加科思 Jacobio

加科思藥業集團有限公司
JACOBIO PHARMACEUTICALS GROUP CO., LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1167

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs

CICC 中金公司

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

JACOBIO PHARMACEUTICALS GROUP CO., LTD.
加科思藥業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**96,476,100 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**9,648,000 Shares (subject to reallocation)**
Number of International Offer Shares	:	**86,828,100 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$14.00 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**US$0.0001 per Share**
Stock code	:	**1167**

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Our Company is incorporated in the Cayman Islands and substantially all of our businesses are located in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the Cayman Islands, the PRC and Hong Kong and that there are different risk factors relating to the investment in our Company. Potential investors should also be aware that the regulatory frameworks in the Cayman Islands and the PRC are different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the sections headed "Risk Factors" and "Regulatory Overview."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, December 14, 2020 (Hong Kong time) and, in any event, not later than Tuesday, December 15, 2020 (Hong Kong time). The Offer Price will be not more than HK$14.00 per Offer Share and is currently expected to be not less than HK$12.00 per Offer Share. If, for any reason, the Offer Price is not agreed by Tuesday, December 15, 2020 (Hong Kong time), or such other date as agreed between the parties, between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the Offer Price of HK$14.00 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$14.00.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), with our consent, may reduce the number of Offer Shares being offered under the Global Offering and/or the Offer Price stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at **www.jacobiopharma.com** not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination."

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.jacobiopharma.com**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

December 9, 2020

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "***HKEXnews > New Listings > New Listing Information***" section, and our website at **www.jacobiopharma.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(a) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(b) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8690 on the following dates:

Wednesday, December 9, 2020 – 9:00 a.m. to 9:00 p.m.
Thursday, December 10, 2020 – 9:00 a.m. to 9:00 p.m.
Friday, December 11, 2020 – 9:00 a.m. to 9:00 p.m.
Saturday, December 12, 2020 – 9:00 a.m. to 6:00 p.m.
Sunday, December 13, 2020 – 9:00 a.m. to 6:00 p.m.
Monday, December 14, 2020 – 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application must be for a minimum of 300 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		HK$		HK$		HK$
300	4,242.32	4,500	63,634.85	60,000	848,464.68	750,000	10,605,808.50
600	8,484.65	6,000	84,846.47	75,000	1,060,580.85	900,000	12,726,970.20
900	12,726.97	7,500	106,058.09	90,000	1,272,697.02	1,050,000	14,848,131.90
1,200	16,969.29	9,000	127,269.70	105,000	1,484,813.19	1,200,000	16,969,293.60
1,500	21,211.62	10,500	148,481.32	120,000	1,696,929.36	1,350,000	19,090,455.30
1,800	25,453.94	12,000	169,692.94	135,000	1,909,045.53	1,500,000	21,211,617.00
2,100	29,696.26	13,500	190,904.55	150,000	2,121,161.70	2,100,000	29,696,263.80
2,400	33,938.59	15,000	212,116.17	300,000	4,242,323.40	2,700,000	38,180,910.60
2,700	38,180.91	30,000	424,232.34	450,000	6,363,485.10	3,900,000	55,150,204.20
3,000	42,423.23	45,000	636,348.51	600,000	8,484,646.80	4,824,000(1)	68,216,560.27

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Public offer commences . . . . . 9:00 a.m. on Wednesday, December 9, 2020

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** *(note 2)* . . . . . 11:30 a.m. on Monday, December 14, 2020

Application lists for the Hong Kong Public Offering open *(note 3)* . . . . . 11:45 a.m. on Monday, December 14, 2020

Latest time for giving **electronic application instructions** to HKSCC *(note 4)* . . . . . 12:00 noon on Monday, December 14, 2020

Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Monday, December 14, 2020

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists for the Hong Kong Public Offering close *(note 3)* . . . . . 12:00 noon on Monday, December 14, 2020

Expected Price Determination Date (*note 5*) . . . . . Monday, December 14, 2020

Announcement of the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.jacobiopharma.com** on or before *(note 6)* . . . . . Friday, December 18, 2020

