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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2126)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board of directors (the "**Board**") of JW (Cayman) Therapeutics Co. Ltd (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries and consolidated affiliated entities (collectively, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2020 (the "**Reporting Period**") together with the comparative figures for the year ended December 31, 2019.

ANNUAL RESULTS HIGHLIGHTS

FINANCIAL HIGHLIGHTS

IFRS Measure:

- Our research and development expenses increased by RMB89.1 million to RMB225.2 million for the year ended December 31, 2020, compared to RMB136.1 million for the year ended December 31, 2019, primarily due to an increase in staff costs allocated to research and development and increase in testing and clinical fees, which resulted principally from clinical research activities including on-going clinical trial on third-line diffuse large B-cell lymphoma ("**DLBCL**") and initiative cost incurred on indications for relmacabtagene autoleucel ("**relma-cel**") such as follicular lymphoma ("**FL**"), mantle cell lymphoma ("**MCL**") and second-line DLBCL.

- Our general and administrative expenses increased by RMB158.4 million to RMB231.3 million for the year ended December 31, 2020, compared to RMB72.9 million for the year ended December 31, 2019, primarily due to an increase of RMB103.9 million in share-based compensation allocated to general and administrative expenses, as well as RMB35.6 million in listing expenses associated with our listing on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in November 2020.

- Our selling expenses amounted to RMB13.3 million for the year ended December 31, 2020, compared to nil for the year ended December 31, 2019, as we established our sales and marketing capabilities in advance of the anticipated commercialization of relma-cel in 2021.

- Loss for the year increased by RMB1,030.5 million to RMB1,663.8 million for the year ended December 31, 2020, compared to RMB633.3 million for the year ended December 31, 2019, primarily due to increases in loss on fair value changes of preferred shares and in operating loss, and partially offset by the decrease in fair value loss on warrants. Fair value changes of preferred shares and warrants were one-time, non-cash adjustments resulting from our listing on the Hong Kong Stock Exchange as required under International Financial Reporting Standards ("**IFRS**").

Non-IFRS Measure:

Our adjusted loss[1] was RMB303.9 million for the year ended December 31, 2020, representing an increase of RMB115.1 million from RMB188.8 million for the year ended December 31, 2019. The increase was primarily due to listing expenses associated with our listing on the Hong Kong Stock Exchange in November 2020, increased cash expenses for staff allocated to research and development, fees and expenses for testing and clinical trials, selling expenses associated with the establishment of our sales and marketing capabilities in 2020 and the first-time consolidation of the results of operations of Syracuse Biopharma (Hong Kong) Limited ("**Syracuse Hong Kong**") for the six months ended December 31, 2020.

[1] ***Adjusted loss for the year is not a financial measure defined under IFRS. It represents the loss for the year excluding the effect of the following non-cash items: (a) loss on fair value changes of preferred shares; (b) loss on fair value changes of warrants; and (c) share-based compensation expenses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis – Financial Review – 13. Non-IFRS Measure".***

BUSINESS HIGHLIGHTS

2020 was a transformative year in our Company's history. In June 2020, we submitted a new drug application ("**NDA**") to the National Medical Products Administration of China ("**NMPA**") relating to relma-cel as a third-line treatment for DLBCL, and the NMPA accepted our NDA for review shortly thereafter. In September 2020, the NMPA granted priority review to our NDA and Breakthrough Therapy Designation for relma-cel as a treatment for FL. Moreover, in May 2020 we completed our Series B financing round for total consideration of US$100 million, and on November 3, 2020 (the "**Listing Date**"), we successfully completed our listing on the Hong Kong Stock Exchange, raising HKD2.5 billion after exercise of the underwriters' over-allotment option. Moreover, in terms of business development, we entered into significant agreements with Eureka Therapeutics, Inc. ("**Eureka**") and Lyell Immunopharma, Inc. ("**Lyell**"), which we anticipate will permit synergies by complementing our historical hematological franchise with a pipeline of solid tumor focused cell therapy candidates.

Since the Listing Date, we have achieved the following further milestones:

- In December 2020, we reported safety and efficacy results from our Phase II registrational clinical trial of relma-cel as a third-line treatment for DLBCL at the 62nd Annual Meeting of the American Society of Hematology.

- In December 2020, the NMPA completed Good Clinical Practice inspections at our clinical sites located in Beijing, Shanghai, Nanjing and Guangzhou; and in February 2021, the Shanghai Medical Products Administration granted us a Drug Production License for relma-cel. These approvals represent important steps toward NMPA approval of our NDA relating to relma-cel.

