different representatives serving on each companies' respective board of directors. The upfront payment was expensed to research and development expense during the year ended December 31, 2019 in accordance with the Company's acquired in-process research and development expense policy.

BioAtla, Inc.

In April 2019, the Company entered into a global co-development and collaboration agreement with BioAtla, Inc. ("BioAtla") for the development, manufacturing and commercialization of BioAtla's investigational CAB-CTLA-4 antibody (BA3071), whereby BioAtla had agreed to co-develop the CAB-CTLA-4 antibody to defined early clinical objectives and the Company had agreed to then lead the parties' joint efforts to develop the product candidate and be responsible for global regulatory filings and commercialization. Subject to the terms of the agreement, the Company held a co-exclusive license with BioAtla to develop and manufacture the product candidate globally and an exclusive license to commercialize the product candidate globally. The Company had agreed to be responsible for all costs of development, manufacturing and commercialization in Asia (excluding Japan), Australia and New Zealand (the "Company Territory"), and the parties had agreed to share development and manufacturing costs and commercial profits and losses upon specified terms in the rest of the world. The Company paid BioAtla an upfront payment of US$20,000,000 and BioAtla was eligible to receive a milestone payment upon reaching the defined early clinical objectives. BioAtla was also eligible to receive additional payments in subsequent development and regulatory milestones globally and commercial milestones in the Company Territory, together with tiered royalties on sales in the Company Territory. The upfront payment was expensed to research and development expense during the year ended December 31, 2019 in accordance with the Company's acquired in-process research and development expense policy.

In October 2020, the Company and BioAtla amended the global co-development and collaboration agreement. Under the amended terms of the agreement, BeiGene holds an exclusive global license to BA3071 and is solely responsible for its global clinical development and commercialization and has the right to receive all profits on any future sales, net of royalty payments to BioAtla. In addition to the upfront payment BioAtla received upon execution of the original agreement, BioAtla is eligible to receive development and regulatory milestone payments together with increased tiered royalties on worldwide sales.

Zymeworks, Inc.

In November 2018, the Company and Zymeworks entered into collaboration and license agreements whereby the Company acquired licenses to develop and commercialize Zymeworks' clinical-stage bispecific antibody candidate ZW25 and its preclinical-stage bispecific antibody drug conjugate ("ADC") ZW49 in Asia (excluding Japan), Australia, and New Zealand. In addition, Zymeworks granted BeiGene a license to Zymeworks' proprietary Azymetric and EFECT platforms to develop and commercialize globally up to three other bispecific antibodies using the platforms.

Under the collaboration agreements, BeiGene will be responsible for all clinical development and regulatory submissions in the licensed territories. BeiGene and Zymeworks have also agreed to collaborate on global development of ZW25 and ZW49 in HER2-expressing solid tumors, including gastric and breast cancer, with BeiGene enrolling patients and contributing clinical trial data from the licensed territories. Zymeworks retains full rights to both ZW25 and ZW49 outside of the specified countries and will continue to lead global development of these drug candidates.

Under the terms of the license and collaboration agreements for ZW49 and ZW25, Zymeworks received total upfront payments of US$40,000,000 and is eligible to receive additional payments upon the achievement of development and commercial milestones for both product candidates. In addition, Zymeworks will be eligible to receive tiered royalties on future sales of ZW25 and ZW49 in the licensed territory.

Under the terms of the research and license agreement for the Azymetric and EFECT platforms, Zymeworks received an upfront payment of US$20,000,000 and is eligible to receive additional payments upon the achievement of development and commercial milestones for up to three bispecific product candidates developed under the agreement. In addition, Zymeworks will be eligible to receive tiered royalties on future global sales of bispecific products developed by BeiGene under the agreement.

The upfront payments were expensed to research and development expense during the year ended December 31, 2018 in accordance with the Company's acquired in-process research and development expense policy. The Company recognized US$15,000,000 of Zymeworks development milestone payments within research and development expense during the years ended December 31, 2020.

Other

In addition to the collaborations discussed above, the Company has entered into additional collaborative arrangements during the years ending December 31, 2020 and 2019. The Company may be required to pay additional amounts upon the achievement of various development and commercial milestones under these agreements. The Company may also incur significant research and development costs if the related product candidate were to advance to late-stage clinical trials. In addition, if any products related to these collaborations are approved for sale, the Company may be required to pay significant milestones upon approval and milestones and/or royalties on future sales. The payment of these amounts, however, is contingent upon the occurrence of various future events, which have a high degree of uncertainty of occurrence.

4. Asset Acquisitions

BeiGene Pharmaceuticals (Guangzhou) Co., Ltd.

In September 2018, BeiGene Guangzhou acquired 100% of the equity interests of Baiji Shenzhou (Guangzhou) Pharmaceuticals Co., Ltd. (formerly known as Huajian Pharmaceuticals Co., Ltd.), which subsequently changed its name to BeiGene Pharmaceuticals (Guangzhou) Co., Ltd., a pharmaceutical distribution company, for total cash consideration of US$612,000, including transaction costs of US$59,000. The acquisition was concentrated in a single identifiable asset, a drug distribution license, and thus the Company has concluded that the transaction is an asset acquisition as it does not meet the accounting definition of a business combination. The total cost was allocated to the drug distribution license and corresponding deferred tax liability, resulting in a US$816,000 intangible asset for the license and a deferred tax liability of US$204,000.

Beijing Innerway Bio-tech Co., Ltd.

In October 2018, BeiGene HK completed the acquisition of 100% of the equity interests of Beijing Innerway Bio-tech Co., Ltd. ("Innerway"), the owner of the Company's research, development and office facility in Changping, Beijing, China, for total cash consideration of US$38,654,000. The acquisition was concentrated in a single identifiable asset or group of assets, the building and associated land use right, and thus the Company has concluded that the transaction is an asset acquisition as it does not meet the accounting definition of a business combination. The total cost of the transaction of US$38,865,000, which includes transaction costs of US$211,000, was allocated based on the relative fair values of the net assets acquired, as follows:

	Amount US$' 000
Land use right	33,783
Building	15,874
Deferred tax liability	(11,221)
Other	429
Total cost	38,865

5. Restricted Cash

The Company's restricted cash balance of US$8,055,000 and US$2,764,000 as of December 31, 2020 and 2019, respectively, primarily consist of RMB-denominated cash deposits held in designated bank accounts for collateral for letters of credit. The Company classifies restricted cash as current or non-current based on term of restriction.

6. Investments

Short-Term Investments

Short-term investments as of December 31, 2020 consisted of the following available-for-sale debt securities:

	Amortized Cost US$' 000	Gross Unrealized Gains US$' 000	Gross Unrealized Losses US$' 000	Fair Value (Net Carrying Amount) US$' 000
U.S. treasury securities	3,267,875	850	–	3,268,725
Total	3,267,875	850	–	3,268,725

Short-term investments as of December 31, 2019 consisted of the following available-for-sale debt securities:

	Amortized Cost US$' 000	Gross Unrealized Gains US$' 000	Gross Unrealized Losses US$' 000	Fair Value (Net Carrying Amount) US$' 000
U.S. treasury securities	363,440	1,288	–	364,728
Total	363,440	1,288	–	364,728

The Company does not consider the investments in U.S. treasury securities to be other-than-temporarily impaired at December 31, 2020. As of December 31, 2020, the Company's available-for-sale debt securities consisted entirely of short-term U.S. treasury securities, which were determined to have zero risk of expected credit loss. Accordingly, no allowance for credit loss was recorded as of December 31, 2020.

Equity Securities with Readily Determinable Fair Values

Leap

In January 2020, the Company purchased US$5,000,000 of Series B mandatorily convertible, non-voting preferred stock of Leap in connection with a strategic collaboration and license agreement the Company entered into with Leap. The Series B shares were subsequently converted into shares of Leap common stock and warrants to purchase additional shares of common stock upon approval of Leap's shareholders in March 2020. As of December 31, 2020, the Company's ownership interest in the outstanding common stock of Leap was 8.1% based on information from Leap. Inclusive of the shares of common stock issuable upon the exercise of the currently exercisable warrants, the Company's interest is approximately 14.9% based on information from Leap. The Company measures the investment in the common stock and warrants at fair value, with changes in fair value recorded to other income, net. The fair value of the common stock and warrants was US$10,810,000 and US$6,669,000, respectively, as of December 31, 2020. During the year ended December 31, 2020, the Company recorded an unrealized gain of US$12,479,000 in the consolidated statement of operations.

Private Equity Securities without Readily Determinable Fair Values

The Company invests in equity securities of certain companies whose securities are not publicly traded and fair value is not readily determinable and where the Company has concluded it does not have significant influence based on its ownership percentage and other factors. These investments are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company held investments of US$9,705,000 and nil in equity securities without readily determinable fair values as of December 31, 2020 and December 31, 2019, respectively. There were no adjustments to the carrying values of these securities for the year ended December 31, 2020.

Equity-Method Investments

MapKure

In June 2019, the Company announced the formation of MapKure, an entity jointly owned by the Company and SpringWorks Therapeutics, Inc. ("SpringWorks"). The Company out-licensed to MapKure the Company's product candidate BGB-3245, an investigational oral, selective small molecule inhibitor of monomer and dimer forms of activating B-RAF mutations including V600 BRAF mutations, non-V600 B-RAF mutations, and RAF fusions. The Company received 10,000,000 Series A preferred units of MapKure, or a 71.4% ownership interest in exchange for its contribution of the intellectual property. SpringWorks purchased 3,500,000 Series A preferred units, or a 25% ownership interest, and other investors purchased 250,000 Series A preferred units or 1.8% ownership each. Following the initial closing, the Company consolidated its interests in MapKure under the voting model due to its controlling financial interest.

In June 2020, MapKure held a second closing under the existing terms of the SPA in which it issued additional Series A preferred units to SpringWorks and the other investors that purchased units in the first closing (the "Second Closing"), and the Company's ownership interest decreased to 55.6%. As the requisite Series A voting requirements in MapKure's governing documents require 70% combined voting power for certain actions, the Company determined that it lost its controlling financial interest after the Second Closing. Therefore, the Company deconsolidated MapKure and recognized a gain of US$11,307,000 for the excess of the fair value of its 55.6% ownership interest in MapKure and carrying amount of the prior noncontrolling interest over the carrying amount of MapKure's net assets within other income during the year ended December 31, 2020.

Upon deconsolidation, the Company recorded an equity investment of US$10,000,000, which represents the estimated fair value of its 55.6% ownership interest in MapKure. Effective June 8, 2020, the Company is accounting for the investment as an equity-method investment and records its portion of MapKure's earnings or losses within other income, net. The Company recognized losses of US$491,000 for its portion of MapKure's net loss for the year ended December 31, 2020. As of December 31, 2020, the carrying amount of the Company's investment in MapKure was US$9,509,000.

Guangzhou GET Phase I Biomedical Industry Investment Fund Partnership (Limited Partnership)

In July 2020, BeiGene (Guangzhou) invested US$11,782,000 (RMB80,000,000) in an existing investment fund, Guangzhou GET Phase I Biomedical Industry Investment Fund Partnership (Limited Partnership) ("GET Bio-fund"). The stated purpose of GET Bio-fund is to promote and upgrade the local industrial transformation in Guangzhou and it is committed to invest at least 60% of the total fund in the biotechnology, medical device, and medical information industries.

GET Bio-fund has four limited partners and one general partner, Guangzhou GET Biomedical Industry Investment Fund Management Co., Ltd. ("GET Bio-fund Management"). GET Bio-fund has an agreed duration for seven years, with the first five years as the investment period and the following two years as the projected payback period. The agreed upon duration may be extended for two additional years with the approval of all of the partners. BeiGene Guangzhou, as a limited partner, holds an ownership interest in the fund of 26.3%. The investment committee for the fund has seven members, and requires resolutions to be approved by at least five of the seven members. BeiGene Guangzhou holds one position on the investment committee and GET Bio-fund Management holds three positions. The Company determined that it has the ability to exercise significant influence over the fund due to the Company's ownership interest and involvement on the investment committee, and the investment represents an equity method investment. The Company recognized losses of US$68,000 for its portion of the fund's net loss for the year ended December 31, 2020. As of December 31, 2020, the carrying amount of the Company's investment in the fund was US$12,189,000.

Other Equity-Method Investment

In addition to the equity-method investments mentioned above, the Company made an additional equity-method investment during the year ended December 31, 2020 that it does not consider to be individually significant to its financial statements. The Company recognized the equity-method investment at cost and subsequently adjusted the basis based on the Company's share of the results of operations. The Company records its share of the investee's results of operations within other income, net.

7. Accounts receivables

	As of December 31,	
	2020	**2019**
	US$' 000	**US$' 000**
Accounts receivable	60,515	70,878
Impairment	(112)	–
Total	60,403	70,878

The Group's trading terms with its customers are mainly on credit and the credit periods generally range from 45 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivables are non-interest-bearing.

An aging analysis of the accounts receivables, based on the invoice date, is as follows:

	As of December 31,	
	2020	**2019**
	US$' 000	**US$' 000**
Within 3 months	60,403	58,752
3 months to 6 months	–	12,126
Total	60,403	70,878

The roll-forward of the allowance for credit losses related to trade accounts receivable for the year ended December 31, 2020 consists of the following activity:

	Allowance for Credit Losses US$'000
Balance as of December 31, 2019	–
Current period provision for expected credit losses	109
Amounts written-off, net of recoveries of amounts previously reserved	–
Exchange rate changes	3
Balance as of December 31, 2020	112

8. Inventories

The Company's inventory balance consisted of the following:

	As of December 31, 2020 US$' 000	2019 US$' 000
Raw materials	19,330	–
Work in process	1,378	–
Finished goods	68,585	28,553
Total inventories	89,293	28,553

9. Manufacturing Facility in Guangzhou, China

Manufacturing legal entity structure

BeiGene Shanghai, originally established as a wholly-owned subsidiary of BeiGene HK, and currently a wholly-owned subsidiary of BeiGene Biologics, as described below, provides clinical development services for BeiGene affiliates and is the clinical trial authorization ("CTA") holder and marketing authorization application ("MAA") holder for tislelizumab in China.

In March 2017, BeiGene HK, a wholly owned subsidiary of the Company, and Guangzhou GET Technology Development Co., Ltd. (now Guangzhou High-tech Zone Technology Holding Group Co., Ltd.) ("GET"), entered into a definitive agreement to establish a commercial scale biologics manufacturing facility in Guangzhou, Guangdong Province, PRC. BeiGene HK and GET entered into an Equity Joint Venture Contract (the "JV Agreement").

Under the terms of the JV Agreement, BeiGene HK made an initial cash capital contribution of RMB200,000,000 and a subsequent contribution of one or more biologics assets in exchange for a 95% equity interest in BeiGene Biologics. GET made a cash capital contribution of RMB100,000,000 to BeiGene Biologics, representing a 5% equity interest in BeiGene Biologics. In addition, on March 7, 2017, BeiGene Biologics entered into a contract with GET, under which GET agreed to provide a RMB900,000,000 loan (the "Shareholder Loan") to BeiGene Biologics (see Note 16). In September 2019, BeiGene Biologics completed the first phase of construction of a biologics manufacturing facility in Guangzhou, through a wholly owned subsidiary, the BeiGene Guangzhou Biologics Manufacturing Co., Ltd. ("BeiGene Guangzhou Factory"), to manufacture biologics for the Company and its subsidiaries.

BeiGene HK and BeiGene Biologics subsequently entered into an Equity Transfer Agreement to transfer 100% of the equity interest of BeiGene Shanghai to BeiGene Biologics, as required by the JV agreement, such that the CTA holder and MAA holder for tislelizumab in China was controlled by BeiGene Biologics. Upon the transfer of equity in BeiGene Shanghai, BeiGene HK's equity interest in BeiGene Shanghai became 95%.

In September 2020, BeiGene HK entered into a share purchase agreement ("JV Share Purchase Agreement") with GET to acquire GET's 5% equity interest in BeiGene Biologics for a total purchase price of US$28,723,000 (RMB195,262,000). The transaction was finalized in November 2020 upon completion of the business registration filing. The share purchase was recorded as an equity transaction. The carrying amount of the noncontrolling interest balance of US$9,116,000 was adjusted to nil to reflect the increase in BeiGene HK's ownership interest to 100%, and the difference in the fair value of the consideration paid and the carrying amount of the noncontrolling interest of US$19,599,000 was recorded to additional paid in capital. In connection with the JV Share Purchase Agreement, BeiGene Biologics repaid the outstanding principal of the Shareholder Loan of US$132,061,000 (RMB900,000,000) and accrued interest of US$36,558,000 (RMB249,140,000) (see Note 16).

In connection with the JV share purchase, the Company entered into a loan agreement with China Minsheng Bank for a total loan facility of up to US$200,000,000 ("Senior Loan"), of which US$120,000,000 was used to fund the JV share repurchase and repayment of the shareholder loan and US$80,000,000 could be used for general working capital purposes. The Company may extend the original maturity date for up to two additional twelve month periods. In October 2020, the Company drew down US$80,000,000 of the working capital facility and US$118,320,000 of the acquisition facility to be used for the JV share repurchase. In addition, the Company entered into a loan agreement with Zhuhai Hillhouse Zhaohui Equity Investment Partnership ("Zhuhai Hillhouse") for a total loan facility of US$73,640,000 (RMB500,000,000) ("Related Party Loan"), of which US$14,728,000 (RMB100,000,000) could be used for general corporate purposes and US$58,912,000 (RMB400,000,000) can only be applied towards the repayment of the Senior Loan facility, including principal, interest and fees. The Company has drawn down US$14,728,000 (RMB100,000,000) of the Related Party Loan as of December 31, 2020. See Note 16 for further discussion of the loans.