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (See "How to Apply for Hong Kong Offer Shares — Publication of Results") from . . . . . Friday, December 18, 2020

Results of allocations for the Hong Kong Public Offering will be available **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . . 8:00 a.m. on Friday, December 18, 2020 to 12:00 midnight on Thursday, December 24, 2020

Share certificates (if applicable) in respect of wholly or partially successful applications to be despatched on or before . . . . . Friday, December 18, 2020

White Form e-Refund payment instructions/Refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) or wholly or partially unsuccessful applications to be despatched on or before *(note 7)* . . . . . Friday, December 18, 2020

Dealings in Shares on the Stock Exchange to commence at 9:00 a.m. on . . . . . Monday, December 21, 2020

Notes:

(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering."

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, December 14, 2020, the application lists will not open on that day. Further information is set out in "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists."

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares — 6. Applying through CCASS EIPO service" for details.

(5) The Offer Price is expected to be determined by Monday, December 14, 2020, but in any event, the expected time for determination of the Offer Price will not be later than Tuesday, December 15, 2020. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators, on behalf of the Underwriters, and our Company by Tuesday, December 15, 2020, the Global Offering will not proceed.

(6) If the Offer Price is determined on Monday, December 14, 2020, the announcement of the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares and the successful applicants' identification document numbers will be published on or before Friday, December 18, 2020.

(7) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, December 18, 2020 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to "How to Apply for Hong Kong Offer Shares — 14. Despatch/collection of share certificates and refund monies — Personal Collection — If you apply through **CCASS EIPO** service" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Share certificates for the Hong Kong Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely at their own risk.

For details of the structure of the Global Offering, including the conditions thereof, please refer to "Structure of the Global Offering".

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. ***In particular, we are a biopharmaceutical company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules.***

OVERVIEW

We are a clinical-stage pharmaceutical company focusing on the in-house discovery and development of innovative oncology therapies. Established in July 2015, we are an explorer in developing clinical-stage small-molecule drug candidates to modulate enzymes by binding to their allosteric sites, i.e., sites other than the active site that catalyzes the chemical reaction, in order to address targets which are lack of easy-to-drug pockets where drugs can bind, such as protein tyrosine phosphatases (PTPs) and Kirsten rat sarcoma 2 viral oncogene homolog (KRAS). We intend to proactively explore and enter into strategic and synergistic partnerships with leading multinational corporations (MNCs), as exemplified by the collaboration with AbbVie for our innovative, allosteric Src homology region 2 domain-containing phosphatase-2 (SHP2) inhibitors. Such partnerships pool complementary expertise and resources to increase the chances of success for our drug candidates and ensure maximization of their clinical and commercial value on a global scale.

The diagrams below illustrate the mechanism of actions of allosteric inhibitors. Active sites are binding sites on the enzyme that catalyzes the chemical reaction of the enzyme when bound with substrate. Most small molecule drugs modulate the function of the target enzyme by binding to the enzyme's active sites. Allosteric sites are sites on the enzyme other than active sites but also impact enzyme function. A molecule that is not a substrate may bind to allosteric sites and thus changing the conformation of enzyme. When an allosteric inhibitor binds to an allosteric site, the conformation of the active site changes and substrate cannot bind to the active site, thus resulting in inactivation of the enzyme. The inactivation of the enzyme may suppress the signaling of key pathways that involved in certain cancer types and thereby inhibiting tumor growth.

Before allosteric inhibitor binding **After allosteric inhibitor binding**

Tremendous progress in cancer biology in the past several decades has elucidated several critical cellular pathways involved in cancer, including KRAS, MYC proto-oncogene (MYC) and Retinoblastoma (RB), as well as certain immune checkpoints such as programmed cell death protein-1 or its ligand (PD-(L)1) checkpoint, that are implicated in more than 50% of total cancer incidence, according to Frost & Sullivan. However, many known targets in these pathways including PTPs like SHP2 and GTPases like KRAS, among others, that play crucial roles in tumorigenesis, have until recently been deemed "undruggable", owing to a variety of drug discovery challenges.