- In January 2021, we commenced patient enrollment for a Phase II registrational trial in China to evaluate relma-cel in MCL patients who previously received chemotherapy, anti-CD20 agent or Bruton's tyrosine kinase ("**BTK**") inhibitor.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

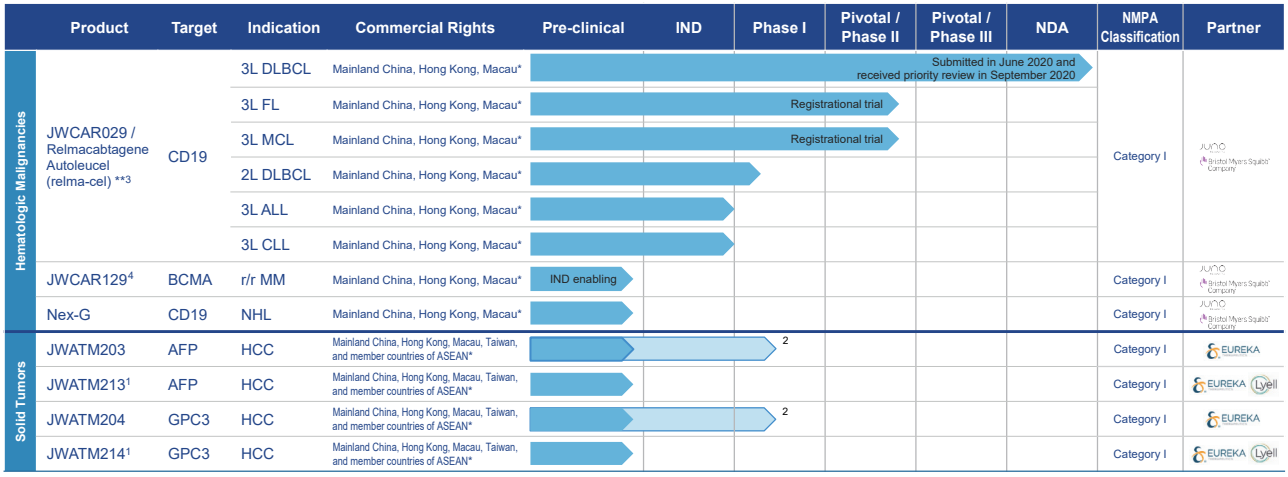
The Company is a leading clinical stage cell therapy company in China. Since our founding in 2016, we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and solid tumors. Our vision is to develop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

We are an early entrant into the field of cell-based immunotherapy in China. Cell-based immunotherapies, including chimeric antigen receptor T-cell ("**CAR-T**") treatments, are an innovative treatment method that uses human immune cells to fight cancer, representing a paradigm shift and the latest innovation in cancer treatment.

Given the unmet medical needs that can be effectively addressed by CAR-T therapies, the market for CAR-T therapies in China is expected to grow from RMB0.6 billion in 2021 to RMB5.4 billion in 2024 and to RMB24.3 billion in 2030, according to Frost & Sullivan. We believe that we are well-positioned to take advantage of this growing market, based on our potential superior anti-CD19 CAR-T product; our comprehensive and differentiated cell therapy pipeline covering both hematological cancers and solid tumors; our fully integrated cell therapy development platform; our leading commercial manufacturing infrastructure and supply chain; and our seasoned management and strong shareholders' support.

Our Product Pipeline

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



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

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

** Denotes a Core Product Candidate.

1 Developing using Lyell technology.

2 JWATM203 and JWATM204 are currently in Phase I/II trials in the US conducted by Eureka under an investigational new drug ("**IND**") application.

3 Relma-cel is based on the same CAR construct as the product lisocabtagene maraleucel (liso-cel) of Juno Therapeutics, Inc. ("**Juno**"), which is the subject of a biologics license application approved by the U.S. Food and Drug Administration in February 2021.

4 JWCAR129 is based on the same CAR construct as Juno's product orvacabtagene autoleucel (orva-cel).

Our Core Product Candidate — relma-cel

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

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

Third-line DLBCL

In June 2020, we submitted our NDA relating to relma-cel as a third-line treatment for DLBCL to the NMPA. The NMPA accepted our NDA shortly thereafter and granted us priority review status in September 2020. If our NDA is approved on the timeline that we currently anticipate, relma-cel is expected to be the first CAR-T therapy approved as a Class 1 Biologics product in China.

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

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

We currently anticipate that the NMPA will approve our NDA for use of relma-cel as a third-line treatment for DLBCL in 2021. We have established manufacturing capacity and are in the process of building up sales and marketing capabilities with the goal of commencing full-scale commercialization of relma-cel immediately upon receipt of approval of our NDA from the NMPA. For further information on our manufacturing capacity and our sales and marketing capabilities, please see "— Manufacturing" and "— Commercialization" below.

In December 2020, the NMPA completed Good Clinical Practice inspections at our clinical sites located in Beijing, Shanghai, Nanjing and Guangzhou, and in addition, in February 2021, the Shanghai Medical Products Administration granted us a Drug Production License for relma-cel. These approvals represent important steps toward NMPA approval of our NDA relating to relma-cel.

Third-line FL

In September 2020, the NMPA granted Breakthrough Therapy Designation for relma-cel as a treatment for FL. We currently are conducting a single arm Phase II registrational trial to evaluate relma-cel in low-grade FL patients, and we anticipate that trial follow-up will be completed in 2021.

Third-line MCL

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

Third-line CLL

We intend to conduct a single arm early phase trial in China to evaluate relma-cel in high-risk relapsed or refractory CLL patients. We expect that this study will commence in 2021.

Third-line ALL

We intend to conduct a single arm Phase I/II registrational trial in China to evaluate relma-cel in pediatric and young adult patients with r/r ALL after at least to prior lines of therapy. We expect that this study will commence in 2021, subject to ongoing discussion with the Centre for Drug Evaluation of the NMPA.