Commercial distribution legal entity structure

BeiGene (Guangzhou) Co., Ltd. ("BGC"), a wholly-owned subsidiary of BeiGene HK, was organized in July 2017. In September 2018, BGC acquired 100% of the equity interests of Baiji Shenzhou (Guangzhou) Pharmaceuticals Co., Ltd. (formerly known as Huajian Pharmaceuticals Co., Ltd.), which subsequently changed its name to BeiGene Pharmaceuticals (Guangzhou) Co., Ltd. ("BPG"). BPG owns drug distribution licenses necessary to distribute pharmaceutical products in China. The Company acquired these drug distribution licenses through the acquisition of BPG, as it is difficult to obtain a newly issued domestic drug distribution license in China. The transaction was accounted for as an asset acquisition (see Note 4).

Commercial supply agreement and facility expansion

In January 2018, the Company entered into a commercial supply agreement with Boehringer Ingelheim Biopharmaceuticals (China) Ltd. ("Boehringer Ingelheim") for tislelizumab, which is being manufactured at Boehringer Ingelheim's facility in Shanghai, China as part of a Marketing Authorization Holder ("MAH") trial project pioneered by the Company and Boehringer Ingelheim. Under the terms of the commercial supply agreement, Boehringer Ingelheim has agreed to manufacture tislelizumab in China under an exclusive multi-year arrangement, with contract extension possible. In addition, the Company obtained certain preferred rights for future capacity expansion by Boehringer Ingelheim in China.

In October 2018, the Company entered into a binding letter of intent ("LOI") with Boehringer Ingelheim to increase the amount of tislelizumab supplied under the agreement through the expansion of Boehringer Ingelheim's facility to add a second bioreactor production line. Under the terms of the binding LOI, the Company provided initial funding for the facility expansion and made an additional payment for contingency costs in 2020. These payments will be credited against future purchases of tislelizumab over the term of the supply agreement.

The payment was recorded as a non-current asset since it is considered a long-term prepayment for future product costs that will provide future benefit to the Company through credits on purchases of tislelizumab from Boehringer Ingelheim over the term of the supply agreement.

10. Leases

The Company has operating leases for office and manufacturing facilities in the United States, Switzerland, and China. The leases have remaining lease terms of up to five years, some of which include options to extend the leases that have not been included in the calculation of the Company's lease liabilities and ROU assets. The Company has land use rights, which represent land acquired for the biologics manufacturing facility in Guangzhou, and the land acquired for the Company's research, development and office facility in Changping, Beijing. A second Guangzhou land use right was acquired in May 2019 for potential expansion of the Company's research and development activities. The Company acquired a land use right in Suzhou in April 2020 to expand its research, development and manufacturing facility. The land use rights represent lease prepayments and are expensed over the remaining term of the rights, which is 50 years for the initial Guangzhou land use right, 50 years for the second Guangzhou land use right, 36 years for the Changping land use right, and 30 years for the Suzhou land use right. The Company also has certain leases with terms of 12 months or less for certain equipment, office and lab space, which are not recorded on the balance sheet.

The components of lease expense were as follows:

	Year Ended December 31,	
	2020	**2019**
	US$' 000	**US$' 000**
Operating lease cost	18,271	13,980
Variable lease cost	2,465	1,784
Short-term lease cost	1,018	1,001
Total lease cost	21,754	16,765

Supplemental balance sheet information related to leases was as follows:

	As of December 31,	
	2020	**2019**
	US$' 000	**US$' 000**
Operating lease right-of-use assets	41,850	35,555
Land use rights, net	48,731	46,965
Total operating lease right-of-use assets	90,581	82,520
Current portion of operating lease liabilities	13,895	10,814
Operating lease liabilities, non-current portion	29,417	25,833
Total lease liabilities	43,312	36,647

Maturities of operating lease liabilities are as follows:

	US$' 000
Year ending December 31, 2021	16,108
Year ending December 31, 2022	13,626
Year ending December 31, 2023	9,894
Year ending December 31, 2024	7,234
Year ending December 31, 2025	668
Thereafter	255
Total lease payments	47,785
Less imputed interest	(4,473)
Present value of lease liabilities	43,312

Other supplemental information related to leases is summarized below:

	Year ended December 31,	
	2020	2019
	US$' 000	US$' 000
Operating cash flows used in operating leases	17,571	12,405
ROU assets obtained in exchange for new operating lease liabilities	17,634	20,108

	As of December 31,	
	2020	2019
Weighted-average remaining lease term (years)	3	3
Weighted-average discount rate	6.26%	7.07%

11. Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and consisted of the following:

	As of December 31,	
	2020	2019
	US$' 000	US$' 000
Laboratory equipment	78,640	47,154
Leasehold improvements	37,643	24,008
Building	111,527	109,514
Manufacturing equipment	96,669	62,775
Software, electronics and office equipment	20,782	14,705
Property and equipment, at cost	345,261	258,156
Less: Accumulated depreciation	(73,354)	(36,709)
Construction in progress	85,779	20,955
Property, plant and equipment, net	357,686	242,402

Construction in progress ("CIP") as of December 31, 2020 and 2019 primarily related to the buildout of additional capacity at the Guangzhou manufacturing facility. CIP by fixed asset class are summarized as follows:

	As of December 31, 2020 US$' 000	2019 US$' 000
Building	48,824	6,014
Manufacturing equipment	29,858	8,046
Laboratory equipment	4,507	4,496
Other	2,590	2,399
Total	85,779	20,955

Depreciation expense for the years ended December 31, 2020 and 2019 were US$30,943,000 and US$17,291,000, respectively.

12. Intangible Assets

Intangible assets as of December 31, 2020 and December 31, 2019 are summarized as follows:

	As of December 31, 2020			As of December 31, 2019		
	Gross carrying amount US$' 000	Accumulated amortization US$' 000	Intangible assets, net US$' 000	Gross carrying amount US$' 000	Accumulated amortization US$' 000	Intangible assets, net US$' 000
Finite-lived intangible assets:						
Product distribution rights	7,500	(2,500)	5,000	7,500	(1,750)	5,750
Trading license	816	(816)	–	816	(720)	96
Total finite-lived intangible assets	8,316	(3,316)	5,000	8,316	(2,470)	5,846

Product distribution rights consist of distribution rights for the approved cancer therapies licensed from BMS acquired as part of the BMS collaboration. The Company is amortizing the product distribution rights over a period of 10 years from the date of acquisition. The trading license represents the Guangzhou drug distribution license acquired in September 2018. The Company amortized the drug distribution trading license over the remainder of the initial license term through February 2020. The trading license has been renewed through February 2024.

Amortization expense of intangible assets for the years ended December 31, 2020 and 2019 was US$846,000 and US$1,326,000, respectively. As of December 31, 2020, expected amortization expense for the unamortized finite-lived intangible assets is approximately US$750,000 in 2021, US$750,000 in 2022, US$750,000 in 2023, US$750,000 in 2024, US$750,000 in 2025, and US$1,250,000 in 2026 and thereafter.

13. Income Taxes

The components of income (loss) before income taxes are as follows:

	Year Ended December 31,	
	2020	2019
	US$' 000	US$' 000
PRC	(369,066)	(231,997)
U.S.	33,608	24,478
Other	(1,282,736)	(736,067)
Total	(1,618,194)	(943,586)

The current and deferred components of the income tax expense (benefit) from continuing operations are as follows:

	Year Ended December 31,	
	2020	2019
	US$' 000	US$' 000
Current Tax Expense (Benefit):		
PRC	16,121	16,368
U.S.	(5,678)	65
Other	68	12
Total	10,511	16,445
Deferred Tax Expense (Benefit):		
PRC	(1,152)	(4,738)
U.S.	(27,030)	(4,715)
Other	–	–
Total	(28,182)	(9,453)
Income Tax (Benefit) Expense	(17,671)	6,992

The reconciliation of the statutory tax rate to our effective income tax rate is as follow:

	Year Ended December 31,	
	2020	**2019**
	US$' 000	**US$' 000**
Loss before tax	(1,618,194)	(943,586)
China statutory tax rate	25%	25%
Expected taxation at China statutory tax rate	(404,549)	(235,897)
Foreign and preferential tax rate differential	218,473	191,820
Non-deductible expenses	8,436	(273)
Stock compensation expenses	(22,032)	(5,698)
Effect of tax rate change	(3,827)	(63,395)
Change in valuation allowance	209,085	146,118
Research tax credits and incentives	(23,257)	(25,683)
Taxation for the year	(17,671)	6,992
Effective tax rate	1.1%	(0.7)%

Significant components of deferred tax assets (liabilities) are as follows:

	Year Ended December 31,	
	2020	2019
	US$' 000	US$' 000
Deferred Tax Assets:		
Accruals and reserves	33,512	27,304
Net operating losses carryforward	358,425	155,499
Stock-based compensation	13,981	12,651
Research tax credits	58,835	33,979
Depreciable and amortizable assets	724,779	575,128
Lease liability obligation	9,066	7,864
Gross deferred tax assets	1,198,598	812,425
Less valuation allowance	(1,134,585)	(777,583)
Total deferred tax assets	64,013	34,842
Deferred tax liabilities:		
Right of use lease asset	(8,843)	(7,480)
Total deferred tax liabilities	(8,843)	(7,480)
Net deferred tax asset	55,170	27,362

Valuation allowances have been provided on deferred tax assets where, based on all available evidence, it was considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. After consideration of all positive and negative evidence, the Company believes that as of December 31, 2020 it is more likely than not that certain deferred tax assets will not be realized for our subsidiaries in Australia, Switzerland, the United States, and for certain subsidiaries in China. For the years ended December 31, 2020 and 2019, there were increases in the valuation allowance of US$209,085,000 and US$146,118,000, respectively. Adjustments could be required in the future if the Company estimates that the amount of deferred tax assets to be realized is more or less than the net amount recorded.

As of December 31, 2020 and 2019, the Company had net operating losses of approximately US$2,230,857,000 and US$810,505,000, respectively, of which net operating losses as of December 31, 2020 included US$20,773,000 from the Company's Australian subsidiary, BeiGene AUS Pty Ltd., that has indefinite carryforward, US$419,080,000 derived from certain of the Company's subsidiaries in the PRC which expire in years 2023 through 2030, US$1,628,753,000 derived from BeiGene Switzerland GmbH that expires in years 2025 through 2027, and US$162,251,000 derived from BeiGene USA, Inc. that has indefinite carryforward. The Company has approximately US$63,597,000 of U.S. research tax credits which will expire between 2035 and 2040 if not utilized.

The gross unrecognized tax benefits for the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
	US$' 000	US$' 000
Beginning balance, as of January 1	4,633	2,295
Additions based on tax positions related to prior tax years	–	46
Reductions based on tax positions related to prior tax years	–	(17)
Additions based on tax positions related to the current tax year	2,497	2,435
Reductions based on lapse of statute of limitations	(7)	(126)
Ending balance, as of December 31	7,123	4,633

Current and prior year additions include assessment of U.S. federal and state tax credits and incentives. None of the unrecognized tax benefits as of December 31, 2020 would impact the consolidated income tax rate if ultimately recognized due to valuation allowances. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly change within the next 12 months.

The Company has elected to record interest and penalties related to income taxes as a component of income tax expense. For the years ended December 31, 2020 and 2019, the Company's accrued interest and penalties, where applicable, related to uncertain tax positions were not material.

The Company conducts business in a number of tax jurisdictions and, as such, is required to file income tax returns in multiple jurisdictions globally. As of December 31, 2020, Australia tax matters are open to examination for the years 2013 through 2020, China tax matters are open to examination for the years 2014 through 2020, and U.S. federal tax matters are open to examination for years 2015 through 2020. Various U.S. states and other non-US tax jurisdictions in which the Company files tax returns remain open to examination for 2010 through 2020.

The Company qualifies for the Technology Advanced Service Enterprises ("TASE") and High and New Technology Enterprise ("HNTE") status for certain subsidiaries in China, which expire at the end of 2021. The income tax benefits attributable to this status for the year ended December 31, 2020 was approximately US$1,614,000, or less than US$0.01 per share outstanding.

During the years ended December 31, 2020 and 2019, the Company completed intra-group transfers of certain intangible assets in anticipation of potential commercialization, which resulted in the establishment of deferred tax assets that were fully offset by valuation allowances.

As of December 31, 2020, the Company continues to assert indefinite reinvestment on the excess of the financial reporting bases over tax bases in the Company's investments in foreign subsidiaries. A deferred tax liability has not been established for the approximately US$7,980,000 of cumulative undistributed foreign earnings. Determination of the unrecognized deferred tax liability is not practicable due to uncertainty regarding the remittance structure and overall complexity of the hypothetical calculation.

14. Supplemental Balance Sheet Information

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2020	2019
	US$' 000	US$' 000
Prepaid research and development costs	71,341	65,886
Prepaid taxes	30,392	9,498
Payroll tax receivable	3,580	5,365
Non-trade receivable	4,464	–
Interest receivable	6,619	1,932
Prepaid insurance	1,347	711
Prepaid manufacturing cost	25,996	3,829
Income tax receivable	4,607	–
Other	11,666	3,017
Total	160,012	90,238

Other non-current assets consist of the following:

	As of December 31,	
	2020	2019
	US$' 000	US$' 000
Goodwill	109	109
Prepayment of property and equipment	16,984	10,289
Payment of facility capacity expansion activities[(1)]	29,778	24,881
Prepaid VAT	10,913	29,967
Rental deposits and other	5,962	3,209
Long-term investments	49,344	–
Total	113,090	68,455

(1) Represents payments for a facility expansion under a commercial supply agreement. The payment will provide future benefit to the Company through credits on future supply purchases as further described in Note 9.

Accrued expenses and other payables consisted of the following:

	As of December 31,	
	2020	2019
	US$' 000	US$' 000
Compensation related	106,765	54,156
External research and development activities related	143,302	62,794
Commercial activities	66,131	25,645
Individual income tax and other taxes	14,373	9,648
Sales rebates and returns related	11,874	3,198
Other	3,699	8,115
Total accrued expenses and other payables	346,144	163,556

Other long-term liabilities consist of the following:

	As of December 31,	
	2020	2019
	US$' 000	US$' 000
Deferred government grant income	49,139	46,391
Pension liability	8,113	–
Other	177	171
Total other long-term liabilities	57,429	46,562

15. Accounts payables

An aging analysis of the accounts payables as of December 31, 2020 and December 31, 2019, based on the invoice date, is as follows:

	As of December 31,	
	2020	2019
	US$' 000	US$' 000
Within 3 months	230,638	118,787
3 to 6 months	312	1,889
6 months to 1 year	147	1,272
Over 1 year	860	540
Total	231,957	122,488

The accounts payable are non-interest-bearing and repayable within the normal operating cycle or on demand.

16. Debt

The following table summarizes the Company's short-term and long-term debt obligations as of December 31, 2020 and 2019:

Lender	Agreement Date	Line of Credit US$'000/RMB'000	Term	Maturity Date	Interest Rate	As of December 31, 2020 US$'000	As of December 31, 2020 RMB'000	As of December 31, 2019 US$'000	As of December 31, 2019 RMB'000
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	307	2,000	–	–
China Minsheng Bank (the "Senior Loan")	September 24, 2020	US$200,000		(2)	5.8%	198,320	1,294,010	–	–
Zhuhai Hillhouse (the "Related Party Loan")	September 24, 2020	RMB500,000		(3)	5.8%	15,326	100,000	–	–
Other short-term debt[4]						121,062	789,918	–	–
Total short-term debt						335,015	2,185,928	–	–
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	88,584	578,000	83,311	580,000
Industrial Bank Co. Ltd.	September 3, 2019	RMB348,000	3-year	(5)	4.9%	–	–	–	–
China Merchants Bank	January 22, 2020	(6)	9-year	January 20, 2029	(6)	53,641	350,000	–	–
China Merchants Bank	November 9, 2020	RMB378,000	9-year	November 8, 2029	(7)	41,412	270,206	–	–
Total long-term bank loans						183,637	1,198,206	83,311	580,000
GET (the "Shareholder Loan")	March 7, 2017	RMB900,000	(8)	September 28, 2020	8.0%	–	–	157,384	900,000
Shareholder loan						–	–	157,384	900,000

1. The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.9% as of December 31, 2020. The loan is secured by BeiGene Guangzhou Factory's land use right and certain BeiGene Guangzhou Factory fixed assets in the first phase of the Guangzhou manufacturing facility's build out.

2. US$120,000,000 of the Senior Loan was designated to fund the JV share purchase and repayment of the shareholder loan and US$80,000,000 was designated for general working capital purposes. The Senior Loan has an original maturity date of October 8, 2021, which is the first anniversary of the first date of utilization of the loan. The Company may extend the original maturity date for up to two additional twelve month periods. On October 9, 2020, the Company drew down US$80,000,000 of the working capital facility and US$118,320,000 of the acquisition facility to fund the JV share repurchase.