Leveraging our proprietary technologies and know-how in drug discovery and development, we have discovered and developed an innovative pipeline of drug candidates. These drug candidates may have broad applicability across various tumor types and demonstrate combinatorial potential among themselves.

- Our lead drug development programs include two clinical-stage, allosteric SHP2 inhibitors (JAB-3068 and JAB-3312). Our JAB-3068 is the second SHP2 inhibitor drug candidate received investigational new drug (IND) approval from the U.S. FDA to enter clinical development. We have completed Phase I dose finding portion in the Phase I/IIa trial of JAB-3068 in China and patient enrollment of dose escalation cohorts in our Phase I trial in the U.S. In the U.S. Phase I trial, the interim results showed no significant adverse events in treatment groups of 32 patients receiving JAB-3068 up to 300 mg daily dose (150 mg BID (i.e., twice daily) or 300 mg QD (i.e., once daily)) as of July 24, 2020. Seven out of 11 patients in 300 mg daily dose group achieved stable disease (SD), and the disease control rate (DCR) is 63.6%. Out of eight patients at 300 mg daily dose who had received PD-(L)1 therapy in the past, five (62.5%) achieved SD and all of those 5 patients had progressed on prior PD-(L)1 treatment. The dose escalation phase of Phase I/IIa trial in China showed similar safety profile of JAB-3068 to the U.S. study. Positive safety results from this study supported the further evaluation of JAB-3068 in the Phase IIa stage. We are currently evaluating the clinical efficacy of JAB-3068 in three solid tumor types in Phase IIa stage in China. As of July 24, 2020, among the 26 patients, one patient achieved unconfirmed partial response (PR) and eight patients achieved SD, achieving the DCR of 34.6%. Among the 11 patients who were PD-(L)1 treated, four patients achieved SD (36.4%). We are also evaluating JAB-3312 in Phase I trials in both China and the U.S. Preliminary safety data from the U.S. Phase I trial supported the use of JAB-3312 up to 8 mg QD. Among 12 evaluable patients, six patients (50%) achieved SD, and the DCR was 50%, as of July 24, 2020. We enrolled the first patient for the China trial in July 2020 and expect to read out preliminary topline data of this trial by the end of 2020.

  JAB-3068 and JAB-3312 showed different chemical features and potency in our pre-clinical and clinical studies, and their clinical development plans are designed to focus on different indications and different combination therapies. We plan to initiate global Phase I/IIa trials to evaluate our SHP2 inhibitors either as monotherapy or in combination with each of a PD-1 antibody, a MEK inhibitor and a KRAS G12C inhibitor in the U.S. and China for a variety of solid tumors. In the U.S., JAB-3068 and JAB-3312 have received an orphan drug designation (ODD) as a treatment for rare disease from the U.S. FDA for the treatment of esophageal cancer (including esophageal squamous cell carcinoma, or ESCC). We have entered into a global strategic collaboration with AbbVie to develop and commercialize our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. Under the agreement, subject to our option (the "PRC Option") to exclusively develop and commercialize our SHP2 inhibitors in mainland China, Hong Kong and Macau (the "Territory"), which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have

exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. For more details of our collaboration with AbbVie, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus.

- Our innovative, allosteric KRAS inhibitor JAB-21000 is designed to target KRAS G12C mutation. We expect to file an IND application for JAB-21000 with the U.S. FDA and the NMPA in the first half of 2021. In our internal head-to-head pre-clinical animal studies, JAB-21000 has shown a superior pharmacokinetics (PK) profile and favorable tolerability as well as potential for a superior dosing profile in comparison with Amgen's and Mirati's KRAS G12C inhibitors in clinical development (which we internally synthesized based on published molecular structures).

- In addition to the SHP2 and KRAS inhibitors, our pipeline includes JAB-8263, a clinical-stage bromodomain and extra-terminal (BET) inhibitor, and several early-stage drug candidates that target a variety of major and critical cancer pathways involved in cancer (including RB, immuno-oncology and tumor metabolic pathways) and have demonstrated potential to be among the first few market entrants in their respective drug classes globally.