Second-line DLBCL

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

Cautionary Statement required by Rule 18A.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"): We cannot guarantee that we will be able to successfully develop or ultimately market relma-cel. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Other Pipeline Products

JWCAR129

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

JWCAR129 targets the B Cell maturation antigen ("**BCMA**"), a protein which is highly expressed in a number of hematological malignancies, including MM. We are conducting IND-enabling pre-clinical pharmacology and toxicology studies as well as manufacturing process development studies for JWCAR129, and we intend to begin clinical trials and file an IND in China relating to JWCAR129 in 2021.

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

JWATM204/214

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

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

JWATM203/213

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

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

Nex-G anti-CD19 Product Candidate

We are developing a set of new technologies and platforms to enable the next generation CAR-T product and manufacturing processes with shorter production cycle time, higher quality, better product characterization and improved product efficacy and safety, at a lower cost. We believe that this will establish a foundation for our next-generation autologous anti-CD19 product, as well as other products in our pipeline.

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

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

Potential Pipeline Products

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

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

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

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

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

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

JWACE055 target is not disclosed due to commercial sensitivity.

Manufacturing

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

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

We have had a 100% success rate for the manufacturing of relma-cel during our DLBCL registrational clinical trial, which we believe compares favorably to other approved anti-CD19 CAR-T treatments.

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

Commercialization

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

We plan to build a focused in-house sales and marketing team to market relma-cel across China. Our initial target is to create, at the initial commercialization of relma-cel, a sales team of approximately 60 to 70 people to cover approximately 50 of the top hospitals in China with the best hematological and transplantation centers, which are equipped with the technology and physicians to administer our CAR-T therapies. For the year ended December 31, 2020, we incurred selling expenses of RMB13.3 million, substantially all of which related to the initial establishment of our sales and marketing team.

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

Business Development in 2020

In January 2020, we entered into an option and license agreement with Acepodia, pursuant to which Acepodia granted us an option to acquire an exclusive license to develop, manufacture and commercialize two Acepodia products in Mainland China, Hong Kong and Macau. One of these Acepodia products, which we call JWACE002, is a novel allogeneic natural killer cell product that targets the HER2 for treatment of endometrial cancer, ovarian cancer, breast cancer and gastric cancer.

In June 2020, we acquired from Syracuse Biopharma (Cayman) Ltd. ("**Syracuse Cayman**"), a subsidiary of Eureka, the right to develop, manufacture and commercialize two specified Eureka products in the JW Territory, together with certain rights to use Eureka's ARTEMIS® and E-ALPHA® platforms and certain other assets. The two relevant Eureka products target the antigens AFP and GPC3, respectively, and are intended for the treatment of HCC, as described in greater detail above "Our Product Pipeline — Other Pipeline Products — JWATM204/214" and "— JWATM203/213". We expect this acquisition to permit synergies by complementing our historical hematological franchise with a pipeline of solid tumor focused cell therapy candidates.

In August 2020, we entered into a development and commercialization agreement with Lyell, pursuant to which Lyell granted us, among other things, a license to combine Lyell technology (T-cell anti-exhaustion functionality) with the rights that we had in-licensed from Eureka to develop, manufacture and commercialize further products targeting AFP and GPC3 for the treatment of HCC in the JW Territory. These further products also are described above under "Our Product Pipeline — Other Pipeline Products — JWATM204/214" and "— JWATM203/213".

Hong Kong Stock Exchange Listing and Initial Public Offering (the "IPO")

In November 2020, we achieved a major milestone in the evolution of our Company with the listing of our ordinary shares on the Main Board of the Hong Kong Stock Exchange (the "**Listing**") and the concurrent global offering of 97.7 million ordinary shares of our Company (the "**Shares**"), consisting of a Hong Kong public offering and an international offering (the "**Global Offering**"), in a transaction valued at approximately HKD2.5 billion after exercise of the underwriters' over-allotment option in 11.7 million ordinary shares. The Listing and the closing of the Global Offering took place on November 3, 2020, and over-allotment of ordinary shares were issued on December 2, 2020. The proceeds of the Global Offering will help us to drive research and development and marketing for relma-cel and other pipeline products, including JWCAR129, JWATM204/214 and JWATM203/213, as well as commercialization of relma-cel and business development to complement our existing platform. Please refer to the section headed "Future Plans and Use of Proceeds" in the prospectus dated October 22, 2020 (the "**Prospectus**") for further details.

Impact of COVID-19

The COVID-19 outbreak since the end of 2019 has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate any impact the COVID-19 outbreak may have on our ongoing clinical trials in China, including cooperating with clinical trial sites to offer personal protection equipment such as masks to our enrolled patients, engaging frequent communications with our principal investigators to identify and address any issues that may arise. Although we experienced minor delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, we have not experienced any significant impact on our regulatory progress, especially for relma-cel. In June 2020, the NMPA accepted for review our NDA relating to relma-cel as a third-line treatment for DLBCL, and in September 2020 the NMPA granted priority review status to our NDA relating to relma-cel and Breakthrough Therapy Designation for relma-cel as a treatment for FL. We do not expect the COVID-19 outbreak to have any material long-term impact on our clinical trials or our overall clinical development plans. Moreover, we experienced no significant delay in manufacturing plans and schedules, and we were able to achieve the significant milestone of obtaining a Production License from Jiangsu Province in June 2020. In addition, we worked very closely with our suppliers, some have experienced delivery challenges due to COVID-19 related supply demands, and managed to avoid supply chain disruptions that would have impacted our manufacturing plans.