3. RMB100,000,000 of the Related Party Loan was designated for general corporate purposes and RMB400,000,000 was designated for repayment of the Senior Loan, including principal, interest and fees. The loan matures at the earlier of: (i) November 9, 2021, which is one month after the Senior Loan maturity date, if not extended, or (ii) 10 business days after the Senior Loan is fully repaid. On September 30, 2020, the Company drew down the first tranche of US$14,728,000 (RMB100,000,000). Zhuhai Hillhouse is a related party of the Company, as it is an affiliate of Hillhouse Capital. Hillhouse Capital is a shareholder of the Company, and a Hillhouse Capital employee is a member of the Company's board of directors.

4. During the year ended December 31, 2020, the Company entered into additional short-term working capital loans with China Industrial Bank and China Merchants Bank to borrow up to RMB1,480,000,000 in aggregate, with maturity dates ranging from April 19, 2021 to December 16, 2021. The Company drew down US$129,937,000 (RMB869,918,000) during the year ended December 31, 2020. The weighted average interest rate for the short-term working capital loans was approximately 4.4% as of December 31, 2020. One of the short-term working capital loans in the amount of US$26,510,000 (RMB180,000,000) is secured by the Company's research and development facility in Beijing and the associated land use right owned by its subsidiary, Innerway.

5. The loan facility was secured with RMB deposited at Industrial Bank. In December 2019, the Company repaid the outstanding principal of US$24,419,000 (RMB170,000,000).

6. On January 22, 2020, BeiGene Guangzhou Factory entered into a nine-year bank loan with China Merchants Bank to borrow up to RMB1,100,000,000 at a floating interest rate benchmarked against prevailing interest rates of certain PRC financial institutions. The loan is secured by BeiGene Guangzhou Factory's second land use right and fixed assets that will be placed into service upon completion of the second phase of the Guangzhou manufacturing facility's build out. In connection with the Company's short-term loan agreements with China Merchants Bank entered into during the year ended December 31, 2020, the borrowing capacity was reduced from RMB1,100,000,000 to RMB350,000,000. The loan interest rate was 4.4% as of December 31, 2020.

7. The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.3% as of December 31, 2020. The loan is secured by fixed assets that will be placed into service upon completion of the third phase of the Guangzhou manufacturing facility's build out.

8. The Shareholder Loan had a conversion feature, settled in a variable number of shares of common stock upon conversion (the "debt-to-equity conversion"). On April 14, 2017, BeiGene Biologics drew down the entire Shareholder Loan of RMB900,000,000 from GET. On September 28, 2020, BeiGene HK entered into the JV Share Purchase Agreement with GET to acquire GET's 5% equity interest in BeiGene Biologics (see Note 9). In connection with the JV Share Purchase Agreement, BeiGene Biologics repaid the outstanding principal amount of the Shareholder Loan of US$132,061,000 (RMB900,000,000) and accrued interest of US$36,558,000 (RMB249,140,000) on September 28, 2020.

Contractual Maturities of Debt Obligations

The aggregate contractual maturities of all borrowings due subsequent to December 31, 2020 are as follows:

Maturity dates	**Amounts US$'000**
Year ending December 31, 2021	335,015
Year ending December 31, 2022	2,759
Year ending December 31, 2023	12,260
Year ending December 31, 2024	28,025
Year ending December 31, 2025	35,081
Thereafter	105,512
Total	518,652

Interest Expense

Interest on bank loans and the Related Party Loan is paid quarterly until the respective loans are fully settled. Interest expense recognized for the years ended December 31, 2020 and 2019 amounted to US$18,309,000 and US$15,155,000, respectively, among which, US$338,000 and US$4,857,000 was capitalized, respectively.

17. Product Revenue

The Company's product revenue is derived from the sale of its internally developed products BRUKINSA® in the United States and China and tislelizumab in China, as well as the sale of REVLIMID®, VIDAZA® and ABRAXANE® in China under a license from BMS and XGEVA® in China under a license from Amgen. On March 25, 2020, the Company announced that the NMPA suspended the importation, sales and use of ABRAXANE® in China supplied to BeiGene by Celgene, a BMS company, and the drug was subsequently recalled by BMS and is not currently available for sale in China.

The table below presents the Company's net product sales for the years ended December 31, 2020 and 2019.

	Year Ended December 31,	
	2020	**2019**
	US$'000	**US$'000**
Product revenue – gross	324,672	228,760
Less: Rebates and sales returns	(15,798)	(6,164)
Product revenue – net	308,874	222,596

The following table disaggregates net product revenue by product for the years ended December 31, 2020 and 2019.

	Year Ended December 31,	
	2020	**2019**
	US$'000	**US$'000**
Tislelizumab	163,358	–
BRUKINSA®	41,702	1,039
REVLIMID®	47,372	78,044
VIDAZA®	29,975	32,234
ABRAXANE®	17,770	111,279
XGEVA®	8,496	–
Other	201	–
Total product revenue – net	308,874	222,596

The following table presents the roll-forward of accrued sales rebates and returns for the years ended December 31, 2020 and December 31, 2019.

	Sales Rebates and Returns
	US$'000
Balance as of December 31, 2018	4,749
Accrual	6,164
Payment	(7,715)
Balance as of December 31, 2019	3,198
Accrual	15,798
Payment	(7,122)
Balance as of December 31, 2020	11,874

18. Loss before Income Tax Expense

The Group's loss before income tax expense is arrived at after charging/(crediting):

	Year Ended December 31,	
	2020	2019
	US$'000	US$'000
Cost of inventories sold	70,657	71,190
Depreciation and amortization expense	30,943	17,291
Research and development costs (note)	1,294,877	927,338
Amortization of operating lease right-of-use assets	18,271	13,980
Amortization of license rights	846	1,326
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other benefits	466,962	286,716
Share-based compensation expenses	183,481	134,154
Pension scheme contributions (defined contribution scheme)	13,372	13,753
	663,815	434,623
Gain on sale of available-for-sale securities	(1,492)	(6,044)
Foreign exchange differences, net	(4,813)	5,448
Bank interest income	(20,352)	(19,497)
Loss on disposal of property and equipment	9	2

Note:

During the year ended December 31, 2020 and 2019, research and development costs of approximately US$346,203,000 and US$257,497,000 were also included in employee benefit expense.

19. Loss Per Share

Loss per share was calculated as follows:

	Year Ended December 31,	
	2020	2019
	US$'000	US$'000
Numerator:		
Net loss attributable to BeiGene, Ltd.	(1,596,906)	(948,628)
Denominator:		
Weighted average shares outstanding for computing basic and diluted loss per share	1,085,131,783	780,701,283
Net loss per share attributable to BeiGene, Ltd., basic and diluted (in US$)	(1.47)	(1.22)

For the years ended December 31, 2020 and 2019, the computation of basic loss per share using the two-class method was not applicable, as the Company was in a net loss position.

The effects of all share options and restricted share units were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive during the years ended December 31, 2020 and 2019.

20. Share-Based Compensation Expense

2016 Share Option and Incentive Plan

In January 2016, in connection with its U.S. IPO, the board of directors and shareholders of the Company approved the 2016 Share Option and Incentive Plan (the "2016 Plan"), which became effective in February 2016. The Company initially reserved 65,029,595 ordinary shares for the issuance of awards under the 2016 Plan, plus any shares available under the 2011 Option Plan (the "2011 Plan"), and not subject to any outstanding options as of the effective date of the 2016 Plan, along with underlying share awards under the 2011 Plan that are cancelled or forfeited without issuance of ordinary shares. As of December 31, 2020, ordinary shares cancelled or forfeited under the 2011 Plan that were carried over to the 2016 Plan totaled 1,832,415. The 2016 Plan provided for an annual increase in the shares available for issuance, to be added on the first day of each fiscal year, beginning on January 1, 2017, equal to the lesser of (i) five percent (5)% of the outstanding shares of the Company's ordinary shares on the last day of the immediately preceding fiscal year or (ii) such number of shares determined by the Company's board of directors or the compensation committee. On January 1, 2018, 29,603,616 ordinary shares were added to the 2016 Plan under this provision. However, in August 2018, in connection with the Hong Kong IPO, the board of directors of the Company approved an amended and restated 2016 Plan to remove this "evergreen" provision and implement other changes required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules"). In December 2018, the board of directors approved a second amended and restated 2016 Plan to increase the number of shares authorized for issuance by 38,553,159 ordinary shares, as well as amend the cap on annual compensation to independent directors and make other changes. In June 2020, the shareholders approved an Amendment No. 1 to the 2016 Plan to increase the number of shares authorized for issuance by 57,200,000 ordinary shares and to extend the term of the plan through April 13, 2030. The number of shares available for issuance under the 2016 Plan is subject to adjustment in the event of a share split, share dividend or other change in the Company's capitalization.

As of December 31, 2020, share-based awards to acquire 67,484,221 ordinary shares were available for future grant under the 2016 Plan.

2018 Inducement Equity Plan

In June 2018, the board of directors of the Company approved the 2018 Inducement Equity Plan (the "2018 Plan") and reserved 12,000,000 ordinary shares to be used exclusively for grants of awards to individuals who were not previously employees of the Company or its subsidiaries, as a material inducement to the individual's entry into employment with the Company or its subsidiaries, within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules. The 2018 Plan was approved by the board of directors upon recommendation of the compensation committee, without shareholder approval pursuant to Rule 5635(c)(4) of the NASDAQ Listing Rules. The terms and conditions of the 2018 Plan, and the forms of award agreements to be used thereunder, are substantially similar to the 2016 Plan and the forms of award agreements thereunder. In August 2018, in connection with the listing of the Company's ordinary shares on The Stock Exchange of Hong Kong Limited ("HKEx"), the board of directors of the Company approved an amended and restated 2018 Plan to implement changes required by the HK Listing Rules.

As of December 31, 2020, share-based awards to acquire 9,103,756 ordinary shares were available for future grant under the 2018 Plan.

2018 Employee Share Purchase Plan

In June 2018, the shareholders of the Company approved the 2018 Employee Share Purchase Plan (the "ESPP"). Initially, 3,500,000 ordinary shares of the Company were reserved for issuance under the ESPP. In August 2018, in connection with the Hong Kong IPO, the board of directors of the Company approved an amended and restated ESPP to remove an "evergreen" share replenishment provision originally included in the plan and implement other changes required by the HK Listing Rules. In December 2018, the board of directors approved a second amended and restated ESPP to increase the number of shares authorized for issuance by 3,855,315 ordinary shares to 7,355,315 ordinary shares. The ESPP allows eligible employees to purchase the Company's ordinary shares (including in the form of ADSs) at the end of each offering period, which will generally be six months, at a 15% discount to the market price of the Company's ADSs at the beginning or the end of each offering period, whichever is lower, using funds deducted from their payroll during the offering period. Eligible employees are able to authorize payroll deductions of up to 10% of their eligible earnings, subject to applicable limitations.

The following tables summarizes the shares issued under the ESPP:

		Market Price[1]		Purchase Price[2]		
Issuance Date	Number of Ordinary Shares Issued	ADS US$	Ordinary US$	ADS US$	Ordinary US$	Proceeds US$'000
August 31, 2020	485,069	164.06	12.62	139.45	10.73	5,203
February 28, 2020	425,425	145.54	11.20	123.71	9.52	4,048
August 30, 2019	233,194	143.75	11.06	122.19	9.40	2,192
February 28, 2019	154,505	137.05	10.54	116.49	8.96	1,385

1 The market price is the lower of the closing price on the NASDAQ Stock Market on the issuance date or the offering date, in accordance with the terms of the ESPP.

2 The purchase price is the price which was discounted from the applicable market price, in accordance with the terms of the ESPP.

As of December 31, 2020, 6,056,056 ordinary shares were available for future issuance under the ESPP.

Share options

Generally, share options have a contractual term of 10 years and vest over a three- to five-year period, with the first tranche vesting one calendar year after the grant date or the service relationship start date and the remainder of the awards vesting on a monthly basis thereafter. Restricted shares and restricted share units generally vest over a four-year period, with the first tranche vesting one calendar year after the grant date or the service relationship start date and the remainder of the awards vesting on a yearly basis thereafter, or sometimes vest upon the achievement of pre-specified performance conditions.

The following table summarizes the Company's share option activities under the 2011, 2016 and 2018 Plans:

	Number of Options	Weighted Average Exercise Price US$	Weighted Average Grant Date Fair Value US$	Weighted Average Remaining Contractual Term Years	Aggregate Intrinsic Value US$'000
Outstanding at December 31, 2018	116,082,647	3.21			
Granted	12,641,590	9.38	5.06		
Exercised	(16,730,441)	2.60			171,429
Forfeited	(3,576,542)	5.09			
Outstanding at December 31, 2019	108,417,254	3.96			
Granted	8,999,536	13.54	7.15		
Exercised	(29,707,587)	2.82			416,509
Forfeited	(2,717,488)	7.22			
Outstanding at December 31, 2020	84,991,715	5.27		6.45	1,242,276
Exercisable as of December 31, 2020	58,701,454	3.37		5.72	968,680
Vested and expected to vest at December 31, 2020	82,099,824	5.12		6.39	1,212,180

As of December 31, 2020, the unrecognized compensation cost related to 23,398,370 unvested share options expected to vest was US$117,154,000. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 2.0 years.

The total fair value of employee share option awards vested during the years ended December 31, 2020 and 2019 was US$55,127,000 and US$58,670,000, respectively.

Fair value of options

The Company uses the binomial option-pricing model in determining the estimated fair value of the options granted. The model requires the input of highly subjective assumptions including the estimated expected stock price volatility and, the exercise multiple for which employees are likely to exercise share options. For expected volatilities, the trading history and observation period of the Company's own share price movement has not been long enough to match the life of the share option. Therefore, the Company has made reference to the historical price volatilities of ordinary shares of several comparable companies in the same industry as the Company. For the exercise multiple, the Company was not able to develop an exercise pattern as reference, thus the exercise multiple is based on management's estimation, which the Company believes is representative of the future exercise pattern of the options. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury Bills yield curve in effect at the time of grant.

The following table presents the range of fair values and the assumptions used to estimate those fair values of the share options granted in the years presented:

	Year Ended December 31,	
	2020	**2019**
Fair value of ordinary share	US$4.95 ~ US$11.89	US$4.64 ~ US$8.28
Risk-free interest rate	0.6% ~ 1.1%	1.5% ~ 2.8%
Expected exercise multiple	2.8	2.2 ~ 2.8
Expected volatility	58% ~ 59%	58% ~ 60%
Expected dividend yield	0%	0%
Contractual life	10 years	10 years

Restricted shares

The following table summarizes the Company's restricted share activities under the 2016 Plan:

	Numbers of Shares	**Weighted-Average Grant Date Fair Value US$**
Outstanding at December 31, 2018	300,000	2.25
Granted	–	–
Vested	(75,000)	2.27
Forfeited	(150,000)	2.24
Outstanding at December 31, 2019	75,000	2.27
Granted	–	–
Vested	(75,000)	2.27
Forfeited	–	–
Outstanding at December 31, 2020	–	–
Expected to vest at December 31, 2020	–	–

The Company had no non-employee restricted share activities during the year ended December 31, 2020.

As of December 31, 2020, all compensation cost related to restricted shares was fully recognized.

Restricted share units

The following table summarizes the Company's restricted share unit activities under the 2016 and 2018 Plans:

	Numbers of Shares	Weighted-Average Grant Date Fair Value US$
Outstanding at December 31, 2018	14,102,452	11.85
Granted	18,637,333	10.10
Vested	(3,474,068)	11.75
Forfeited	(2,413,450)	11.07
Outstanding at December 31, 2019	26,852,267	10.72
Granted	18,820,581	14.20
Vested	(7,302,828)	10.88
Forfeited	(3,493,048)	11.36
Outstanding at December 31, 2020	34,876,972	12.50
Expected to vest at December 31, 2020	31,040,505	12.50

As of December 31, 2020, the unrecognized compensation cost related to unvested restricted share units expected to vest was US$334,716,000. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 3.2 years.

The following table summarizes total share-based compensation cost recognized for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020 US$'000	2019 US$'000
Research and development	92,999	76,293
Selling, general and administrative	90,482	57,861
Total	183,481	134,154

21. Accumulated Other Comprehensive Income (Loss)

The movement of accumulated other comprehensive income (loss) was as follows:

	Foreign Currency Translation Adjustments US$'000	Unrealized Gains/Losses on Available-for-Sale Securities US$'000	Pension Liability Adjustments US$'000	Total US$'000
December 31, 2018	(212)	1,738	–	1,526
Other comprehensive income (loss) before reclassifications	(9,079)	5,596	–	(3,483)
Amounts reclassified from accumulated other comprehensive income (loss)[(1)]	–	(6,044)	–	(6,044)
Net-current period other comprehensive loss	(9,079)	(448)	–	(9,527)
December 31, 2019	(9,291)	1,290	–	(8,001)
Other comprehensive income (loss) before reclassifications	23,475	1,073	(8,113)	16,435
Amounts reclassified from accumulated other comprehensive income (loss)[(1)]	–	(1,492)	–	(1,492)
Net-current period other comprehensive (loss) income	23,475	(419)	(8,113)	14,943
December 31, 2020	14,184	871	(8,113)	6,942

(1) The amounts reclassified from accumulated other comprehensive (loss) income were included in other income, net in the consolidated statements of operations.