We believe there is significant combination therapy potential among our in-house pipeline assets. For instance, KRAS inhibitors alone can trigger adaptive resistance mechanisms. Based on our pre-clinical studies and other publications, SHP2 inhibitors (upstream of the RAS pathway) may potentially be the best combination therapy partners for KRAS inhibitors to address the adaptive drug resistance. We plan to explore the development of our SHP2 and KRAS inhibitors in combination therapy trials. Please refer to the paragraphs headed "Business — I. Our Drug Candidates" for more details of our drug candidates.

The following chart summarizes the development status of our clinical-stage drug candidates and IND-enabling stage candidates as of the Latest Practicable Date:

	Asset	Target	Regimen	Indications	IND	Phase I	Phase IIa	Pivotal Phase IIb/III	Upcoming Milestone (expected)	Global Partner (if applicable)	Commercial Rights
Clinical	JAB-3068 (our Core Product)	SHP2 Phosphatase	Mono	Solid tumors	US trial					abbvie	China, Hong Kong and Macau
			Mono	ESCC, HNSCC, NSCLC	China trial *				Global Ph IIb (2021 2H)		
			Combo w/ PD-1 mAb	ESCC, HNSCC, NSCLC	China trial				IND approval (Dec 2020)		
	JAB-3312	SHP2 Phosphatase	Mono	Solid tumors	US trial					abbvie	China, Hong Kong and Macau
			Mono	Solid tumors	China trial						
			Mono	KRAS G12X-mutant, KRAS amp, BRAF Class 3/NF1 LOF mutant solid tumors	**	Global trial			Global Ph IIa (2021 Q1)		
			Combo w/ PD-1 mAb	NSCLC, HNSCC, ESCC	+	Global trial			Global Ph Ib/IIa (2021 Q1)		
			Combo w/ MEKi	KRAS mut + NSCLC, CRC, Pancreatic cancer	+	Global trial			Global Ph Ib/IIa (2021 Q1)		
			Combo w/ KRAS G12Ci	KRAS G12C mut + NSCLC, CRC	+	Global trial			Global Ph Ib/IIa (2021 Q3)		
	JAB-8263	BET	Mono	Solid tumors	US trial						Global
			Mono	Solid tumors	China trial						
			Mono	MF and AML	China trial						
IND-Enabling	JAB-21000	KRAS G12C	/	NSCLC, CRC		Global trial			IND approval (2021 1H)		Global
	JAB-2000	Aurora A	/	RB1-deficient tumors		Global trial			IND approval (2021 2H)		Global
	JAB-BX100	mAb, CD73	/	PD-(L)1 resistant CRC, melanoma and CRPC		Global trial			IND approval (2021 1H)		Global
	JAB-6000	FGFR4	/	HCC		Global trial			IND approval (2021 2H)		Global

Abbreviations: Mono = monotherapy; Combo = combination therapy; mAb = monoclonal antibody; ESCC = esophageal squamous cell carcinoma; HNSCC = head and neck squamous cell carcinoma; NSCLC = non-small cell lung cancer; KRAS amp = KRAS amplification; LOF = loss-of-function; CRC = colorectal cancer; MF = myelofibrosis; AML = acute myeloid leukemia; CRPC = castration-resistant prostate cancer; HCC = hepatocellular carcinoma; IND = investigational new drug or investigational new drug application; 1H = first half; 2H = second half; Q1 = first quarter; Q3 = third quarter

Notes:

* While JAB-3068 went a step ahead and advanced into the Phase IIa stage in China for the treatment of ESCC, HNSCC and NSCLC, we obtained orphan drug designation for JAB-3068 from the U.S. FDA for the treatment of esophageal cancer (including ESCC) in February 2019, and we expect to push the U.S. trial forward.

** We will initiate Phase IIa study directly once receive IND approval. In addition, we obtained orphan drug designation for JAB-3312 from the U.S. FDA for the treatment of esophageal cancer (including ESCC) in September 2020.

\+ We will initiate Phase Ib/IIa studies directly once receive IND approval.