In light of the COVID-19 outbreak, we have endeavored to provide a safe work environment. We established a Pandemic Response Taskforce in January 2020, which monitored daily updates on national and local government policy changes. We implemented twice daily temperature checks and daily reporting of health status and travel history for all employees and onsite contractors, as well as a stringent visitors policy. We significantly increased the frequency of disinfections for all our facilities, and implemented policies on social distancing and facility ventilation.

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

Future and Development

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

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

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

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

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

Continuously enhance our manufacturing and supply chain through innovation and scale

Our current manufacturing processes have so far demonstrated a 100% success rate for the manufacturing of relma-cel throughout the Phase II registrational clinical trial. However, we intend to invest in further optimizing our manufacturing processes through technological enhancements and achieving economies of scale, with the ultimate goal of making the production of our cell therapies better, faster, and more cost effective.

Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house research and development

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

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

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

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

FINANCIAL REVIEW

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

	Year ended December 31,	
	2020	2019
	(RMB'000)	(RMB'000)
Revenue	**—**	—
General and administrative expenses	**(231,294)**	(72,892)
Research and development expenses	**(225,215)**	(136,107)
Selling expenses	**(13,268)**	—
Other income	**1,322**	5,483
Other gains/(losses), net	**27,617**	(1,165)
Operating loss	**(440,838)**	(204,681)
Finance income	**3,441**	1,820
Finance costs	**(770)**	(1,351)
Finance income — net	**2,671**	469
Fair value changes of preferred shares	**(1,190,797)**	(128,781)
Fair value changes of warrants	**(34,839)**	(300,264)
Loss before income tax	**(1,663,803)**	(633,257)
Income tax expense	**—**	—
Loss for the year	**(1,663,803)**	(633,257)
Non-IFRS measure:		
Adjusted Loss for the Year	**(303,917)**	(188,769)

1. Overview

Our loss for the year increased from RMB633.3 million for the year ended December 31, 2019 to RMB1,663.8 million for the year ended December 31, 2020. This increase was primarily due to an increase of RMB1,062 million in fair value loss on preferred shares and an increase of RMB236.2 million in operating loss, the effects of which were partially offset by a decrease of RMB265.4 million in fair value loss on warrants.

Our adjusted loss increased from RMB188.8 million for the year ended December 31, 2019 to RMB303.9 million for the year ended December 31, 2020, primarily as a result of (i) listing expenses associated with our listing on the Hong Kong Stock Exchange in November 2020, (ii) increased cash expenses for staff allocated to research and development, (iii) increased fees and expenses for testing and clinical trials, (iv) selling expenses associated with the establishment of our sales and marketing capabilities in 2020, and (v) the first-time consolidation of Syracuse Hong Kong's results of operations for the six months ended December 31, 2020.

2. Effect of the Asset Purchase Agreement with Syracuse Cayman

As noted above, in June 2020, we acquired from Syracuse Cayman, a subsidiary of Eureka, the right to develop, manufacture and commercialize two specified Eureka products in the JW Territory, together with certain rights to use Eureka's ARTEMIS® and E-ALPHA® platforms and certain other assets. This acquisition took the form of a purchase of all assets of Syracuse Cayman, including 100% of the capital stock of Syracuse Hong Kong, which had been a wholly-owned subsidiary of Syracuse Cayman. The results of operations of Syracuse Hong Kong have been consolidated into our results of operations with effect as of June 30, 2020. The acquired business contributed net loss of RMB12.5 million to our consolidated results of operations since the date of acquisition.

3. Revenue

For the years ended December 31, 2019 and 2020, we did not generate any revenue in either year.

4. Research and Development Expenses

The following table provides a breakdown of our research and development expenses for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2020	2019
	(RMB'000)	(RMB'000)
Employee benefit expenses	**102,051**	52,935
— Share-based compensation expenses	***22,790***	*10,801*
R&D materials	**41,763**	33,180
Testing and clinical fees	**47,108**	27,818
Depreciation and amortization	**20,841**	14,949
Office expenses	**5,988**	5,649
Others	**7,464**	1,576
Research and development expenses	**225,215**	136,107

Our research and development expenses increased from RMB136.1 million for the year ended December 31, 2019 to RMB225.2 million for the year ended December 31, 2020. This increase was primarily due to an increase of RMB49.1 million in staff costs allocated to research and development, which resulted principally from (i) an increase in headcount allocated to research and development and (ii) an increase of RMB12.0 million in share-based compensation expenses. The increase in research and development expenses was also due in part to an increase of approximately RMB19.3 million in testing and clinical fees, which resulted principally from clinical research activities including on-going clinical trial on third-line DLBCL and initiative cost incurred on indications for relma-cel such as FL, MCL and second-line DLBCL.

5. General and Administrative Expenses

The following table provides a breakdown of our general and administrative expenses for the years ended December 31, 2019 and 2020.