22. Shareholders' Equity

During the years ended December 31, 2020 and 2019, the Company completed the following equity offerings:

In January 2020, the Company sold 15,895,001 ADSs, representing a 20.5% ownership stake in the Company, to Amgen for aggregate cash proceeds of US$2,779,241,000, or US$174.85 per ADS, pursuant to the SPA executed in connection with the Amgen Collaboration Agreement. On March 17, 2020, BeiGene, Ltd. and Amgen entered into an Amendment No. 2 (the "Second Amendment") to the Share Purchase Agreement in order to account for periodic dilution from the issuance of shares by the Company, which was restated in its entirety on September 24, 2020 (the "Restated Second Amendment"). Pursuant to the Restated Second Amendment, Amgen will have an option (the "Direct Purchase Option") to subscribe for additional ordinary shares of the Company in the form of ADSs (the "Additional Shares") in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of the Company's outstanding shares. The Direct Purchase Option is exercisable on a monthly basis, but only if Amgen's interest in the outstanding shares of the Company at the monthly reference date is less than 20.4%. The Direct Purchase Option (i) will be exercisable by Amgen solely as a result of dilution arising from issuance of new shares under the Company's equity incentive plans from time to time, and (ii) is subject to annual approval by the Company's independent shareholders each year during the term of the Restated Second Amendment. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen and its affiliates collectively own less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) December 1, 2023. The Direct Purchase Option has no vesting period.

In July 2020, the Company issued 145,838,979 ordinary shares, par value US$0.0001, to eight existing investors, including entities associated with Hillhouse Capital and Baker Bros. Advisors LP, as well as Amgen, in a registered direct offering under the Company's effective Registration Statement on Form S-3 (File No. 333-238181). Each ordinary share was sold for a purchase price of US$14.2308 per share (US$185.00 per ADS), resulting in net proceeds, after offering expenses, of US$2,069,610,000. Amgen purchased 29,614,832 ordinary shares for US$421,443,000 as part of this offering. The offering was made without an underwriter or a placement agent, and as a result the Company did not pay any underwriting discounts or commissions in connection with the offering.

23. Restricted Net Assets

The Company's ability to pay dividends may depend on the Company receiving distributions of funds from its PRC subsidiaries. Relevant PRC laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries.

In accordance with the company law of the PRC, a domestic enterprise is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. A domestic enterprise is also required to provide discretionary surplus reserve, at the discretion of the Board of Directors, from the profits determined in accordance with the enterprise's PRC statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Company's PRC subsidiaries were established as domestic invested enterprises and therefore were subject to the above-mentioned restrictions on distributable profits.

During the years ended December 31, 2020 and 2019, no appropriation to statutory reserves was made, because the PRC subsidiaries had substantial losses during such periods.

As a result of these PRC laws and regulations, including the requirement to make annual appropriations of at least 10% of after-tax income and set aside as general reserve fund prior to payment of dividends, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company.

Foreign exchange and other regulations in the PRC may further restrict the Company's PRC subsidiaries from transferring funds to the Company in the form of dividends, loans, and advances. As of December 31, 2020 and 2019, amounts restricted were the net assets of the Company's PRC subsidiaries, which amounted to US$119,776,000 and US$109,633,000, respectively.

24. Employee Benefit Plans

Defined Contribution Plans

Full-time employees of the Company in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Company's PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were US$23,717,000 and US$23,282,000 for the years ended December 31, 2020 and 2019, respectively.

The Company maintains a defined contribution 401(k) savings plan (the "401(k) Plan") for U.S. employees. The 401(k) Plan covers all U.S. employees, and allows participants to defer a portion of their annual compensation on a pretax basis. In addition, the Company has a matching contribution to the 401(k) Plan, which, in the 2020 plan year, matched dollar for dollar of eligible contributions up to 4%. Company contributions to the 401(k) plan totaled US$4,840,000 and US$2,389,000 in the years ended December 31, 2020 and 2019, respectively.

The Company maintains a government mandated program to cover its employees in Switzerland for pension, death, or disability. The program is considered a defined contribution plan. Employer and employee contributions are made based on various percentages of salaries and wages that vary based on employee age and other factors. Company contributions into the program amounted to US$2,960,000 and US$528,000 in the years ended December 31, 2020 and 2019, respectively.

Employee benefit expenses for the remaining subsidiaries were immaterial.

Defined Benefit Plan

The Company also maintains a defined benefit pension plan covering its employees in Switzerland (the "Swiss Plan"). This plan is a government mandated fund that provides benefits to employees upon retirement, death, or disability. Contributions are made based on various percentages of participants' salaries and wages determined based on participants' age and other factors. As of December 31, 2020, the projected benefit obligation and plan assets under the Swiss Plan were approximately US$23,566,000 and US$15,453,000, respectively. The funded status of the Swiss Plan is included in other long-term liabilities in the accompanying consolidated balance sheets. The initial determination of the pension liability was recorded as other comprehensive loss during the year ended December 31, 2020 (see Note 21).

The Company's annual contribution to the Swiss Plan is estimated to be approximately US$1,357,000 in 2021 and is expected to evolve thereafter proportionally with changes in staffing and compensation levels, actuarial assumptions and actual investment returns on plan assets.

The following table reflects the total expected benefit payments to Swiss Plan participants and have been estimated based on the same assumptions used to measure the Company's benefit obligations as of December 31, 2020:

	Amounts US$'000
2021	139
2022	171
2023	203
2024	382
2025	238
2026 – 2030	1,919
Total	3,052

25. Commitments and Contingencies

Purchase Commitments

As of December 31, 2020, the Company had purchase commitments amounting to US$123,383,000, of which US$101,236,000 related to minimum purchase requirements for supply purchased from contract manufacturing organizations and US$22,147,000 related to binding purchase order obligations of inventory from BMS and Amgen. The Company does not have any minimum purchase requirements for inventory from BMS or Amgen.

Capital commitments

The Company had capital commitments amounting to US$44,972,000 for the acquisition of property, plant and equipment as of December 31, 2020, which were mainly for BeiGene Guangzhou Factory's manufacturing facility, expansion of BGC's research and development activities in Guangzhou, China, and research and development operations at the Changping facility in Beijing, China.

Co-development funding commitment

Under the Amgen Collaboration Agreement, the Company is responsible for co-funding global development costs for the Amgen oncology pipeline assets up to a total cap of US$1,250,000,000. The Company is funding its portion of the co-development costs by contributing cash and/or development services. As of December 31, 2020, the Company's remaining co-development funding commitment was US$1,019,009,000.

Other Business Agreements

The Company enters into agreements in the ordinary course of business with contract research organizations ("CROs") to provide research and development services. These contracts are generally cancelable at any time by the Company with prior written notice.

The Company also enters into collaboration agreements with institutions and companies to license intellectual property. The Company may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on the consolidated balance sheet because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in the consolidated financial statements.

26. Selected Quarterly Financial Data (Unaudited)

The following table summarizes the unaudited statements of operations for each quarter of 2020 and 2019 (in thousands, except share and per share amounts). The unaudited quarterly information has been prepared on a basis consistent with the audited financial statements and includes all adjustments that the Company considers necessary for a fair presentation of the information shown. The operating results for any fiscal quarter are not necessarily indicative of the operating results for a full fiscal year or for any future period and there can be no assurances that any trend reflected in such results will continue in the future.

	Quarter Ended			
2020	**March 31, US$'000**	**June 30, US$'000**	**September 30, US$'000**	**December 31, US$'000**
Revenue	52,059	65,635	91,080	100,100
Loss from operations	(373,756)	(358,877)	(440,137)	(484,912)
Net loss	(364,939)	(336,318)	(426,617)	(472,649)
Net loss attributable to ordinary shareholders	(363,735)	(335,202)	(425,224)	(472,745)
Basic and diluted net loss per share (in US$)[(1)]	(0.36)	(0.33)	(0.37)	(0.40)

	Quarter Ended			
2019	**March 31, US$'000**	**June 30, US$'000**	**September 30, US$'000**	**December 31, US$'000**
Revenue	77,833	243,346	50,141	56,892
Loss from operations	(173,755)	(85,833)	(312,266)	(388,037)
Net loss	(168,069)	(85,954)	(308,660)	(387,895)
Net loss attributable to ordinary shareholders	(167,640)	(85,570)	(307,357)	(388,061)
Basic and diluted net loss per share (in US$)[(1)]	(0.22)	(0.11)	(0.39)	(0.49)

(1) Per ordinary share amounts for the quarters and full years have been calculated separately. Accordingly, the sum of quarterly amounts may not equal the annual amount because of differences in the weighted average ordinary shares outstanding during each period, principally due to the effect of share issuances by the Company during the year.

27. Segment and Geographic Information

The Company operates in one segment: pharmaceutical products. Its chief operating decision maker is the Chief Executive Officer, who makes operating decisions, assesses performance, and allocates resources on a consolidated basis.

The Company's long-lived assets are substantially located in the PRC.

Net product revenues by geographic area are based upon the location of the customer, and net collaboration revenue is recorded in the jurisdiction in which the related income is expected to be sourced from. Total net revenues by geographic area are presented as follows:

	Year Ended December 31,	
	2020 US$'000	**2019 US$'000**
PRC	290,646	221,557
U.S.	18,228	134,689
Other	–	71,966
Total	308,874	428,212

28. Subsequent Events

On January 11, 2021, the Company entered into a collaboration and license agreement with Novartis to develop, manufacture and commercialize tislelizumab in the United States, Canada, Mexico, member countries of the European Union, United Kingdom, Norway, Switzerland, Iceland, Liechtenstein, Russia, and Japan. The Company has agreed to jointly develop tislelizumab with Novartis in these licensed countries, with Novartis responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals. In addition, both companies may conduct clinical trials globally to explore combinations of tislelizumab with other cancer treatments, and the Company has an option to co-detail the product in North America, funded in part by Novartis. Under the agreement the Company will receive an upfront cash payment of US$650,000,000 from Novartis and is eligible to receive up to US$1,300,000,000 upon the achievement of regulatory milestones, US$250,000,000 upon the achievement of sales milestones, and royalties on future sales of tislelizumab in the licensed territory. On February 26, 2021, we announced the closing of the collaboration and license agreement with Novartis.

On January 29, 2021, the Shanghai Stock Exchange (the "SSE") accepted a listing application submitted by the Company for a proposed public offering of the Company's ordinary shares and listing of such shares on the Science and Technology Innovation Board (the "STAR Market") of the SSE (the "STAR Offering"). The STAR Offering will be conducted within the PRC, and such shares will be issued to and subscribed for by investors in Renminbi ("RMB") in the PRC and listed and traded on the STAR Market in RMB (the "RMB Shares"). The RMB Shares will not be fungible with the Company's ordinary shares listed on the HKEx or with the Company's ADSs listed on the NASDAQ Global Select Market. The number of RMB Shares (including the over-allotment option) to be issued will not exceed 132,313,549 ordinary shares, representing no more than 10% of the sum of the total number of issued ordinary shares of the Company as of January 7, 2021 and the total number of RMB Shares to be issued in the STAR Offering. The consummation of the STAR Offering is subject to, among other things, market conditions, the approval of the shareholders of the Company, and applicable regulatory approvals.

29. Reconciliation between U.S. GAAP and international financial reporting standards

The consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from International Financial Reporting Standards ("IFRSs"). The effects of material differences between the financial information of the Group prepared under U.S. GAAP and IFRSs are as follows:

	Year ended December 31, 2020			
Consolidated statement of operations data	**Amounts as reported under U.S. GAAP US$'000**	**IFRSs adjustments US$'000**	**US$'000**	**Amounts under IFRSs US$'000**
		Share-based compensation (note (i))	**Tax benefit/ deficiency on share-based compensation (note (iii))**	
Research and development	(1,294,877)	(5,338)	–	(1,300,215)
Selling, general and administrative	(600,176)	(12,280)	–	(612,456)
Loss before income tax expense	(1,618,194)	(17,618)	–	(1,635,812)
Income tax (expense) benefit	17,671	1,143	(41,404)	(22,590)
Net loss	(1,600,523)	(16,475)	(41,404)	(1,658,402)
Net loss attributable to BeiGene, Ltd.	(1,596,906)	(16,475)	(41,404)	(1,654,785)

	Year ended December 31, 2019			
Consolidated statement of operations data	**Amounts as reported under U.S. GAAP US$'000**	**IFRSs adjustments US$'000**	**US$'000**	**Amounts under IFRSs US$'000**
		Share-based compensation (note (i))	**Tax benefit/ deficiency on share-based compensation (note (iii))**	
Research and development	(927,338)	(23,380)	–	(950,718)
Selling, general and administrative	(388,249)	(8,820)	–	(397,069)
Loss before income tax expense	(943,586)	(32,200)	–	(975,786)
Income tax expense	(6,992)	2,048	(19,977)	(24,921)
Net loss	(950,578)	(30,152)	(19,977)	(1,000,707)
Net loss attributable to BeiGene, Ltd.	(948,628)	(30,152)	(19,977)	(998,757)

Consolidated balance sheet data	Amounts as reported under US GAAP US$'000	IFRSs adjustments			Amounts under IFRSs US$'000
		US$'000	US$'000	US$'000	
		Share based compensation (note (i))	Preferred Shares (note (ii))	Tax benefit/ deficiency on share based compensation (note (iii))	
As at December 31, 2020					
Deferred tax assets	65,962	1,143	–	–	76,029
		8,924*	–	–	
Total assets	5,600,757	10,067	–	–	5,610,824
Additional paid-in capital	7,414,932	17,618	307,894*	41,404	7,927,963
		107,701*	–	38,414*	
Accumulated deficit	(3,552,749)	(17,618)	(307,894)*	(41,404)	(4,055,713)
		1,143		–	
		(98,777)*		(38,414)*	
Total equity	3,869,243	10,067	–	–	3,879,310
As at December 31, 2019					
Deferred tax assets	37,894	2,048	–	(8,617)	46,818
		6,876*	–	8,617*	
Total assets	1,612,289	8,924	–	–	1,621,213
Additional paid-in capital	2,925,970	32,200	307,894*	11,360	3,379,979
		75,501*	–	27,054*	
Accumulated deficit	(1,955,843)	(32,200)	(307,894)*	(19,977)	(2,400,928)
		2,048			
		(68,625)*		(18,437)*	
Total equity	978,355	8,924	–	–	987,279

* IFRSs adjustments brought forward from prior years.

Notes:

(i) Share based compensation

Under U.S. GAAP, the Group has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting based on service conditions provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant date value of the options that are vested at that date.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting.

A difference of US$17,618,000 arose between the amount of share-based compensation (included in research and development expenses, and selling, general and administrative expenses) recognized under U.S. GAAP and IFRSs for the year ended December 31, 2020 (2019: US$32,200,000). The related income tax impact of this item was US$1,143,000 for the year ended December 31, 2020 (2019: US$2,048,000).

The accumulated difference on share-based compensation recognized in expenses and additional paid in capital under U.S. GAAP and IFRSs was US$107,701,000, the related income tax impact on above differences was US$8,924,000, and net impact on the accumulated deficit was US$98,777,000 as of December 31, 2019. The differences as of December 31, 2019 were all carried forward as opening IFRSs adjustments to the balance sheet as of January 1, 2020.

(ii) Preferred Shares

Prior to the Company's US IPO, the Company had Preferred Shares, which were converted into ordinary shares at the time of the US IPO. Under U.S. GAAP, the Preferred Shares issued by the Company are classified as mezzanine equity as these convertible preferred shares are redeemable upon the occurrence of a conditional event (i.e., Liquidation Transaction). The holders of the Preferred Shares have a liquidation preference upon the occurrence of the conditional event. The conversion options and contingent redemption options of the convertible preferred shares do not qualify for bifurcation accounting because the conversion options are clearly and closely related to the host instrument and the underlying ordinary shares of the conversion options and redemption options are not publicly traded nor readily convertible into cash. No beneficial conversion features are recognized for the convertible preferred shares as the fair values per ordinary share at the respective commitment dates were less than the most favorable conversion prices. The Company concluded that the Preferred Shares are not redeemable currently and is not probable that the Preferred Shares will become redeemable because the likelihood of the Liquidation Transaction is remote. Therefore, no adjustment will be made to the initial carrying amount of the Preferred Shares until it is probable that they will become redeemable.

Under IFRSs, the Preferred Shares were regarded as a hybrid instrument consisting of a host debt instrument and a conversion option as a derivative. This was the result of certain redemption triggering events of the Preferred Shares being outside the control of the ordinary shareholders of the Company. In addition, the holders of the Preferred Shares were entitled to convert the Preferred Shares into a variable number of the Company's ordinary shares upon occurrence of certain anti-dilution events. Under IFRSs, the Company initially recorded all of the Preferred Shares as financial liabilities at fair value, with subsequent changes in the amount of the fair value of the Preferred Shares recognized in the statement of operations in the year in which they arose. Hence, all the fair value changes in the Preferred Shares of US$307,894,000 prior to the conversion into the Company's ordinary shares in February 2016 was recognized in the statement of operations under IFRSs, and the cumulative effect of such fair value changes was recognized in the additional paid in capital account upon the conversion of the Preferred Shares into the ordinary shares. The effect of such IFRSs adjustments on accumulated deficit and additional paid-in capital was US$307,894,000 which was all carried forward to opening balance sheets of subsequent financial years/periods.

(iii) Tax benefit/deficiency on share-based compensation

Under U.S. GAAP, deferred taxes are calculated based on the cumulative share-based compensation expense recognized in the financial statements, and ASC 2016-09 required all excess tax benefits and tax deficiencies to be recorded as income tax expense or benefit in the statement of operations, rather than in shareholders' equity.