We have a portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we owned (i) one granted patent in China, (ii) one granted patent in Australia, (iii) three granted patents in Taiwan (China), (iv) one granted patent in Japan, and (v) 63 pending patent applications, including 3 patent applications that have been approved but have yet to be registered, 8 patent applications in China, 4 patent applications in the U.S., 9 patent applications under the PCT, and 39 patent applications in other jurisdictions. With respect to our Core Product, JAB-3068, we owned one granted patent in Australia, one granted patent in Taiwan (China), one granted patent in Japan and 18 patent applications as of the Latest Practicable Date. The key patent applications of JAB-3068 were still pending in major markets including China and the U.S. as of the Latest Practicable Date.

Our drug candidates mainly face competition with clinical-stage drug candidates globally, in particular (i) our SHP2 inhibitors, JAB-3068 and JAB-3312, face competition mainly from TNO-155, RMC-4630 and RLY-1971, three clinical-stage drug candidates for the treatment of solid tumors, among other indications. To date, there were no approved or marketed SHP2 inhibitors globally. It is estimated that the overall annual incidence of patients that may benefit from a SHP2 targeted inhibitor as monotherapy reached approximately 1.2 million and approximately 394,700 globally and in China in 2019, respectively. SHP2 inhibitors have also shown synergistic effects in combination therapies with various targeted cancer therapies as well as with anti-PD-1 antibodies. In particular, it is estimated that over 60% of cancer patients for all major types of cancer including gastric cancer, HCC, SCLC, HNSCC, cervical cancer, melanoma, urothelial carcinoma, and RCC are PD-(L)1 non-responders based on published research papers, and we expect that such patients may benefit from the combo treatment of a SHP2 inhibitor with an anti-PD-1 antibody, indicating a large patient population with unmet medical needs; (ii) our BET inhibitor JAB-8263 face competition mainly from other clinical-stage BET inhibitors, including without limitation BMS-986158, CPI-0610, ABBV-075 and ABBV-744, and BPI-23314. To date, there has been no approved and marketed BET inhibitors globally. The global incidence of patients with MYC pathway alterations in seven major cancer types who may benefit from a BET inhibitor reached approximately 1.1 million in 2019; and (iii) KRAS has long been considered "undruggable" until the recent development of KRAS G12C inhibitors. Our JAB-21000 face competition mainly from MRTX849, ARS-3248, AMG 510 and GDC-6036, four clinical-stage KRAS G12C inhibitors, among others. To date, there has been no approved and marketed KRAS G12C inhibitor globally. KRAS G12C mutations are found in approximately 11.0% of NSCLC patients, 8.0% in ovarian cancer, as well as smaller percentages of several other difficult-to-treat cancers. The global incidence of KRAS G12C mutation in patients with NSCLC, ovarian cancer, CRC and pancreatic cancer reached approximately 295,000 in 2019. For more information on the competitive landscape of our drug candidates, please refer to the section headed "Industry Overview" in this prospectus.

Dr. Yinxiang Wang, our visionary founder, Chairman and CEO, has over 20 years of successful experience in the pharmaceutical industry. Prior to founding our company in 2015, Dr. Wang co-founded Betta Pharma, a company listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange stock code: 300558), in 2003 and served as its director and president (總裁) after he returned to China from the U.S. Dr. Wang led Betta Pharma's research and development functions and is experienced in the development and commercialization of icotinib hydrochloride (Conmana), the first small molecule anticancer drug that was completely developed in China and approved by the NMPA in 2011. Dr. Wang, Betta Pharma and other team members received the Zhejiang Province Science and Technology First Class Award in 2012 (2012年度浙江省科學技術獎一等獎) for the successful development of Conmana. Dr. Wang, with other co-inventors, also received the WIPO-SIPO Award for Chinese Outstanding Patented Invention (世界知識產權組織及國家知識產權局中國專利金獎) in 2014. Dr. Wang served as Chairman on the New Drug R&D Committee of China for the Pharmaceutical Innovation and Research Development Association (PHIRDA) between 2017 and 2019, and currently serves as Associate Chairman on the Anti-tumor Drug Professional Committee of Chinese Pharmaceutical Association.