	Year ended December 31,	
	2020	2019
	(RMB'000)	(RMB'000)
Employee benefit expenses	**148,671**	43,900
— Share-based compensation expenses	***108,497***	*4,642*
Professional service fees	**25,689**	14,110
Depreciation and amortization	**2,749**	2,354
Office expenses	**8,777**	6,783
Audit remuneration	**2,356**	358
Non-audit remuneration	**758**	178
Listing expenses	**35,564**	—
Others	**6,730**	5,209
General and administrative expenses	**231,294**	72,892

Our general and administrative expenses increased from RMB72.9 million for the year ended December 31, 2019 to RMB231.3 million for the year ended December 31, 2020. This increase resulted primarily from an increase of RMB104.8 million in staff costs allocated to general and administrative expenses, virtually all of which was attributable to an increase in share-based compensation expenses. The increase in general and administrative expenses was also due in part to: (i) listing expenses of RMB35.6 million relating to our listing on the Hong Kong Stock Exchange in November 2020 and (ii) an increase of RMB11.6 million in professional service fees, which resulted from higher recruiting fees associated with enrollment of more employees as we expanded our business, as well as higher routine professional charges including intellectual property related to trademarks in advance of the anticipated development plan of pipelines.

6. Selling Expenses

For the year ended December 31, 2020, we incurred selling expenses of RMB13.3 million, consisting primarily of staff costs of RMB8.3 million allocated to sales and marketing and commercial activity fees of RMB3.4 million. Of staff costs allocated to sales and marketing, RMB3.0 million consisted of share-based compensation.

7. Other Gains and Losses

Our other gains and losses amounted to net other gains of RMB27.6 million for the year ended December 31, 2020, as compared to net other losses of RMB1.2 million for the year ended December 31, 2019. This development resulted primarily from a foreign exchange gain of RMB28.9 million for the year ended December 31, 2020, as compared to a foreign exchange loss of RMB1.1 million for the year ended December 31, 2019. The foreign exchange gain in 2020 was due to an unrealized gain from the changes in foreign currency exchange rates where the transactional currency was different from the functional currency of the operating subsidiary.

8. Other Income

Our other income amounted to RMB1.3 million for the year ended December 31, 2020, as compared to RMB5.5 million for the year ended December 31, 2019. Our other income in both years was related to government grants.

9. Fair Value Changes of Preferred Shares

Fair value change of preferred shares increased from a loss of RMB128.8 million for the year ended December 31, 2019 to a loss of RMB1,190.8 million for the year ended December 31, 2020. The loss on the fair value changes of preferred shares was a non-cash and non-recurring accounting adjustment recognised as of the Listing Date, as the fair value of the preferred shares was deemed to be increased upon the completion of the IPO of the Company. As all of the Company's preferred shares were converted to ordinary shares upon the Listing Date, the Group will not incur any additional losses related to the fair value changes of preferred shares after the Listing Date.

10. Fair Value Changes of Warrants

Fair value change of warrants decreased from a loss of RMB300.3 million for the year ended December 31, 2019 to a loss of RMB34.8 million for the year ended December 31, 2020. This decrease was primarily due to Juno's exercise of its second warrant under the License and Strategic Alliance Agreement in May 2019 to purchase Series A2 preferred shares. In connection with the BCMA License Agreement, Juno exercised its first warrant to purchase Series X preferred share in November 2019, while Juno had not yet exercised its second warrant in 2020.

11. Income Tax Expense

For the years ended December 31, 2019 and 2020, we did not incur any income tax expense, as we did not generate taxable income in either year.

12. Loss for the Year

As a result of the foregoing factors, our loss for the year increased from RMB633.3 million in 2019 to RMB1,663.8 million in 2020.

13. Non-IFRS Measure

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

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

	Year ended December 31,	
	2020	2019
	(RMB'000)	(RMB'000)
Loss for the year	**(1,663,803)**	(633,257)
Added:		
Fair value changes of warrants	**34,839**	300,264
Fair value changes of preferred shares	**1,190,797**	128,781
Share-based compensation expenses	**134,250**	15,443
Adjusted loss for the year (Non-IFRS)	**(303,917)**	(188,769)

Selected Data from Statement of Financial Position

	As at December 31,	
	2020	2019
	(RMB'000)	(RMB'000)
Total current assets	**2,647,359**	261,340
Total non-current assets	**1,132,133**	407,279
Total assets	**3,779,492**	668,619
Total current liabilities	**237,045**	122,817
Total non-current liabilities	**112,712**	1,488,141
Total liabilities	**349,757**	1,610,958
Net current assets	**2,410,314**	138,523

14. Liquidity and Sources of Funding and Borrowing

As at December 31, 2020, the Group's cash and cash equivalents increased to RMB2,630.6 million from RMB254.9 million as at December 31, 2019. The increase resulted from our issuance of Series B preferred shares in May 2020 and the proceeds of the Global Offering in November 2020 and over-allotment option exercised in December 2020.

As at December 31, 2020, our current assets amounted to RMB2,647.4 million, including bank balances and cash of RMB2,630.6 million and other current assets of RMB16.8 million. As at the same date, our current liabilities amounted to RMB237.0 million, including lease liabilities of RMB10.9 million, trade and other payables of RMB119.0 million, contingent consideration for business combination of RMB55.4 million and warrants of RMB51.7 million. As at December 31, 2020, we have an unsecured bank borrowings in the amount of RMB100.0 million for the construction of our commercial manufacturing facility in Suzhou, as compared to RMB50.8 million at December 31, 2019.