Under IFRSs, deferred taxes are calculated based on the estimated tax deduction determined at each reporting date. If the tax deduction exceeds cumulative compensation cost for an individual award, deferred tax based on the excess is credited to shareholders' equity. If the tax deduction is less than or equal to cumulative compensation cost for an individual award, deferred taxes are recorded in statement of operations.

As the deferred tax assets impact was determined to the extent of future available taxable profit against which the estimated additional tax deduction can be utilized, there is no difference on deferred tax assets for tax benefit on share-based compensation expenses recognized under U.S. GAAP and IFRSs as of December 31, 2020 and 2019. The cumulative income tax benefit on excess tax deductions of US$41,404,000 for the year ended December 31, 2020 (2019: US$19,977,000) was recognized in equity under IFRSs, rather than in the statement of operations under U.S. GAAP.

The accumulated difference of excess tax deduction of US$38,414,000 recognized in equity amounted to US$38,414,000 as of December 31, 2019, and are carried forward as opening adjustments to the balance sheet as of January 1, 2020 under IFRSs.

(iv) Lease

The Group adopted the new lease standard effective January 1, 2019 using the modified retrospective method and did not restate historical comparative periods under U.S. GAAP. As a lessee, the Group recognized a lease liability based on the present value of the total remaining lease payments, and a corresponding right of use asset under U.S. GAAP. The Group subsequently recognize an operating lease expense on straight line basis over the lease term.

IFRS 16, Lease requires entities to present interest expense on the lease liability and depreciation on the right of use assets separately in the statement of operations. This will change the allocation of expenses and the total amount of expenses recognized for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease terms, and a decreasing expense during the latter years of the lease terms.

Based on the Group's assessment, the differences on lease recognized under U.S. GAAP and IFRSs did not have material impact on audited financial statements as of December 31, 2020 and for the year ended December 31, 2020.

(v) Investment

Under U.S. GAAP, the Group elected to measure an equity security without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Under IFRSs, the Group measured the investments in equity instruments at fair value through profit or loss (FVTPL).

Based on the Group's assessment, the differences on investment recognized under U.S. GAAP and IFRSs did not have material impact on audited financial statements as of December 31, 2020 and for the year ended December 31, 2020.

30. Dividends

The board of directors of the Company did not recommend the distribution of any annual dividend for the year ended December 31, 2020 (year ended December 31, 2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are a global, commercial-stage biotechnology company focused on discovering, developing, manufacturing, and commercializing innovative medicines to improve treatment outcomes and expand access for patients worldwide.

Our research organization has delivered ten molecules into the clinic in our first ten years, including our two lead commercial medicines, BRUKINSA®, a small molecule inhibitor of Bruton's Tyrosine Kinase ("BTK") for the treatment of various blood cancers, and tislelizumab, an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers. We are marketing BRUKINSA® in the world's two largest pharmaceutical markets, the United States and China, and tislelizumab in China, with an established, science-based commercial organization. We have built state-of-the-art biologic and small molecule manufacturing facilities in China to support the potential future demand of our products, and we also work with high quality contract manufacturing organizations ("CMOs") to manufacture our internally developed clinical and commercial products.

We are a leader in China-inclusive global clinical development, which we believe can facilitate faster and more cost-effective development of innovative medicines. Our internal clinical development capabilities are deep, including a more than 1,600-person global clinical development team that is running more than 60 ongoing or planned clinical trials. This includes more than 25 pivotal or registration-enabling trials for three product candidates that have enrolled more than 12,000 patients and healthy volunteers, of which approximately one-half have been outside of China, as of January 2021. We have over 45 products and product candidates in commercial stage or clinical development, including 7 approved medicines, 5 pending approval, and over 30 in clinical development.

Supported by our development and commercial capabilities, we have entered into collaborations with world-leading biopharmaceutical companies such as Amgen and Novartis to develop and commercialize innovative medicines globally. Since our inception in 2010 in Beijing, we have become a fully integrated global organization of over 5,300 employees in 14 countries and regions, including China, the United States, Europe and Australia.

Recent Developments

On March 10, 2021, we announced that the first patient has been dosed in a Phase 1 clinical trial of BGB-15025, our investigational hematopoietic progenitor kinase 1 (HPK1) inhibitor. BGB-15025 is designed to be a potent and highly selective small molecule oral inhibitor of HPK1, a kinase downstream of the T cell receptor (TCR) signaling pathway that is believed to play a key role in T cell activation.

On March 5, 2021, we announced that a supplemental Biologics License Application for anti-PD1 antibody tislelizumab was accepted by the Center for Drug Evaluation ("CDE") of the China National Medical Products Administration ("NMPA") for treatment in the second- or third-line setting of patients with locally advanced or metastatic non-small cell lung cancer ("NSCLC") who have progressed on prior platinum-based chemotherapy.

On March 2, 2021, we announced that BRUKINSA® has been approved by Health Canada for the treatment of adult patients with Waldenström's macroglobulinemia ("WM").

On February 26, 2021, we announced the closing of the collaboration and license agreement with Novartis, previously announced on January 11, 2021, to develop, manufacture, and commercialize BeiGene's anti-PD-1 antibody tislelizumab in the United States, Canada, Mexico, member countries of the European Union, United Kingdom, Norway, Switzerland, Iceland, Liechtenstein, Russia, and Japan. The companies have agreed to jointly develop tislelizumab in these licensed countries, with Novartis responsible for regulatory submissions after a transition period and for commercialization upon regulatory approvals. In addition, both companies may conduct clinical trials globally to explore combinations of tislelizumab with other cancer treatments, and BeiGene has an option to co-detail the product in North America, funded in part by Novartis.

On February 17, 2021, we announced that the U.S. Food and Drug Administration ("FDA") accepted a supplemental new drug application ("sNDA") for BRUKINSA® for the treatment of adult patients with WM. The Prescription Drug User Fee Act target action date is October 18, 2021.

On January 29, 2021, we announced that the Shanghai Stock Exchange (the "SSE") had accepted our listing application for a proposed public offering of our ordinary shares and listing of such shares on the Science and Technology Innovation Board (the "STAR Market") of the SSE (the "STAR Offering"). The consummation of the STAR Offering is subject to, among other things, market conditions, shareholder approval, and applicable regulatory approvals.

On January 13, 2021, we announced that our anti-PD-1 antibody tislelizumab received approval from the NMPA for use in combination with chemotherapy as a first-line treatment for patients with advanced squamous NSCLC. This is the third approval in China for tislelizumab, and its first in a lung cancer indication.

On December 27, 2020, we announced that three of our innovative oncology medicines were included in the updated National Reimbursement Drug List ("NRDL") by the China National Healthcare Security Administration (NHSA), including our internally-developed anti-PD1 antibody tislelizumab, our internally-developed BTK inhibitor BRUKINSA® (zanubrutinib), and XGEVA® (120-mg denosumab) from our strategic collaboration with Amgen.

On December 7, 2020, we announced that the NMPA approved BLINCYTO® (blinatumomab) for injection for the treatment of adult patients with relapsed or refractory ("R/R") B-cell precursor acute lymphoblastic leukemia (ALL). The biologics license application had been submitted by Amgen and received priority review by the CDE of the NMPA. Developed by Amgen and licensed to us in China under a strategic collaboration commenced earlier in 2020, this is the first approval for BLINCYTO® in China and our first product licensed from Amgen to be newly approved. With this approval, BLINCYTO® has become the first bispecific immunotherapy approved in China.

On November 19, 2020, we announced that the NMPA approved XGEVA® (denosumab) for the prevention of skeletal-related events ("SREs") in patients with bone metastases from solid tumors and in patients with multiple myeloma. Developed by Amgen and licensed to BeiGene in China under a strategic collaboration commenced earlier in 2020, XGEVA® is also approved and marketed in China for the treatment of adults and skeletally mature adolescents with giant cell tumor of the bone that is unresectable or where surgical resection is likely to result in severe morbidity.

FUTURE AND OUTLOOK

Our mission is to provide access to high-quality, innovative, impactful, and affordable medicines to billions more people globally. We believe that we have built competitive advantages in research, clinical development, manufacturing and commercialization that will drive our business into the future. We intend to continue to develop and expand our competitive advantages and become a global leader by focusing on the following key strategic imperatives:

1. **Research and innovation focus**. We have built one of the largest research teams in China with more than 450 people and a robust suite of capabilities that fuel our innovation pipeline. To date, our research organization has advanced more than 10 internally discovered molecules into the clinic and, of those programs, two medicines have been approved for commercial use in multiple indications. Our team has discovered promising new drug candidates, including our investigational TIGIT antibody and BCL-2 inhibitor currently in development. We plan to continue to invest in research and innovation with the aim of discovering additional innovative product candidates for patients.

2. **World class clinical development**. We believe that leveraging our leadership position in China-inclusive clinical development will enable us to develop products with advantages in speed and cost efficiency, while maintaining quality. We plan to continue to invest to in-source our clinical capabilities to mitigate the challenges associated with relying on third-party contract research organizations ("CROs"), with the intention of becoming one of the best clinical development organizations in the world.

3. **China commercial leadership**. We have built a large commercial team in China, with over 2,200 colleagues spread across the country and organized under experienced executive leadership. We believe that we have established BeiGene as a high-quality, science-driven, leading provider of innovative and affordable medicines in China. We aspire to grow our commercial portfolio through both internal discovery efforts and through in-licensing additional products and product candidates, striving to be a partner of choice and creating mutual benefits with our partners wherever possible. We believe that our commercial capabilities in China, coupled with our China-inclusive clinical development capabilities conducted at global-quality standards, enable us to attract favorable in-licensing opportunities. We plan to further invest in our China commercial organization and create advantages in scale, speed, and quality to establish our commercial leadership in China.

4. **Global leadership, access, and reputation**. We have launched BRUKINSA® in the United States and built a targeted commercial team focused on medical thought leaders in blood cancer treatments. This competitive foothold is based on the clinical differentiation of our approved products and product candidates and our deep relationships. We aspire to establish our reputation globally as a leading biotechnology company by delivering highly effective and differentiated medicines in the United States, China, Europe and new markets.

5. **Broad accessibility**. We believe that our commercial scale in China, potentially lower upfront development costs through China-inclusive clinical development, sizeable portfolio of innovative therapies, and overall commercial expertise in serving large, underserved populations give us a unique advantage and create an opportunity for us to be an early mover in providing innovative medicines at affordable prices to many geographies that are not traditionally the focus for pharmaceutical or biotechnology companies. We plan to focus our long-term strategy on seeking approvals of our portfolio compounds globally and building clinical development and commercial capabilities in these markets, either alone or through our collaborators.

FINANCIAL REVIEW

Components of Operating Results

Revenue

Product Revenue

We began generating product revenue in September 2017 through our in-license agreement with BMS to distribute the approved cancer therapies REVLIMID®, VIDAZA®, and ABRAXANE® in China. Following approval from the FDA in November 2019, we launched our first internally developed medicine, BRUKINSA®, in the United States. We launched our second internally developed medicine, tislelizumab, in China in March 2020 and in June 2020, we launched BRUKINSA® in China. In July 2020, we began selling XGEVA® under our in-license agreement with Amgen.

Revenues from product sales are recognized when there is a transfer of control from the Company to the customer. The Company determines transfer of control based on when the product is delivered, and title passes to the customer. Revenues from product sales are recognized net of variable consideration resulting from rebates, chargebacks, trade discounts and allowances, sales returns allowances and other incentives. Provisions for estimated reductions to revenue are provided for in the same period the related sales are recorded and are based on contractual terms, historical experience and trend analysis. We expect revenue from our internal product sales to increase during 2021. We received approval for BLINCYTO® in China in December 2020 and plan to launch additional in-licensed products from our collaborations in 2021, and continue to expand our efforts to promote our existing commercial products.

Collaboration Revenue

We recognize collaboration revenues for amounts earned under collaborative and out-licensing arrangements. Prior to the third quarter of 2019, we recorded revenue from our 2017 collaboration and license agreement with BMS for tislelizumab, which was terminated in June 2019. Under this agreement, we received an upfront payment related to the license fee, which was recognized upon the delivery of the license right. Additionally, the portion of the upfront payment related to the reimbursement of undelivered research and development services was deferred and recognized over the performance period of the collaboration arrangement. We recognized the remainder of the deferred research and development services revenue balance upon termination of the collaboration agreement. We also received research and development reimbursement revenue for the clinical trials that BMS opted into until the termination of the collaboration agreement. Pursuant to the terms of the termination agreement, we received a one-time payment of US$150 million in June 2019, which was recognized in full at that time because we had no further performance obligations under the collaboration.

Expenses

Cost of Sales

Cost of sales includes the cost of products purchased from Amgen and BMS and distributed in China and the costs to manufacture our internally developed commercial products. Also included in cost of sales are amounts paid to Amgen for its share of net sales or gross margin earned on sales of their in-licensed products. Costs to manufacture inventory in preparation for commercial launch of a product incurred prior to regulatory approval are expensed to research and development expense as incurred. Cost of sales for newly launched products will not be recorded until the initial pre-launch inventory is depleted and additional inventory is manufactured.

Research and Development Expenses

Research and development expenses consist of the costs associated with our research and development activities, conducting preclinical studies and clinical trials, and activities related to regulatory filings. Our research and development expenses consist of:

- expenses incurred under agreements with contract research organizations ("CROs"), CMOs, and consultants that conduct and support clinical trials and preclinical studies;
- costs of comparator drugs in certain of our clinical trials;
- manufacturing costs related to pre-commercial activities;
- costs associated with preclinical activities and development activities;
- costs associated with regulatory operations;
- employee-related expenses, including salaries, benefits, travel and share-based compensation expense for research and development personnel;
- in-process research and development costs expensed as part of collaboration agreements entered into; and
- other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other supplies used in research and development activities.

Our current research and development activities mainly relate to the clinical advancement of our internally developed medicines and drug candidates:

- BRUKINSA® (zanubrutinib), a small molecule inhibitor of BTK;
- tislelizumab, a humanized monoclonal antibody against PD-1;
- pamiparib, an investigational selective small molecule inhibitor of PARP1 and PARP2;
- BGB-A1217, an investigational humanized monoclonal antibody against TIGIT;
- BGB-11417, an investigational small molecular inhibitor of Bcl-2;
- lifirafenib, an investigational novel small molecule inhibitor of both the monomer and dimer forms of BRAF;
- BGB-A333, an investigational humanized monoclonal antibody against PD-L1; and
- BGB-A425, an investigational humanized monoclonal antibody against TIM-3.

Research and development activities also include costs associated with in-licensed drug candidates, including:

- R&D expense related to the co-development of pipeline assets under the Amgen collaboration agreement. Our total cost share obligation to Amgen is split between R&D expense and a reduction to the R&D cost share liability;
- sitravatinib, an investigational, spectrum-selective kinase inhibitor, licensed from Mirati Therapeutics, Inc. ("Mirati");
- zanidatamab (ZW25) and ZW49, two investigational bispecific antibody-based product candidates targeting HER2, licensed from Zymeworks Inc. ("Zymeworks");
- BA3071, an investigational CAB-CTLA-4 antibody, licensed from BioAtla, Inc. ("BioAtla");
- BAT1706, an investigational biosimilar to Avastin® (bevacizumab), licensed from Bio-Thera Solutions, Ltd. ("Bio-Thera"); and
- DXP-593 and DXP-604, investigational anti-COVID-19 antibodies, licensed from Singlomics (Beijing DanXu) Biopharmaceuticals Co., Ltd. ("Singlomics").

We expense research and development costs when we incur them. We record costs for certain development activities, such as clinical trials, based on an evaluation of the progress to completion of specific tasks using data such as subject enrollment, clinical site activations or information our vendors provide to us. We expense the manufacturing costs of our internally developed products that are used in clinical trials as they are incurred as research and development expense. We do not allocate employee-related costs, depreciation, rental and other indirect costs to specific research and development programs because these costs are deployed across multiple product programs under research and development and, as such, are separately classified as unallocated research and development expenses.

At this time, it is difficult to estimate or know for certain, the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our internally developed medicines and drug candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales of our medicines and drug candidates, if approved. This is due to the numerous risks and uncertainties associated with developing such medicines and drug candidates, including the uncertainty of:

- successful enrollment in and completion of clinical trials;
- establishing an appropriate safety and efficacy profile;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- receipt of marketing and other required approvals from applicable regulatory authorities;
- successfully launching and commercializing our medicines and drug candidates, if and when approved, whether as monotherapies or in combination with our internally developed medicines and drug candidates or third-party products;
- market acceptance, pricing and reimbursement;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our medicines and drug candidates;
- continued acceptable safety and efficacy profiles of the products following approval;
- sufficient supply of the products following approval;
- competition from competing products; and
- retention of key personnel.

A change in the outcome of any of these variables with respect to the development of any of our medicines and drug candidates would significantly change the costs, timing and viability associated with the commercialization or development of that medicine or drug candidate.

Research and development activities are central to our business model. We expect research and development costs to increase significantly for the foreseeable future as our development programs progress, as we continue to support the clinical trials of our medicines and drug candidates as treatments for various cancers and as we move these medicines and drug candidates into additional clinical trials, including potential pivotal trials. There are numerous factors associated with the successful commercialization of any of our medicines and drug candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. Additionally, future commercial and regulatory factors beyond our control may impact our clinical development and commercial programs and plans.