Having co-founded and co-led Betta Pharma, a successful business in the pharmaceutical industry, our senior management team has shared successful entrepreneurial experience, strong and complementary skillsets, and aligned aspirations to address large unmet medical needs. Our Founders have worked together for over 10 years, and has developed strong synergies in their management and working style. We are confident that our senior management will continue to help us stay abreast of the ever-evolving industry trend.

COLLABORATION WITH ABBVIE

We have entered into a global strategic collaboration with AbbVie to develop and commercialize our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. Under the agreement, subject to our PRC Option, which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. We will formulate the PRC Development Plan for the development of the PRC Products in the Territory and submit it for approval by the JSC. The JSC has equal representation and participation from us and AbbVie, and is a consensus-based forum to oversee and direct the parties' respective activities across the territories. Although the approval process is primarily to ensure consistency between the PRC Development Plan and the global development plan to be formulated by AbbVie, the parties may become deadlocked during the process, in which case AbbVie shall have the final decision-making authority to approve the PRC Development Plan, which approval shall not be unreasonably withheld, conditioned or delayed. Although the AbbVie Agreement specifies certain events where it would be unreasonable for AbbVie to withhold, condition or delay its approval, these events are not exhaustive. Any disagreement during this process could result in delays, increased costs or other difficulties in our development and commercialization of our SHP2 Products in the Territory. For further details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Reliance on Third Parties — We may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners."

We will continue to conduct early global clinical trials of JAB-3068 and JAB-3312 with AbbVie covering the R&D expenses before registrational trials. Upon completion of the early global clinical trials, AbbVie will assume development and commercialization responsibilities for these two drug candidates in the world (other than in the Territory). We are entitled to receive pre-agreed upfront payment, milestone payments and tiered royalties from AbbVie. On September 4, 2020, we had received a non-refundable upfront payment of US$45 million from AbbVie, which is not subject to any further conditions. The collaboration provides strong validation on the prospect and superiority of our internally discovered SHP2 programs, ensures maximal realization of their medical and commercial value on a global scale, and further improves their competitive positioning. For more details of our collaboration with AbbVie, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus.

OUR STRENGTHS

- An explorer in discovering and developing small-molecule oncology therapies with innovative mechanisms

- Expertise in designing innovative therapies targeting allosteric binding sites of traditionally "undruggable" targets

- Multi-strategy portfolio of SHP2 inhibitors in global partnership with AbbVie

- Leading KRAS inhibitor programs
- Additional pipeline drug candidates targeting multiple other promising pathways
- Visionary founder supported by a proven entrepreneurial management team with global vision, in-depth know-how, and a track record of efficient execution

OUR STRATEGIES

- Enhance our proprietary R&D platforms to develop innovative cancer treatment and capture global market opportunities through collaboration with leading multinational pharmaceutical companies, such as AbbVie
- Develop SHP2 inhibitors as backbone drug in both monotherapy and combination regimens for the treatment of patients with RAS-dependent tumors and PD-1 inhibitor non-responsive and refractory tumors
- Advance the pre-clinical study and clinical development of our KRAS inhibitor programs
- Continue to progress and expand the pipeline of our clinical and pre-clinical assets that feature innovative mechanisms of action
- Explore and execute collaborations to unlock the value of our innovative therapies in major markets
- Build manufacturing and commercialization capabilities in China
- Boost our talent pool and multi-regional presence to continuously fuel innovation

RESEARCH AND DEVELOPMENT

We believe that R&D is key to driving our therapeutic strategy and maintaining our competitiveness in the biopharmaceutical industry. While we engage CROs to assist us in conducting some non-clinical studies or managing clinical trials, our integrated R&D platform serves as an engine of our continued innovation. Our integrated R&D platform consists of three specialized platforms, including a drug target discovery and validation platform, an allosteric inhibitor technology platform and a translational medicine platform. Particularly, over last ten years, allosteric inhibitor emerged as a new drug discovery paradigm with the power to develop small molecule drugs that target proteins previously written off as "undruggable" with unprecedented selectivity. Because of the high therapeutic value and market growth potential of allosteric inhibitor, discovery and development of allosteric inhibitor has been one of the focuses of our R&D efforts since our inception. Our years' extensive research efforts focused on allosteric inhibitors and extensive know-how and experience accumulated in this process enable us to build a proprietary technology platform for the discovery and optimization of allosteric modulators, based on which we are internally developing our SHP2 inhibitors and KRAS inhibitors.