15. Key Financial Ratios

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

	December 31,	
	2020	2019
Current ratio[(1)]	**11.2**	2.1
Ratio of total liabilities to total assets[(2)]	**0.1**	2.4

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

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

16. Material Investments

Except as disclosed above, we did not make any material investments during the year ended December 31, 2020.

17. Material Acquisitions and Disposals

Except as disclosed above, we did not engage in any material acquisitions or disposals during the year ended December 31, 2020.

18. Pledge of Assets

As at December 31, 2020, the Group had no pledge of assets.

19. Contingent Liabilities

As at December 31, 2020, we did not have any material contingent liabilities.

20. Foreign Exchange Exposure

The Group mainly operated in Mainland China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. As at December 31, 2020, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars and Hong Kong dollars. Except for certain bank balances and cash, other receivables, trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at December 31, 2020. The Group currently does not have any foreign currency hedging transactions. However, the management monitors the foreign exchange exposure and will consider hedging significant foreign exchange of the Group exposure should the need arise.

21. Employees and Remuneration

As at December 31, 2020, we had 364 employees. The following table sets forth the total number of employees by function as of December 31, 2020:

	Number of Employees	% of total
Technical operations	133	36.5
Quality	73	20.1
Medical	59	16.2
Business development and general administrative	12	3.3
Commercial	49	13.5
Support	38	10.4
Total	**364**	**100.0**

The total remuneration cost (including directors' emoluments) incurred by the Group for the year ended December 31, 2020 was RMB259.1 million, as compared to RMB96.8 million for the year ended December 31, 2019.

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

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

EVENTS AFTER THE REPORTING PERIOD

On January 10, 2021, the Company completed the treatment of 100 patients with relma-cel in clinical trials. As such, on February 19, 2021, the Company provided Juno a milestone payment in cash in an amount of approximately RMB32.3 million (equivalent to USD5 million) based on occurrence of treatment of 100 patients in connection with the License and Strategic Alliance Agreement.

On January 27, 2021, the Company issued 23,050 ordinary shares to Syracuse Cayman as partial settlement of the contingent consideration for business combination.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

		Year ended December 31,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue		**—**	—
Other income	*3*	**1,322**	5,483
Other gains/(losses) — net	*4*	**27,617**	(1,165)
Selling expenses	*5*	**(13,268)**	—
General and administrative expenses	*5*	**(231,294)**	(72,892)
Research and development expenses	*5*	**(225,215)**	(136,107)
Operating loss		**(440,838)**	(204,681)
Finance income		**3,441**	1,820
Finance costs		**(770)**	(1,351)
Finance income — net		**2,671**	469
Fair values loss of preferred shares		**(1,190,797)**	(128,781)
Fair values loss of warrants		**(34,839)**	(300,264)
Loss before income tax		**(1,663,803)**	(633,257)
Income tax expense	*6*	**—**	—
Loss for the year and attribute to the equity holders of the Company		**(1,663,803)**	(633,257)
Loss per share for the loss attributable to owners of the Company			
— Basic and diluted (in RMB)	7	**(12.61)**	(9.74)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

		Year ended December 31,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Loss for the year		**(1,663,803)**	(633,257)
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
— Exchange differences on translation		**(80,829)**	(11,324)
Other comprehensive loss for the year, net of tax		**(80,829)**	(11,324)
Total comprehensive loss for the year and attribute to the equity holders of the Company		**(1,744,632)**	(644,581)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2020

		As at December 31,	
		2020	2019
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**285,224**	178,932
Right-of-use assets		**22,636**	23,784
Intangible assets	*9*	**774,974**	156,947
Prepayment for license		**6,525**	—
Other non-current assets		**42,774**	47,616
Total non-current assets		**1,132,133**	407,279
Current assets			
Inventories		**955**	—
Other current assets		**9,750**	—
Other receivables and prepayments		**2,794**	2,986
Restricted bank deposits		**3,262**	3,488
Cash and cash equivalents		**2,630,598**	254,866
Total current assets		**2,647,359**	261,340
Total assets		**3,779,492**	668,619

CONSOLIDATED BALANCE SHEET (Continued)

AS AT DECEMBER 31, 2020 (Continued)

	Note	As at December 31, 2020 RMB'000	2019 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**26**	4
Reserves		**6,078,584**	42,729
Accumulated losses		**(2,648,875)**	(985,072)
Total equity/(deficit)		**3,429,735**	(942,339)
LIABILITIES			
Non-current liabilities			
Borrowings		**100,000**	50,823
Lease liabilities		**12,712**	16,864
Preferred shares		**—**	1,420,454
Total non-current liabilities		**112,712**	1,488,141
Current liabilities			
Lease liabilities		**10,881**	10,096
Trade and other payables	*10*	**119,053**	93,404
Contingent consideration for business combination	*11*	**55,369**	—
Warrants		**51,742**	19,317
Total current liabilities		**237,045**	122,817
Total liabilities		**349,757**	1,610,958
Total equity and liabilities		**3,779,492**	668,619

NOTES:

1 General information

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The annual results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended December 31, 2020 but are extracted from these financial statements, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

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

2.2 New standards, amendments and interpretation adopted by the Group

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

- Definition of Material — amendments to IAS 1 and IAS 8
- Definition of a Business — amendments to IFRS 3
- Interest Rate Benchmark Reform — amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- COVID-19-Related Rent Concessions — amendments to IFRS 16

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

2.3 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended December 31, 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact of the Group in the current or future reporting periods.