Cautionary Statement required by Rule 18A.08(3) of the HK Listing Rules: We may not be able to ultimately develop and market pamiparib successfully.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of product promotion costs, distribution costs, salaries and related benefit costs, including share-based compensation for selling, general and administrative personnel. Other selling, general and administrative expenses include professional fees for legal, consulting, auditing and tax services as well as other direct and allocated expenses for rent and maintenance of facilities, travel costs, insurance and other supplies used in selling, general and administrative activities. We anticipate that our selling, general and administrative expenses will increase in future periods to support planned increases in commercialization activities with respect to tislelizumab, BRUKINSA®, XGEVA® and BLINCYTO® and the preparation for potential launch and commercialization of additional in-licensed products from our collaborations and internally developed products, if approved. We also expect selling, general and administrative expenses to increase in future periods to support our research and development efforts, including the continuation of the clinical trials of our treatments for various cancers and the initiation of clinical trials for potential new indications or drug candidates. These cost increases will likely be due to increased promotional costs, increased headcount, increased share-based compensation expenses, expanded infrastructure and increased costs for insurance. We also incur significant legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company with our ADSs and ordinary shares listed for trading on The NASDAQ Global Select Market and the HKEx, respectively.

Interest Income (Expense), Net

Interest Income

Interest income consists primarily of interest generated from our cash and short-term investments in money market funds, time deposits, U.S. Treasury securities and U.S. agency securities.

Interest Expense

Interest expense consists primarily of interest on our bank loans and shareholder loan.

Other Income (Expense), Net

Other income consists primarily of gains recognized related to equity investments, government grants and subsidies received that involve no conditions or continuing performance obligations by us, realized and unrealized gains and losses related to foreign currency exchange rates, unrealized gains and losses on equity securities, and realized gains and losses on the sale of investments.

Results of Operations

Comparison of the Years Ended December 31, 2020 and 2019

The following table summarizes our results of operations for the years ended December 31, 2020 and 2019:

	Year Ended December 31,		Change	
	2020	2019		%
	(US dollars in thousands)			
Revenues				
Product revenue, net	308,874	222,596	86,278	38.8%
Collaboration revenue	–	205,616	(205,616)	(100.0)%
Total revenues	308,874	428,212	(119,338)	(27.9)%
Expenses				
Cost of sales – product	70,657	71,190	(533)	(0.7)%
Research and development	1,294,877	927,338	367,539	39.6%
Selling, general and administrative	600,176	388,249	211,927	54.6%
Amortization of intangible assets	846	1,326	(480)	(36.2)%
Total expenses	1,966,556	1,388,103	578,453	41.7%
Loss from operations	(1,657,682)	(959,891)	(697,791)	72.7%
Interest income, net	1,998	9,131	(7,133)	(78.1)%
Other income, net	37,490	7,174	30,316	422.6%
Loss before income tax expense	(1,618,194)	(943,586)	(674,608)	71.5%
Income tax (benefit) expense	(17,671)	6,992	(24,663)	(352.7)%
Net loss	(1,600,523)	(950,578)	(649,945)	68.4%
Less: Net loss attributable to noncontrolling interest	(3,617)	(1,950)	(1,667)	85.5%
Net loss attributable to BeiGene, Ltd.	(1,596,906)	(948,628)	(648,278)	68.3%

Revenue

Total revenue decreased by approximately US$119.3 million to approximately US$308.9 million for the year ended December 31, 2020, from approximately US$428.2 million for the year ended December 31, 2019, primarily due to the cessation of collaboration revenue following the termination of the BMS collaboration agreement in the second quarter of 2019, and the related US$150.0 million termination fee that was recognized as revenue. The following table summarizes the components of our revenue for the year ended December 31, 2020 and 2019, respectively:

	Year Ended December 31,		Changes	
	2020	2019		%
	(US dollars in thousands)			
Product revenue	308,874	222,596	86,278	38.8%
Collaboration revenue:				
Reimbursement of research and development costs	–	27,634	(27,634)	(100.0)%
Research and development service revenue	–	27,982	(27,982)	(100.0)%
Other	–	150,000	(150,000)	(100.0)%
Total collaboration revenue	–	205,616	(205,616)	(100.0)%
Total	308,874	428,212	(119,338)	(27.9)%

Net product revenue consisted of the following:

	Year Ended December 31,		Changes	
	2020	2019		%
	(US dollars in thousands)			
Tislelizumab	163,358	–	163,358	NM
BRUKINSA®	41,702	1,039	40,663	3,913.7%
REVLIMID®	47,372	78,044	(30,672)	(39.3)%
VIDAZA®	29,975	32,234	(2,259)	(7.0)%
ABRAXANE®	17,770	111,279	(93,509)	(84.0)%
XGEVA®	8,496	–	8,496	NM
Other	201	–	201	NM
Total product revenue	308,874	222,596	86,278	38.8%

Net product revenue was US$308.9 million for the year ended December 31, 2020, compared to US$222.6 million in the prior year, primarily due to increased sales of our internally-developed products, BRUKINSA® and tislelizumab, as well as initial sales of Amgen's XGEVA®, offset by decreased sales of the BMS products in China. Product revenue for tislelizumab reflects sales since its launch in China in March 2020. Product revenue for BRUKINSA® reflects sales in China since its launch in June 2020, as well as sales in the United States since its launch in November 2019. Product revenue for XGEVA® reflects sales in China since July 2020.

In December 2020, we announced the inclusion of tislelizumab, BRUKINSA®, and XGEVA® in the updated NRDL by the NHSA, effective March 2021. The NRDL's inclusion is expected to help expand access to these high-quality oncology treatments across China, but we expect net product revenue in China in the first quarter of 2021 to be impacted as the lower NRDL price is applied to tislelizumab, BRUKINSA® and XGEVA® product in the distribution channel. Overall, we expect our internally-developed products and in-licensed products from Amgen to lead to total product revenue growth in 2021, driven by an increase in sales volumes as our launches mature.

We expect product revenue from the in-licensed products from BMS to continue to be impacted by the NMPA's suspension of the importation, sales and use of ABRAXANE® in China in March 2020 and the subsequent voluntary recall of ABRAXANE® by BMS, as well as increased competition from generic products for REVLIMID® and the loss of VBP status for VIDAZA®. Although the impact of COVID-19 on commercial activities in China lessened in the second half of 2020, there is continued uncertainty regarding the future potential impact of the pandemic both in China and the United States, as well as globally. We do not expect revenue from ABRAXANE® until the NMPA lifts its suspension on the importation, sale and use of ABRAXANE® and qualified drug is manufactured and available for sale in China. We do not know when the NMPA suspension of ABRAXANE® will be lifted and when we will be able to re-commence sales of ABRAXANE®.

We did not have any collaboration revenue during the year ended December 31, 2020. Collaboration revenue totaled US$205.6 million for the year ended December 31, 2019, comprised primarily of a US$150.0 million payment received upon termination of the collaboration agreement with BMS for tislelizumab, as well as the revenue recognition of previously deferred amounts. Additionally, we recognized US$27.6 million for the reimbursement of research and development costs for the clinical trials that BMS had opted into prior to the agreement being terminated.

Cost of Sales

Cost of sales decreased to US$70.7 million for the year ended December 31, 2020 from US$71.2 million for the year ended December 31, 2019, primarily due to a change in sales mix from lower margin in-licensed products to higher margin internally-developed products.

Research and Development Expense

Research and development expense increased by US$367.5 million, or 39.6%, to US$1.3 billion for the year ended December 31, 2020, from US$927.3 million for the year ended December 31, 2019. The following table summarizes the external cost of development programs, upfront license fees, and internal research and development expense for the years ended December 31, 2020 and 2019:

	Year Ended December 31,		Changes	
	2020	2019		%
	(US dollars in thousands)			
External cost of development programs	502,399	483,526	18,873	3.9%
Upfront license fees	109,500	50,000	59,500	119.0%
Amgen co-development expenses[1]	117,005	–	117,005	NM
Internal research and development expenses	565,973	393,812	172,161	43.7%
Total research and development expenses	1,294,877	927,338	367,539	39.6%

1. Our co-funding obligation for the development of the pipeline assets under the Amgen collaboration for the year ended December 31, 2020 totaled US$231.0 million, of which US$117.0 million was recorded as R&D expense. The remaining US$114.0 million was recorded as a reduction for the R&D cost share liability.

The increase in research and development expenses for the year December 31, 2020 was primarily attributable to:

- an increase of US$117.0 million related to expense recognized on co-development fees to Amgen;
- an increase of US$59.5 million related to license fees under collaboration agreements; and
- an increase of US$18.9 million in external clinical program costs, primarily due to the continued enrollment and expansion of pivotal clinical trials for our tislelizumab program and increases due to the expansion and advancement of and manufacturing costs for our earlier-stage clinical drug candidates.

Internal research and development expense increased US$172.2 million, primarily attributable to the expansion of our global development organization including the internalization of previously outsourced activities and the continued development of our clinical and preclinical drug candidates, and included the following:

- US$67.6 million increase of employee salary and benefits, primarily attributable to hiring more research and development personnel to support our expanding research and development activities;

- US$60.3 million increase of materials and reagent expenses, primarily in connection with the in-house manufacturing of drug candidates used for clinical purposes;

- US$16.7 million increase of share-based compensation expense, primarily attributable to our increased headcount, resulting in more awards being expensed related to the growing employee population; and

- US$30.5 million increase of facilities, depreciation, office expense, rental fees, and other expenses to support the growth of our organization.

These expense increases were partially offset by a US$2.9 million decrease of consulting fees, which was primarily attributable to decreased travel, meeting and seminar expenses related to scientific, regulatory and development consulting activities.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by US$211.9 million, or 54.6%, to US$600.2 million for the year ended December 31, 2020, from US$388.2 million for the year ended December 31, 2019. The increase was primarily attributable to the following:

- US$117.5 million increase in employee salary and benefits, which was primarily attributable to the expansion of our commercial organizations in China and the United States and the hiring of more personnel to support our growing business;

- US$36.2 million increase in external commercial expenses, including selling and marketing, market access studies, meeting and seminar expenses, promotional activities, and sponsorship and grant expenses;

- US$32.6 million increase in share-based compensation expense, primarily attributable to our increased headcount, resulting in more awards being expensed related to the growing employee population; and

- US$25.6 million increase in professional fees, consulting, recruiting, information technology, tax, accounting and audit services; and facility expenses, rental fees, office expenses, and other administrative expenses, primarily attributable to the global expansion of our business, including the expansion of our commercial operations in China and the United States.

Interest Income, Net

Interest income, net decreased to US$2.0 million for the year ended December 31, 2020, from US$9.1 million for the year ended December 31, 2019. The decrease in interest income, net, was primarily attributable to higher interest expense related to larger loan balances in 2020 and lower interest earned on our investments.

Other Income, Net

Other income, net increased by US$30.3 million to US$37.5 million for the year ended December 31, 2020, from US$7.2 million for the year ended December 31, 2019. The increase was mainly attributable to the gain recognized in conjunction with the deconsolidation of MapKure, unrealized gains on equity securities, and realized gains on sales of available-for-sale securities, as well as foreign currency exchange gains.

Income Tax (Benefit) Expense

Income tax benefit was US$17.7 million for the year ended December 31, 2020 compared with income tax expense of US$7.0 million for the year ended December 31, 2019. The income tax benefit for the year ended December 31, 2020 was primarily attributable to the tax benefit of U.S. share-based compensation deductions in excess of the tax expense on income reported in certain China subsidiaries as adjusted for certain non-deductible expenses.

Discussion of Certain Key Balance Sheet Items

Cash, cash equivalents, restricted cash and short-term investments

As of December 31, 2020, the Company's cash, cash equivalents, restricted cash and short-term investments primarily comprised (1) US$4.0 billion denominated in US dollars; (2) approximately RMB4.3 billion (equivalent to approximately US$659.3 million) denominated in Renminbi; and (3) approximately US$16.9 million denominated in Australian dollar, Euro and other currencies.

Property and equipment, net

The property and equipment increased by 47.6% from US$242.4 million as of December 31, 2019 to US$357.7 million as of December 31, 2020, primarily attributable to our ongoing buildout of the Guangzhou manufacturing facility.

Accounts receivable

Accounts receivable decreased by 14.8% from US$70.9 million as of December 31, 2019 to US$60.4 million as of December 31, 2020, primarily due to the shorter average collection period of accounts receivable for the year ended December 31, 2020, and the suspension of ABRAXANE® in China by the NMPA in March 2020, as compared to the year ended December 31, 2019.

Inventories

The inventories increased by 212.2% from US$28.6 million as of December 31, 2019 to US$89.3 million as of December 31, 2020, primarily due to stock preparation for the increased sales of our internally-developed products, BRUKINSA® and tislelizumab, as well as initial sales of Amgen's XGEVA®.

Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
	(US dollars in thousands)	
Prepaid research and development costs	71,341	65,886
Prepaid taxes	30,392	9,498
Payroll tax receivable	3,580	5,365
Non-trade receivable	4,464	–
Interest receivable	6,619	1,932
Prepaid insurance	1,347	711
Prepaid manufacturing cost	25,996	3,829
Income tax receivable	4,607	–
Other	11,666	3,017
Total	160,012	90,238

Prepaid expenses and other current assets increased by 77.4% from US$90.2 million as of December 31, 2019 to US$160.0 million as of December 31, 2020. The increase was primarily due to (i) the increase of prepaid VAT; (ii) the expansion of manufacturing cost of our internally developed products.

Accounts payable

Accounts payable includes amounts due to third parties and totaled US$232.0 million and US$122.5 million as of December 31, 2020 and 2019, respectively.

The following table sets forth an aging analysis of accounts payables as of the dates indicated, which is based on invoice date:

	As of December 31,	
	2020	2019
	(US dollars in thousands)	
Within 3 months	230,638	118,787
3 to 6 months	312	1,889
6 months to 1 year	147	1,272
Over 1 year	860	540
Total	231,957	122,488

Accrued expenses and other payables

Accrued expenses and other payables consist of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
	(US dollars in thousands)	
Compensation related	106,765	54,156
External research and development activities related	143,302	62,794
Commercial activities	66,131	25,645
Individual income tax and other taxes	14,373	9,648
Sales rebates and returns related	11,874	3,198
Other	3,699	8,115
Total accrued expenses and other payables	346,144	163,556

Accrued expenses and other payables increased by 111.6% from US$163.6 million as of December 31, 2019 to US$346.1 million as of December 31, 2020. The increase was primarily due to (i) hiring of more personnel to support our expanding commercial, research and clinical activities and our growing organization; (ii) expansion of clinical trials for drug candidates, including the initiation or continuation of pivotal trials; and (iii) expansion of our commercial operations and launch of the new products.

Liquidity and Capital Resources

The following table represents our cash, short-term investments, and debt balances as of December 31, 2020:

	Year Ended December 31,	
	2020	2019
	(US dollars in thousands)	
Cash, cash equivalents and restricted cash	1,390,005	620,775
Short-term investments	3,268,725	364,728
Total debt	518,652	240,695

We have incurred annual net losses and negative cash flows from operations since inception, resulting from the funding of our research and development programs and selling, general and administrative expenses associated with our operations, as well as to support the commercialization of our products globally. We incurred net losses of approximately US$1.6 billion and US$950.6 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, we had an accumulated deficit of US$3.6 billion.

To date, we have financed our operations principally through proceeds from public and private offerings of our securities and proceeds from our collaborations, together with product sales since September 2017. Based on our current operating plan, we expect that our existing cash, cash equivalents and short-term investments as of December 31, 2020 will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months after the date of this announcement.

On January 29, 2021, SSE accepted our listing application for a proposed public offering of our ordinary shares and listing of such shares on the STAR Market of the SSE. The STAR Offering will be conducted within the PRC, and such shares will be issued to and subscribed for by investors in RMB in the PRC and listed and traded on the STAR Market in RMB (the "RMB Shares"). The number of RMB Shares (including the over-allotment option) to be issued will not exceed 132,313,549 ordinary shares, representing no more than 10% of the sum of the total number of our issued ordinary shares as of January 7, 2021 and the total number of RMB Shares to be issued in the STAR Offering. The STAR Offering is subject to, among other things, market conditions, the approval of our shareholders, and applicable regulatory approvals.

On January 11, 2021, we entered into a collaboration and license agreement with Novartis to develop, manufacture and commercialize tislelizumab in the United States, Canada, Mexico, member countries of the European Union, United Kingdom, Norway, Switzerland, Iceland, Liechtenstein, Russia, and Japan. The transaction closed on February 26, 2020. Under the agreement, we will receive an upfront cash payment of US$650 million from Novartis, which is not included in our cash balance as of December 31, 2020, upon closing of the transaction.

The following table provides information regarding our cash flows for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
	(US dollars in thousands)	
Cash, cash equivalents and restricted cash at beginning of period	620,775	740,713
Net cash used in operating activities	(1,283,461)	(750,269)
Net cash (used in) provided by investing activities	(3,168,366)	554,163
Net cash provided by financing activities	5,202,826	85,680
Net effect of foreign exchange rate changes	18,231	(9,512)
Net increase (decrease) in cash, cash equivalents and restricted cash	769,230	(119,938)
Cash, cash equivalents and restricted cash at end of period	1,390,005	620,775

Operating Activities

Cash flows from operating activities is net income adjusted for certain non-cash items and changes in assets and liabilities.