MANUFACTURING AND COMMERCIALIZATION

We currently work with qualified CMOs to manufacture drug candidates for pre-clinical and clinical supply. To prepare for late-stage clinical development of our SHP2 inhibitors, we plan to build our in-house GMP-compliant manufacturing and commercialization capabilities. We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China. The commercial-scale manufacturing facilities are currently under construction. It is estimated that the construction and fit-out of the manufacturing facilities will be completed by the end of 2023. To secure our product supply and meet potential increasing business demands, we may also adopt a hybrid manufacturing model in the future that primarily utilizes our in-house manufacturing capabilities while employs CMO outsourcing for the manufacturing of our drug candidates.

We plan to build our own commercialization team in China with an initial focus on late-stage drug candidates, particularly SHP2 inhibitors. Our commercialization team will be led by our senior management with extensive experience in drug launch in the PRC pharmaceutical market. With respect to the global market, to further strengthen our competitive position, we will leverage our collaboration arrangement with AbbVie to maximize the market potential for SHP2 inhibitors in the U.S. and other major overseas market. With respect to the PRC market, we currently expect to commercialize SHP2 Products by our own commercialization team in China. We believe such strategic collaboration with AbbVie could help us capture a substantial share of both the global and China market.

RAW MATERIALS AND SUPPLIERS

We procure raw materials and equipment for the development and manufacture of our drug candidates from qualified suppliers. We also engage a limited number of reputable CROs to support our internal team in managing and conducting pre-clinical and clinical studies of our pipeline candidates in China and the United States. For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our purchases from our five largest suppliers in the aggregate accounted for 43.5%, 48.4% and 42.4% of our total purchases, respectively, while purchases from our largest supplier accounted for 11.0%, 19.1% and 20.8% of our total purchases, respectively.

SUMMARY HISTORICAL FINANCIAL INFORMATION

This summary of key financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountant's Report set out in Appendix I to this prospectus, as well as the information set forth in the section headed "Financial Information."

Summary Consolidated Statements of Loss

We currently have no products approved for commercial sale and have not generated any revenue from sales of any products. We have never been profitable and have incurred losses in each year since inception. We had loss of RMB155.9 million, RMB425.8 million, RMB155.1 million and RMB810.9 million in 2018, 2019 and the six-month periods ended June 30, 2019 and 2020, respectively. Our losses primarily resulted from our research and development expenses, administrative expenses and fair value losses in financial instruments with preferred rights.

The following table sets forth selected components of our consolidated statements of loss for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Research and development expenses	(84,887)	(138,976)	(54,129)	(71,012)
Administrative expenses	(22,786)	(71,081)	(6,850)	(12,374)
Other income	3,889	10,046	3,123	3,380
Other gains – net	2,351	5,841	387	1,069
Operating loss	**(101,433)**	**(194,170)**	**(57,469)**	**(78,937)**
Finance income	446	5,332	2,988	1,831
Finance expenses	(2,043)	(1,374)	(610)	(719)
Finance (expenses)/ income – net	(1,597)	3,958	2,378	1,112
Fair value losses in financial instruments with preferred rights	(52,905)	(235,605)	(99,964)	(733,079)
Loss before income tax	**(155,935)**	**(425,817)**	**(155,055)**	**(810,904)**
Income tax expense	–	–	–	–
Loss for the year/period	**(155,935)**	**(425,817)**	**(155,055)**	**(810,904)**
Loss attributable to:				
Owners of our Company	(149,212)	(424,811)	(154,117)	(810,896)
Non-controlling interests	(6,723)	(1,006)	(938)	(8)