3 Other income

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Government grants — cost related *(Note)*	**1,322**	5,483

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

4 Other gains/(losses) — net

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange gain/(losses)	**28,903**	(1,086)
Bargain purchase gain	**6,016**	—
Fair value loss of contingent consideration for business combination *(Note 11)*	**(7,897)**	—
Others	**595**	(79)
Total	**27,617**	(1,165)

5 Expenses by nature

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Employee benefit expenses (including directors' emoluments)	**259,052**	96,835
Testing and clinical expenses	**47,108**	27,818
R&D materials and consumables	**41,763**	33,180
Listing expenses	**35,564**	—
Professional service expenses	**26,726**	14,110
Depreciation of property, plant and equipment	**13,819**	9,113
Office expenses	**9,408**	7,368
Depreciation-right of use assets	**9,349**	7,945
Short term lease and low value lease expenses	**5,378**	5,064
Auditors' remuneration-audit service	**3,114**	536
— Audit service	**2,356**	358
— Non-audit service	**758**	178
Amortization of intangible assets	**422**	245
Other expenses	**18,074**	6,785
Total selling expenses, general and administrative expenses and research and development expenses	**469,777**	208,999

6 Income tax expense

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**—**	—
Deferred income tax	**—**	—
Total	**—**	—

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

(a) Cayman Islands income tax

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

(b) Hong Kong income tax

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

(c) The PRC corporate income tax

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

7 Loss per share

(a) Basic loss per share

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

	Year ended December 31,	
	2020	2019
Loss attributable to the ordinary equity holders of the Company (RMB'000)	**(1,663,803)**	(633,257)
Weighted average number of ordinary shares in issue (in thousand) *(Note)*	**131,901**	65,000
Basic loss per share (RMB)	**(12.61)**	(9.74)

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

(b) Diluted loss per share

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

For the year ended December 31, 2020, the Company had one category of potential ordinary shares: the stock options granted to employees (2019: two categories of potential ordinary shares: preferred shares and the stock options granted to employees). As the Group incurred losses for the years ended December 31, 2020 and 2019, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2020 and 2019 are the same as basic loss per share.

8 Dividend

No dividend was paid nor declared by the Company for the year ended December 31, 2020 (2019: nil).

9 Intangible assets

	Computer software *RMB'000*	Licenses *RMB'000* (Note)	Construction in progress *RMB'000*	Total *RMB'000*
As at January 1, 2019				
Cost	638	79,407	—	80,045
Accumulated amortization	(43)	—	—	(43)
Net book amount	595	79,407	—	80,002
Year ended December 31, 2019				
Opening net book amount	595	79,407	—	80,002
Additions	1,383	61,318	10,737	73,438
Amortization charges	(245)	—	—	(245)
Currency translation differences	—	3,752	—	3,752
Closing net book amount	1,733	144,477	10,737	156,947
As at December 31, 2019				
Cost	2,021	144,477	10,737	157,235
Accumulated amortization	(288)	—	—	(288)
Net book amount	1,733	144,477	10,737	156,947
Year ended December 31, 2020				
Opening net book amount	1,733	144,477	10,737	156,947
Additions	72	—	5,900	5,972
Transfer	3,132	—	(3,132)	—
Acquisition of subsidiaries *(Note 11)*	1	674,676	—	674,677
Amortization charges	(422)	—	—	(422)
Currency translation differences	—	(62,200)	—	(62,200)
Closing net book amount	4,516	756,953	13,505	774,974
As at December 31, 2020				
Cost	5,226	756,953	13,505	775,684
Accumulated amortization	(710)	—	—	(710)
Net book amount	4,516	756,953	13,505	774,974

Note: Licenses

Recognition

(i) Relma-cel license

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

(ii) BCMA license

In April 2019, the Group entered into License Agreement — BCMA ("**BCMA License Agreement**") with Juno to develop and commercialize JWCAR129 in Mainland China, Hong Kong and Macau. The Group recognized a total amount of USD9,140,000 (equivalent to RMB61,318,000) as intangible assets based on the fair value.

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

JWCAR129:	**April 2019**
Gross margin	72.6%~75.9%
Revenue growth rate	3.5%~135.9%
Discount rate	23%

(iii) Eureka licenses

Licenses acquired in a business combination *(Note 11)* are recognized at fair value at the acquisition date ("**Eureka Licenses**"), which includes certain licenses under development and commercialization in Mainland China, Hong Kong, Macau, Taiwan and the member countries of Association of South East Asia Nation. The Group recognized a total amount of USD95,300,000 (equivalent to RMB674,676,000) as intangible assets based on the fair value.