Operating activities used US$1.3 billion of cash for the year ended December 31, 2020, which resulted principally from our net loss of approximately US$1.6 billion, partially offset by non-cash charges of US$166.5 million and a decrease in our net operating assets and liabilities of US$150.6 million. The non-cash charges were primarily driven by share-based compensation expense, offset by amortization of the research and development cost share liability. The decrease in working capital were driven largely by increases in accounts payable, accrued expenses and other liabilities, offset by increases in inventory and prepaid expenses.

Operating activities used US$750.3 million of cash for the year ended December 31, 2019, which resulted principally from our net loss of US$950.6 million and an increase in our net operating assets and liabilities of US$10.8 million, partially offset by non-cash charges of US$211.1 million. The increase in working capital was driven primarily by increases in accounts receivable and other non-current assets, as well as a decrease in deferred revenue, offset by increases in accounts payable and accrued expenses.

Investing Activities

Cash flows from investing activities consist primarily of capital expenditures, investment purchases, sales, maturities, and disposals, and upfront payments related to our collaboration agreements.

Investing activities used US$3.2 billion of cash for the year ended December 31, 2020, consisting of US$5.7 billion in purchases of investment securities, US$117.5 million of capital expenditures, and US$109.5 million upfront collaboration payments, all of which were offset by sales and maturities of investment securities of US$2.8 billion.

Investing activities provided US$554.2 million of cash for the year ended December 31, 2019, which was primarily due to cash proceeds from the sale and maturities of investment securities of US$1.9 billion, partially offset by purchases of investment securities of US$1.2 billion, US$69.0 million of upfront payments related to our license agreements and the termination of our collaboration agreement with Merck KGaA, Darmstadt Germany, and capital expenditures of US$89.6 million.

Financing Activities

Cash flows from financing activities consist primarily of sale of ordinary shares and ADSs through equity offerings, issuance and repayment of short-term and long-term debt, and proceeds from the sale of ordinary shares and ADSs through employee equity compensation plans.

Financing activities provided US$5.2 billion of cash for the year ended December 31, 2020. This consisted primarily of US$2.8 billion received from our collaboration with Amgen and US$2.1 billion from a registered direct offering of ordinary shares to certain existing investors. Other inflows included US$93.1 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan, and US$433.9 million from loan proceeds. These inflows were partially offset by US$144.3 million of repayment of principal under the Shareholder Loan with GET and US$28.7 million of cash consideration paid for the acquisition of the remaining 5% minority interest in our subsidiary BeiGene Biologics Co., Ltd. ("BeiGene Biologics").

Financing activities provided US$85.7 million of cash for the year ended December 31, 2019. This consisted primarily of US$67.5 million from bank loans to fund our Guangzhou manufacturing facility and working capital requirements and US$47.0 million from the exercise of employee share options. These inflows were partially offset by US$32.8 million for repayments of our Suzhou manufacturing facility and working capital bank loans.

Effects of Exchange Rates on Cash

We have substantial operations in the PRC, which generate a significant amount of RMB-denominated cash from product sales and require a significant amount of RMB-denominated cash to pay our obligations. Since the reporting currency of the Company is the U.S. dollar, periods of volatility in exchange rates may have a significant impact on our consolidated cash balances.

Operating Capital Requirements

We expect to continue to incur losses for the foreseeable future and expect these losses to increase in the near term, as we continue to develop and seek regulatory approvals for our product candidates, expand our research and manufacturing facilities and activities, and commercialize both our internally developed and in-licensed products. The size of our future net losses will depend, in part, on the number and scope of our development programs and the associated costs of those programs, our ability to generate product revenue, and the timing and amount of payments we make or receive from arrangements with third parties. If any of our products and product candidates fail in clinical trials or do not gain regulatory approval, or if approved, fail to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

Our future capital requirements will depend on many factors, including:

- our ability to successfully commercialize our internally developed and in-licensed medicines and drug candidates, if approved;
- the costs, timing and outcome of regulatory reviews and approvals;
- the ability of our drug candidates to progress through clinical development successfully;
- the initiation, progress, timing, costs and results of nonclinical studies and clinical trials for our other programs and potential drug candidates;
- the number and characteristics of the medicines and drug candidates we pursue;
- the costs of establishing or expanding commercial manufacturing capabilities or securing necessary supplies from third-party manufacturers;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the costs of establishing and expanding our commercial operations and the success of those operations;
- the extent to which we acquire or in-license other products and technologies; and
- our ability to establish and maintain collaboration arrangements on favorable terms, if at all.

Until such time, if ever, as we can generate substantial product revenue, we may be required to finance our cash needs through a combination of equity offerings, debt financings, collaboration agreements, strategic alliances, licensing arrangements, government grants, and other available sources. Under the rules of the SEC, we currently qualify as a "well-known seasoned issuer," which allows us to file shelf registration statements to register an unspecified amount of securities that are effective upon filing. On May 11, 2020, we filed such a shelf registration statement with the SEC for the issuance of an unspecified amount of ordinary shares (including in the form of ADSs), preferred shares, various series of debt securities and/or warrants to purchase any of such securities, either individually or in units, from time to time at prices and on terms to be determined at the time of any such offering. This registration statement was effective upon filing and will remain in effect for up to three years from filing, prior to which time we may file another shelf registration statement that will be effective for up to three years from filing.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of ADSs or ordinary shares. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends, and may require the issuance of warrants, which could potentially dilute your ownership interest. If we raise additional funds through collaboration agreements, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our products or drug candidates, future revenue streams or research programs, or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings, collaborations or other sources when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market products or drug candidates that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

The following table summarizes our significant contractual obligations as of payment due date by period at December 31, 2020:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(US dollars in thousands)				
Contractual obligations					
Operating lease commitments	47,785	16,108	23,520	7,902	255
Purchase commitments	123,383	41,681	34,872	24,172	22,658
Debt obligations	518,652	335,015	15,019	63,106	105,512
Interest on debt	59,021	22,238	16,593	13,196	6,994
Co-development funding commitment	1,019,009	259,000	760,009	–	–
Pension plan	8,113	1,357	2,714	2,714	1,328
Capital commitments	44,972	44,972	–	–	–
Total	1,820,935	720,371	852,727	111,090	136,747

Operating Lease Commitments

We lease office or manufacturing facilities in Beijing, Shanghai, Suzhou and Guangzhou in China; office facilities in California, Massachusetts, Maryland, and New Jersey in the United States; and in Basel, Switzerland under non-cancelable operating leases expiring on various dates. Payments under operating leases are expensed on a straight-line basis over the respective lease terms. The aggregate future minimum payments under these non-cancelable operating leases are summarized in the table above.

Purchase Commitments

As of December 31, 2020, purchase commitments amounted to US$123.4 million, of which US$101.3 million related to minimum purchase requirements for supply purchased from CMOs and US$22.1 million related to binding purchase order obligations of inventory from BMS and Amgen. We do not have any minimum purchase requirements for inventory from BMS or Amgen.

Debt Obligations

The following table summarizes our short-term debt and long-term bank loans as of December 31, 2020 (amounts in thousands, except for percentage data):

Lender	Agreement Date	Line of Credit US$'000/RMB'000	Term	Maturity Date	Interest Rate	December 31, 2020	
						US$'000	RMB'000
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	307	2,000
China Minsheng Bank (the "Senior Loan")	September 24, 2020	US$200,000		(2)	5.8%	198,320	1,294,010
Zhuhai Hillhouse (the "Related Party Loan")	September 24, 2020	RMB500,000		(3)	5.8%	15,326	100,000
Other short-term debt (4)						121,062	789,918
Total short-term debt						335,015	2,185,928
China Construction Bank	April 4, 2018	RMB580,000	9-year	April 4, 2027	(1)	88,584	578,000
China Merchants Bank	January 22, 2020	(5)	9-year	January 20, 2029	(5)	53,641	350,000
China Merchants Bank	November 9, 2020	RMB378,000	9-year	November 8, 2029	(6)	41,412	270,206
Total long-term bank loans						183,637	1,198,206

Notes:

1. The outstanding borrowings bear a floating interest rate benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.9% as of December 31, 2020.

2. US$120.0 million of the Senior Loan was designated to fund the JV share repurchase and repayment of the shareholder loan and US$80.0 million was designated for general working capital purposes. The Senior Loan has an original maturity date of October 8, 2021, which is the first anniversary of the first date of utilization of the loan. We may extend the original maturity date for up to two additional twelve-month periods. On October 9, 2020, we drew down US$80.0 million of the working capital facility and US$118.3 million of the acquisition facility to be used for the JV share repurchase.

3. RMB100.0 million of the Related Party Loan was designated for general corporate purposes and RMB400.0 million was designated for repayment of the Senior Loan, including principal, interest and fees. The loan matures at the earlier of: (i) November 9, 2021, which is one month after the Senior Loan maturity date, if not extended, or (ii) ten business days after the Senior Loan is fully repaid. On September 30, 2020, we drew down the first tranche of US$14.7 million (RMB100.0 million).

4. We entered into additional short-term working capital loans with China Industrial Bank and China Merchants Bank to borrow up to RMB1.5 billion in aggregate, with maturity dates ranging from April 19, 2021 to December 16, 2021 during the year ended December 31, 2020. The weighted average interest rate for the short-term working capital loans was approximately 4.4% as of December 31, 2020.

5. On January 22, 2020, our BeiGene Guangzhou Factory subsidiary entered into a nine-year bank loan with China Merchants Bank to borrow up to RMB1.1 billion at a floating interest rate benchmarked against prevailing interest rates of certain PRC financial institutions. In connection with our short-term loan agreements with China Merchants Bank entered into during the year ended December 31, 2020, the line of credit was reduced from RMB1.1 billion to RMB350.0 million. The loan interest rate was 4.4% as of December 31, 2020.

6. The outstanding borrowings bear a floating interest rate benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.3% as of December 31, 2020.

Interest on Debt

Interest on bank loans and the Related Party Loan is paid quarterly until the respective loans are fully settled. For the purpose of contractual obligations calculation, current interest rates on floating rate obligations were used for the remainder contractual life of the outstanding borrowings.

Co-Development Funding Commitments

Under our collaboration with Amgen, we are responsible for co-funding global development costs for the licensed oncology pipeline assets, up to a total cap of US$1.25 billion. We are funding our portion of the co-development costs by contributing cash and/or development services. As of December 31, 2020, our remaining co-development funding commitment was US$1.0 billion.

Pension Plan

We maintain a defined benefit pension plan in Switzerland. Funding obligations under the defined benefit pension plan are equivalent to US$1.4 million per year based on annual funding contributions in effect as of December 31, 2020 to achieve fully funded status where the market value of plan assets equals the projected benefit obligations. Future funding requirements will be subject to change as a result of future changes in staffing and compensation levels, various actuarial assumptions and actual investment returns on plan assets.

Capital Commitments

We had capital commitments amounting to US$45.0 million for the acquisition of property, plant and equipment as of December 31, 2020, which was primarily for BeiGene Guangzhou Factory's manufacturing facility, expansion of BGC's research and development activities in Guangzhou, China, and research and development operations at our Changping facility in Beijing, China.

Interest and Credit Risk

Financial instruments that are potentially subject to credit risk consist of cash and cash equivalents, restricted cash, and short term investments. The carrying amounts of cash, cash equivalents, restricted cash and short term investments represent the maximum amount of loss due to credit risk. We had cash and cash equivalents of US$1.4 billion and US$618.0 million, restricted cash of US$8.1 million and US$2.8 million, and short-term investments of US$3.3 billion and US$364.7 million, at December 31, 2020 and 2019, respectively. Our cash and cash equivalents are deposited with various major reputable financial institutions located within or without the PRC. The deposits placed with these financial institutions are not protected by statutory or commercial insurance. In the event of bankruptcy of one of these financial institutions, we may be unlikely to claim our deposits back in full. We believe that these financial institutions are of high credit quality, and we continually monitor the credit worthiness of these financial institutions. At December 31, 2020, our short-term investments consisted primarily of U.S. treasury securities. We believe that U.S. treasury securities are of high credit quality and continually monitor the credit worthiness of these institutions.

The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significant increasing risk. Our primary exposure to market risk relates to fluctuations in the interest rates, which are affected by changes in the general level of PRC and U.S. interest rates. Given the short-term nature of our cash equivalents, we believe that a sudden change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operation. We estimate that a hypothetical 100-basis point increase or decrease in market interest rates would result in a decrease of US$17.1 million or increase of US$4.3 million, respectively, in the fair value of our investment portfolio as of December 31, 2020.

We do not believe that our cash, cash equivalents, and short-term investments have significant risk of default or illiquidity. While we believe our cash, cash equivalents, and short-term investments do not contain excessive risk, we cannot provide absolute assurance that in the future investments will not be subject to adverse changes in market value.

Currency Convertibility Risk

A significant portion of our expenses, assets, and liabilities are denominated in RMB. In 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the "PBOC"). However, the unification of exchange rates does not imply that the RMB may be readily convertible into U.S. dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approvals of foreign currency payments by the PBOC or other institutions require submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

Foreign Currency Exchange Rate Risk

We are exposed to foreign exchange risk arising from various currency exposures. Our reporting currency is the U.S. dollar, but a portion of our operating transactions and assets and liabilities are in other currencies, such as RMB, Euro, and Australian dollar.

RMB is not freely convertible into foreign currencies for capital account transactions. The value of RMB against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange prices. Since 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The RMB compared to the U.S. dollar appreciated approximately 6.3% and depreciated approximately 1.3% for the years ended December 31, 2020 and 2019, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for capital expenditures, working capital and other business purposes, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us.

In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our foreign cash balances and trade receivables. Further, volatility in exchange rate fluctuations may have a significant impact on the foreign currency translation adjustments recorded in other comprehensive income (loss). We have not used derivative financial instruments to hedge exposure to foreign exchange risk during the year ended December 31, 2020.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor and clinical development costs. We do not believe that inflation has had a material effect on our results of operations during the year ended December 31, 2020.

Other Business Agreements

We enter into agreements in the ordinary course of business with CROs to provide research and development services. These contracts are generally cancelable at any time by us with prior written notice.

We also enter into collaboration agreements with institutions and companies to license intellectual property. We may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with these agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on our balance sheet because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in our financial statements.

Off-Balance Sheet Arrangements

During the periods presented we did not have, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

Gearing Ratio

The gearing ratio of the Group, which was calculated by dividing total interest-bearing loans by total equity as of the end of the year, was 13.4% as of December 31, 2020, decreased from 24.6% as of December 31, 2019. The decrease was primarily due to the increase in equity.

Significant Investments Held

Save as disclosed in notes to the consolidated financial statements, we did not hold any other significant investments as of December 31, 2020.

Future Plans for Material Investments and Capital Assets

As of December 31, 2020, we did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended December 31, 2020, save as disclosed in notes to the consolidated financial statements, we did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As of December 31, 2020, we had a global team of approximately 5,300 employees, which increased from 3,359 employees as of December 31, 2019. Most of our employees are full-time.

The remuneration policy and package of the Group's employees are periodically reviewed. In addition to cash compensation and benefits, we may issue share options, share appreciation rights, restricted shares, restricted share units, unrestricted shares, performance share awards, cash-based awards and dividend equivalent rights to our employees in accordance with our equity plans. We also provide external and internal training programs to our employees. The packages were set by benchmarking with companies in similar industries and companies with similar size. The total remuneration cost incurred by the Group for the year ended December 31, 2020 was US$663.8 million (2019: US$434.6 million).

Pledge of Assets

As of December 31, 2020, we pledged restricted deposits of US$8.1 million (December 31, 2019: US$2.8 million) held in designated bank accounts for collateral for letters of credit and letter of guarantee. BeiGene Guangzhou Factory's land use right and certain fixed assets of the first phase of the Guangzhou manufacturing facility's build out with a total carrying amount of US$148.6 million (December 31, 2019: US$11.2 million) were secured for a long-term bank loan, and the Innerway's research and development facility in Beijing and the associated land use right with a total carrying amount of US$34.6 million was secured for a short-term working capital loan which was drawn down in 2020.

Contingent Liabilities

As of December 31, 2020, we did not have any material contingent liabilities (as of December 31, 2019: nil).

Final Dividend

The Board does not recommend any final dividend for the year ended December 31, 2020.

Recent Accounting Pronouncements

See Note 2 to the consolidated financial statements included in this announcement for information regarding recent accounting pronouncements.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations, and to enhance the transparency and accountability of the Board to the Company's shareholders.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value and formulate its business strategies and policies.

During the Reporting Period, the Company has applied the principles in the Corporate Governance Code as set out in Appendix 14 to the HK Listing Rules (the "Corporate Governance Code") which are applicable to the Company.

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the HKEx are expected to comply with, but may choose to deviate from the requirement that the responsibilities of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman and Chief Executive Officer and Mr. John V. Oyler currently performs these two roles. Our Board believes that Mr. John V. Oyler is the director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as a Co-Founder and our Chief Executive Officer. Our Board also believes that the combined role of Chairman and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman and the Chief Executive Officer at a time when it is appropriate by taking into account the circumstances of our Group as a whole. Our Corporate Governance Guidelines provide the Board with the flexibility to choose the appropriate Board leadership structure of the Company based upon its view of what is in the best interest of the Company. Our Corporate Governance Guidelines also provide that if the same person holds the Chairman and Chief Executive Officer roles or if the Chairman does not otherwise qualify as independent, the independent Directors may elect a lead director. In accordance with our Corporate Governance Guidelines, the independent Directors elected Mr. Ranjeev Krishana, an independent non-executive director of the Company, to serve as the lead director, effective February 26, 2020. The Board believes our current Board leadership structure will help ensure continuity of strong and effective leadership. The lead director has responsibilities that are set forth in our Corporate Governance Guidelines, including presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; consulting with management regarding Board meeting schedules, locations, agendas, and materials; and calling meetings of the independent and non-management directors of the Board, when appropriate.

Our Audit Committee is in compliance with Rule 3.21 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. However, the charter of our Audit Committee complies with the NASDAQ Listing Rules and the rules of the U.S. Securities and Exchange Commission. The primary duties of the Audit Committee are, among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions for potential conflict of interest situations and approving all such transactions. As at the date of this announcement, the Audit Committee comprises two independent non-executive directors, namely Mr. Thomas Malley, and Dr. Corazon (Corsee) D. Sanders, and one non-executive director, namely Mr. Anthony C. Hooper. Mr. Thomas Malley, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules.

Our compensation committee (the "Compensation Committee") is in compliance with Rule 3.25 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraph B.1.2 of the Corporate Governance Code. However, the charter of the Compensation Committee complies with the NASDAQ Listing Rules. The primary duties of the Compensation Committee are to review and make recommendations to the Board with respect to director compensation, evaluate the performance of our Chief Executive Officer, President and General Manager, China, and Chief Financial Officer and review and make recommendations to the Board regarding the terms of their compensation, and review and approve the compensation of our other executive officers and senior management. As at the date of this announcement, the Compensation Committee comprises three independent non-executive directors, namely Mr. Qingqing Yi, Mr. Ranjeev Krishana and Mr. Timothy Chen. Mr. Qingqing Yi is the chairman of the Compensation Committee.

Our nominating and corporate governance committee (the "Nominating and Corporate Governance Committee") complies with the Corporate Governance Code, except for the terms of reference required by paragraph A.5.2 of the Corporate Governance Code. However, the charter of the Nominating and Corporate Governance Committee complies with the NASDAQ Listing Rules. The primary duties of the Nominating and Corporate Governance Committee are among other things, to develop and recommend to the Board criteria for board and committee membership, recommend to the Board the persons to be nominated for election as directors and to each of the Board's committees, and develop and recommend to the Board a set of corporate governance guidelines. As at the date of this announcement, the Nominating and Corporate Governance Committee comprises three independent non-executive directors, namely Mr. Donald W. Glazer, Mr. Jing-Shyh (Sam) Su and Mr. Michael Goller and one non-executive director, namely Mr. Anthony C. Hooper. Mr. Donald W. Glazer is the chairman of the Nominating and Corporate Governance Committee.

Except as disclosed above, the Company has complied with all of the provisions set out in the Corporate Governance Code during the Reporting Period.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code and maintain a high standard of corporate governance practices of the Company.

Compliance with Policies Equivalent to the Model Code for Securities Transactions by Directors of Listed Issuers

Except as disclosed below, the Company has adopted its own insider dealing policies on terms no less exacting than those in the Model Code for Securities Transactions as set out in Appendix 10 to the HK Listing Rules (the "Model Code") regarding the directors' dealings in the securities of the Company.

Pursuant to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. Under the Company's insider dealing policies, Mr. Scott A. Samuels, Senior Vice President and General Counsel of the Company, has been designated as the insider trading compliance officer whom a Director who intends to deal in the Company's securities must notify. Our Board believes that our insider trading compliance officer, despite not being a member of the Board, is able to carry out his duties properly and competently in accordance with the Company's insider dealing policies, the terms of which are otherwise no less exacting than those in the Model Code.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Company's own insider dealing policies throughout the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Securities

On July 15, 2020, the Company allotted and issued 145,838,979 ordinary shares of the Company to eight existing investors for an aggregate cash consideration of approximately US$2.08 billion at a purchase price of US$14.2308 per ordinary share of the Company (equivalent to US$185 per ADS), in accordance with a share purchase agreement dated July 12, 2020 pursuant to a general mandate (the "July Share Subscription"). For details, please refer to the Company's announcements dated July 13, 2020 and July 16, 2020.

On January 2, 2020, the Company sold 15,895,001 ADSs representing 206,635,013 ordinary shares of the Company, which represented approximately 20.5% ownership stake in the Company's outstanding shares as at the same date, to Amgen for aggregate cash proceeds of US$2,779,241,000, at the price of US$13.45 per ordinary share equivalent to US$174.85 per ADS, pursuant to the SPA dated October 31, 2019, as amended, executed in connection with the Amgen Collaboration Agreement.

During the Reporting Period, save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the HKEx.

Disclosure of Changes in Directors' Information Pursuant to Rule 13.51(B)(1) of the HK Listing Rules

Upon specific enquiry by the Company and following confirmations from Directors, save as disclosed hereunder, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules during the Reporting Period. The change of Directors' information is set out below:

Directors	Changes in Positions held with the Company
Dr. Corazon (Corsee) D. Sanders	Appointed as an independent non-executive Director of the Company and a member of the Audit Committee and the scientific advisory committee of the Board (the "Scientific Advisory Committee") effective August 24, 2020.
Mr. Timothy Chen	Appointed as a member of the commercial and medical affairs advisory committee of the Board (the "the Commercial and Medical Affairs Advisory Committee") effective February 26, 2020; ceased to be a member of the Audit Committee effective August 24, 2020. Mr. Timothy Chen remains to serve as a member of the Board and a member of the Compensation Committee and the Commercial and Medical Affairs Advisory Committee.
Mr. Jing-Shyh (Sam) Su	Appointed as a member of the Commercial and Medical Affairs Advisory Committee effective February 26, 2020; ceased to be a member of the Audit Committee effective May 1, 2020. Mr. Jing-Shyh (Sam) Su remains to serve as a member of the Board and a member of the Commercial and Medical Affairs Advisory Committee.
Mr. Anthony C. Hooper	Appointed as a Director effective January 2, 2020; appointed as the chairman of the Commercial and Medical Affairs Advisory Committee effective February 26, 2020; appointed as a member of the Audit Committee effective May 1, 2020.
Dr. Xiaodong Wang	Appointed as the chairman of the Scientific Advisory Committee effective February 26, 2020.
Mr. Michael Goller	Appointed as a member of the Scientific Advisory Committee effective February 26, 2020.
Mr. Thomas Malley	Appointed as a member of the Scientific Advisory Committee effective February 26, 2020.
Mr. Qingqing Yi	Appointed as a member of the Scientific Advisory Committee effective February 26, 2020.
Mr. Ranjeev Krishana	Appointed as the lead director of the Board and as a member of the Commercial and Medical Affairs Advisory Committee effective February 26, 2020.

The Scientific Advisory Committee was established on February 26, 2020. The Commercial Advisory Committee was established on February 26, 2020 and was renamed the Commercial and Medical Affairs Advisory Committee effective February 24, 2021.

Use of Net Proceeds from Listing

The net proceeds from the listing of our ordinary shares on the Main Board of the HKEx on August 8, 2018 (the "Listing") amounted to approximately US$869.7 million, and have been fully utilized as of December 31, 2020.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2020:

Use of proceeds	Planned applications (US dollars in thousands)	Percentage of total net proceeds (%)	Actual usage up to December 31, 2019 (Us dollars in thousands)	Actual usage up to December 31, 2020 (US dollars in thousands)	Unutilized net proceeds as of December 31, 2020 (US dollars in thousands)
Zanubrutinib	282,656	32.5%	164,227	282,656	–
Tislelizumab	282,656	32.5%	198,098	282,656	–
Pamiparib	86,970	10.0%	36,339	86,970	–
For core products[(a)]	652,282	75.0%	398,664	652,282	–
To fund continued expansion of our product portfolio[(b)]	130,456	15.0%	83,934	130,456	–
For working capital[(c)]	86,971	10.0%	76,347	86,971	–
Total	869,709	100.0%	558,945	869,709	–

Note (a): Usage for core products include ongoing and planned clinical trials of core products, in preparation for registration filings of core products, and preparation for launch and, subject to regulatory approval, commercialization of core products in China and the United States;

Note (b): To fund continued expansion of our product portfolio in cancer and potentially other therapeutic areas through internal research and external licenses and business development collaborations, including the development cost of internal early clinical and preclinical-stage pipeline agents and in-licensed pipeline agents; and

Note (c): For working capital, expanding internal capabilities and general corporate purposes.

Use of Net Proceeds from Amgen

On January 2, 2020, the Company sold 15,895,001 ADSs, representing 206,635,013 ordinary shares of the Company and approximately 20.5% ownership stake in the Company's outstanding shares as at the same date, to Amgen for aggregate cash proceeds of US$2,779,241,000, or US$174.85 per ADS, pursuant to the SPA (as amended) executed in connection with Amgen Collaboration Agreement. The subscription price represents: (a) a 36% premium to the 30-day volume weighted average price of the Company's ADSs as of October 30, 2019, the day prior to the date of the SPA; (b) assuming a conversion rate of US$1.00: HK$7.84, a 26% premium to the closing price of the Company's ordinary shares as quoted on the HKEx on October 31, 2019, the date of the SPA; (c) a 26% premium to the closing price of the Company's ADSs on the NASDAQ on October 31, 2019.

The net proceeds from the sale of the shares have been and will be utilized in accordance with the purposes set out in the proxy statement/circular of the Company dated November 29, 2019. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2020:

Use of proceeds	Planned applications (US dollars in thousands)	Percentage of total net proceeds (%)	Actual usage up to December 31, 2020 (US dollars in thousands)	Unutilized net proceeds as of December 31, 2020 (US dollars in thousands)
Co-funding global development costs[(d)]	1,250,000	45.0%	118,711	1,131,289
Other[(e)]	1,529,241	55.0%	976,788	552,453
Total	2,779,241	100.0%	1,095,499	1,683,742

Note (d): To fund the Company's portion of global development costs under the Amgen Collaboration Agreement by contributing cash and development services up to a total cap of approximately US$1.25 billion; and

Note (e): For development, manufacturing and commercialization of the Company's internally development drug candidates, expansion of the Company's commercialization activities, and for future capacity expansion and general corporate use, as appropriate, as previously disclosed in the Company's proxy statement/circular dated November 29, 2019.

The Company plans to gradually utilize the remaining net proceeds in accordance with such intended purposes depending on actual business, which is expected to be fully utilized by the end of year 2025. For further details, please refer to the announcements of the Company dated November 1, 2019, December 9, 2019, and January 3, 2020.

On September 24, 2020, the Company entered into the Restated Second Amendment to amend the Share Purchase Agreement. Pursuant to the Restated Second Amendment, the Company granted Amgen the Direct Purchase Option to subscribe for Additional Shares in an amount necessary to enable it to increase (and subsequently maintain) its ownership at approximately 20.6% of the Company's outstanding share capital. The Direct Purchase Option is exercisable on a monthly basis but only if Amgen's interest in the outstanding share capital of the Company at the monthly reference date drops below 20.4% solely as a result of dilution arising from issuance of new shares by the Company under its equity incentive plans from time to time. The aggregate number of Additional Shares shall not exceed 75,000,000 shares during the term of the Direct Purchase Option.

The purchase price for the Additional Shares will be the volume-weighted average price of the Company's ADSs for the 90 days preceding the last trading day of the prior month. The exercise period of the Direct Purchase Option commenced on December 1, 2020 and will terminate on the earliest of: (a) the date on which Amgen owns less than 20% of the outstanding share capital of the Company as a result of Amgen's sale of shares; (b) at least 60-day advance written notice from either Amgen or the Company that such party wishes to terminate the Direct Purchase Option; or (c) the third anniversary of the date on which the exercise period of the Direct Purchase Option commences. The Direct Purchase Option has no vesting period.

For illustration purposes only, assuming the Direct Purchase Option were exercised in full on September 24, 2020, being the date of the Restated Second Amendment, at an assumed purchase price of US$16.46 per ordinary share or US$213.93 per ADS, the gross proceeds from the allotment and issue of the Additional Shares equal to 0.1% of the outstanding share capital of the Company would theoretically be approximately US$19,466,300 (approximately HK$150,863,825), and the gross proceeds from the allotment and issue of the maximum amount of the Additional Shares would theoretically be approximately US$1,234,211,500 (approximately HK$9,565,139,125), which would be expected to be used to fund the Company's business operations, including commercialization of approved products, research and development of product candidates and other general corporate purposes. The expected timeframe of use of proceeds will be disclosed when the allotment and issuance is completed.

For further details, please refer to the announcements of the Company dated March 18, 2020, September 25, 2020 and the Company's proxy statement/circular dated October 9, 2020.

There was no allotment or issuance of the Additional Shares under the Restated Second Amendment for the year ended December 31, 2020 and as at the date of this announcement.

Use of Net Proceeds from July Share Subscription

On July 15, 2020, the Company allotted and issued 145,838,979 ordinary shares of the Company to eight existing investors for an aggregate cash consideration of approximately US$2.08 billion at a purchase price of US$14.2308 per ordinary share of the Company (equivalent to US$185 per ADS), in accordance with a share purchase agreement dated July 12, 2020 pursuant to the general mandate granted to the Board pursuant to an ordinary resolution of the Shareholders passed at the 2020 annual general meeting of shareholders to allot, issue and deal with up to 202,995,338 ordinary shares.

The net proceeds from the sale of the shares are being used to: (a) fund the Company's research and clinical development activities, including expanding indications of its approved products, advancing its pipeline assets, including both internally developed molecules and in-licensed compounds, and progressing and expanding its preclinical programs; (b) advance business development activities to expand the Company's commercial and development-stage portfolio through in-licensing or acquisitions, as applicable, of additional technologies, drugs or drug candidates, other assets or businesses, both within oncology and outside of oncology, or for other strategic investments or opportunities; (c) invest in the commercialization of the Company's approved products in China, the United States and potentially other geographical markets; and (d) expand and further build out the Company's global organization and capabilities in areas including commercialization, manufacturing, and research and development. For further details, please refer to the announcements of the Company dated July 13, 2020 and July 16, 2020.

As of December 31, 2020, the net proceeds amounted to approximately US$2.07 billion had not been utilized, and the Company plans to gradually utilize the net proceeds in accordance with such intended purposes depending on actual business, which is expected to be fully utilized in next three to five years.

Audit Committee Review of Financial Statements

Our Audit Committee reviews the adequacy of our internal controls to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee currently consists of three members, namely Mr. Thomas Malley, Mr. Anthony C. Hooper and Dr. Corazon (Corsee) D. Sanders. Mr. Thomas Malley and Dr. Corazon (Corsee) D. Sanders are independent non-executive Directors and Mr. Anthony C. Hooper is a non-executive Director. Mr. Thomas Malley is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements and annual results of the Group for the year ended December 31, 2020. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of senior management and the external auditor of the Company, Ernst & Young.

Scope of Work of the Company's auditor

The figures contained in this announcement of our Group's consolidated annual results for the year ended December 31, 2020 have been agreed by the Company's auditor, Ernst & Young, to the figures set out in the consolidated financial statements of our Group for the year ended December 31, 2020. The Company's auditor performed this work in accordance with Hong Kong Standard on Related Services 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information and with reference to Practice Note 730 (Revised) Guidance for Auditors Regarding Preliminary Announcements of Annual Results ("PN 730") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the Company's auditor in this respect does 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 HKICPA and, consequently, no assurance has been expressed by the Company's auditor in this announcement.

Other Board Committees

In addition to the Audit Committee, the Company has a Nominating and Corporate Governance Committee, a Compensation Committee, a Scientific Advisory Committee and a Commercial and Medical Affairs Advisory Committee.

Important Events after the Reporting Date

Effective February 24, 2021, the Commercial Advisory Committee has been renamed the Commercial and Medical Affairs Advisory Committee and consequential changes were made to the charter of the committee.

Effective February 24, 2021, Dr. Corazon (Corsee) D. Sanders has been appointed as a member of the Commercial and Medical Affairs Advisory Committee and Co-Chair of the Scientific Advisory Committee.

Effective February 24, 2021, Mr. Anthony C. Hooper and Mr. Jing-Shyh (Sam) Su have been appointed as members of the Nominating and Corporate Governance Committee.

Save as disclosed above and Note 28 to the consolidated financial statements included in this announcement, no important events affecting the Company occurred since December 31, 2020 and up to the date of this announcement.

Annual General Meeting and Record Date

The annual general meeting of the Company (the "AGM") is scheduled to be held on Wednesday, June 16, 2021 (Cayman Islands Time).

The Company hereby announces that for the purpose of determining the entitlement to attend and vote at the AGM, the record date will be 5:00 a.m. Cayman Islands time on Monday, April 19, 2021. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. Hong Kong time on Monday, April 19, 2021.

A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the HK Listing Rules in due course.

Publication of Annual Results and Annual Report

This annual results announcement is published on the website of the HKEx (www.hkexnews.hk) and the website of the Company (www.beigene.com). The annual report of the Group for the year ended December 31, 2020 will be published on the aforesaid websites and dispatched to the Company's shareholders in due course.

By order of the Board
BeiGene, Ltd.
Mr. John V. Oyler
Chairman

Hong Kong, March 30, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. John V. Oyler as Chairman and Executive Director, Dr. Xiaodong Wang and Mr. Anthony C. Hooper as Non-executive Directors, and Mr. Timothy Chen, Mr. Donald W. Glazer, Mr. Michael Goller, Mr. Ranjeev Krishana, Mr. Thomas Malley, Dr. Corazon (Corsee) D. Sanders, Mr. Jing-Shyh (Sam) Su and Mr. Qingqing Yi as Independent Non-executive Directors.