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

	June 2020
Gross margin	79.1%~81.4%
Revenue growth rate	3.1%~229.4%
Discount rate	24%

10 Trade and other payables

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Trade payables	**902**	—
Accrued expenses	**28,892**	17,002
Staff salaries and welfare payables	**24,904**	12,009
Payables for purchase of R&D materials	**23,475**	7,701
Payables for purchase of property, plant and equipment	**16,557**	55,305
Listing expenses	**15,651**	—
Deferred income	**6,791**	1,056
Payroll tax	**1,881**	331
Total	**119,053**	93,404

The aging of trade payables based on the demand note as at December 31, 2020 are as follows:

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**902**	—

The carrying amounts of trade and other payables (excluding accrued expenses) of the Group are denominated in the following currencies:

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
RMB	**67,602**	73,797
USD	**22,559**	2,605
	90,161	76,402

11 Business Combination

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

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

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

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

Recognized amounts of identifiable assets and liabilities acquired

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

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

The acquired business contributed no revenue and net loss of RMB12,493,899 of the Group since the date of acquisition.

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

Contingent consideration for business Combination

The contingent consideration for business combination is recognized at fair value by discount cash flow model and classified as a financial liability measured at fair value through profit or loss on date of acquisition and at year end.

Key valuation assumptions:

	As at June 30, 2020	As at December 31, 2020
Discount rate	**17%**	16%

Movements of contingent consideration for business combination for the year ended December 31, 2020 is set out below:

	RMB'000
At January 1, 2020	**—**
Business combination	**51,793**
Change in fair value	**7,897**
Currency translation difference	**(4,321)**
At December 31, 2020	**55,369**

12 Subsequent events

On January 10, 2021, the Company completed the treatment of 100 patients with relma-cel in clinical trials. As such, on February 19, 2021, the Company provide Juno milestone payment in cash in an amount of approximately RMB32.3 million (equivalent to USD5 million) based on occurrence of treatment of 100 patients in connection with the License and Strategic Alliance Agreement.

On January 27, 2021, the Company issued 23,050 ordinary shares to Syracuse Cayman as partial settlement of the contingent consideration for business combination.

USE OF NET PROCEEDS FROM LISTING

The total proceeds from the issue of new Shares by the Company in its Listing and the subsequent over-allotment option partially exercised by the Joint Global Coordinators (after deducting the underwriting fees and related costs and expenses) amounted to approximately HK$2,495.8 million and the unutilized net proceeds was kept at the bank accounts of the Group as at December 31, 2020.

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

Intended Applications	**Amount of net proceeds** *(HK$ million)*	**Percentage of total net proceeds**	**Actual usage up to December 31, 2020** *(HK$ million)*	**Unutilized net proceeds as at December 31, 2020** *(HK$ million)*
Research and development activities relating to relma-cel	748.74	30%	9.30	739.44
Building a focused in-house sales and marketing team to market relma-cel across Mainland China	249.58	10%	6.70	242.88
Research and development activities relating to JWCAR129	149.75	6%	5.90	143.85
Research and development activities relating to our other pre-clinical product candidates including our JWATM203 Program, our JWATM204 Program and Nex-G	698.82	28%	2.59	696.23
Acquisition of the Acepodia license through exercising the Acepodia Option	99.83	4%	—	99.83
New potential acquisitions and in-licensing opportunities	299.50	12%	—	299.50
Working capital and general corporate purposes	249.58	10%	15.05	234.53
Total	**2,495.80**	**100%**	**39.54**	**2,456.26**

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

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2020.

OTHER INFORMATION

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting ("**AGM**") will be held on May 26, 2021. A notice convening the AGM is expected to be published and dispatched to the shareholders of the Company (the "**Shareholders**") in due course in accordance with the requirements of the Listing Rules.

The register of members of the Company will be closed from May 21, 2021 to May 26, 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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 not later than 4:30 p.m. on May 20, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date.

Except as expressly described below, the Company has complied with all applicable code provisions of the CG Code for the period from the Listing Date to December 31, 2020.

Separation of the Roles of the Chairman of the Board and Chief Executive Officer ("CEO")

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

Number of Board and Board Committees Meetings

Code provision A.1.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Shares have only been listed since November 3, 2020, only one Board meeting was held during the period from the Listing Date to December 31, 2020.

The Company has established three committees under the Board, including the audit committee (the "**Audit Committee**"), the remuneration committee and the nomination committee. As the Shares have only been listed since November 3, 2020, only one Audit Committee meeting was held during the period from the Listing Date to December 31, 2020.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code for the period from the Listing Date to December 31, 2020.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

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

The Audit Committee had, together with the management and external auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2020.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive loss and the related notes thereto for the year ended December 31, 2020 as set out above in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2020 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.jwtherapeutics.com), and the 2020 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board
JW (Cayman) Therapeutics Co. Ltd
藥明巨諾（開曼）有限公司*
Yiping James Li
Chairman and Executive Director

Hong Kong, PRC, March 26, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Yiping James Li as Chairman and executive Director, Mr. Hans Edgar Bishop, Dr. Krishnan Viswanadhan, Ms. Xing Gao, Dr. Ann Li Lee, Mr. Jinyin Wang, Dr. Cheng Liu as non-executive Directors, and Mr. Yanling Cao, Mr. Chi Shing Li, Mr. Yiu Leung Andy Cheung, Mr. Kin Cheong Kelvin Ho as independent non-executive Directors.

* *For identification purpose only*