Summary Consolidated Balance Sheets

The following table sets forth selected information from our consolidated balance sheets as at the dates indicated:

	As at December 31,		As at June 30,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Total non-current assets	48,565	45,243	41,272
Total current assets	425,031	318,084	414,451
Total assets	**473,596**	**363,327**	**455,723**
Total current liabilities	17,965	45,721	34,316
Net current assets	**407,066**	**272,363**	**380,135**
Total non-current liabilities	552,876	787,684	1,704,582
Total liabilities	**570,841**	**833,405**	**1,738,898**
Net liabilities	**(97,245)**	**(470,078)**	**(1,283,175)**
Shareholders' deficit			
Share capital	30	30	53
Other reserves	103,483	85,206	75,893
Share-based compensation reserve	12,428	81,072	87,878
Accumulated losses	(211,306)	(636,117)	(1,447,013)
Non-controlling interests	(1,880)	(269)	14
Total shareholders' deficit	**(97,245)**	**(470,078)**	**(1,283,175)**

We issued the Series B Preferred Shares in July 2018 and April 2019, the Series C Preferred Shares in August 2018 and the Series C+ Preferred Shares in February 2020. The losses on fair value changes of the Series B, Series C and Series C+ Preferred Shares (except for the Series B Preferred Shares held by holding vehicles of certain members of our senior management) are recognized as fair value losses in financial instruments with preferred rights. As of December 31, 2018, December 31, 2019 and June 30, 2020, the fair value of financial instruments with preferred rights in our consolidated balance sheets was RMB529.0 million, RMB770.3 million and RMB1,689.4 million, respectively, which led to significant increases of our total liabilities as of the same dates. For the year ended December 31, 2018 and 2019, and the six months ended June 30, 2019 and 2020, we recorded fair value losses in financial instruments with preferred rights of RMB52.9 million, RMB235.6 million, RMB100.0 million and RMB733.1 million, primarily due to the increase of our valuation. As a result, we recorded net liabilities of RMB97.2 million, RMB470.1 million, and RMB1,283.2 million as of December 31, 2018, December 31, 2019, and June 30, 2020, respectively. The Preferred Shares will automatically convert into Ordinary Shares upon the Listing, at which time we expect to record them as equity and, accordingly, turn into a net asset position. Changes in the carrying amount of financial instruments with preferred rights would continue to affect our financial performance until they convert into Ordinary Shares.

Summary Consolidated Statements of Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we primarily funded our working capital requirements through proceeds from private equity financing. Our primary uses of cash are to fund the development of our drug candidates, our clinical trials, our payment for the purchase of equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB79.9 million, RMB113.0 million, RMB46.1 million and RMB72.0 million for 2018, 2019 and the six months ended June 30, 2019 and 2020, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period, while we did not generate any revenue from sales of our drug candidates. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations, including but not limited to the upfront and expected milestone payments from AbbVie. Our Directors are of the opinion that, taking into account of the financial resources available to us, including cash and bank balances, the upfront payment and expected milestone payments from AbbVie, and the estimated net proceeds from the Global Offering, and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, business development and marketing expenses, and administrative and operating costs for at least the next 12 months from the date of this prospectus.

Even without taking into account the estimated net proceeds from the Global Offering, our Directors believe that we can remain financially viable for at least 18 months from June 30, 2020, assuming our cash burn rate going forward will be similar to the cash burn rate level for the six-month period ended June 30, 2020. Our cash burn rate, which refers to the average monthly amount of (i) net cash used in operating activities, which includes but not limited to research and development expenses and (ii) capital expenditure, was RMB8.0 million, RMB9.7 million, and RMB12.1 million in 2018, 2019 and the six-month period ended June 30, 2020, respectively. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

The following table sets forth summary data from our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Cash outflow from operating activities before movements in working capital	(85,063)	(118,605)	(49,579)	(68,427)
Changes in working capital	4,983	2,985	2,087	(4,985)
Interest received	187	2,595	1,361	1,409
Net cash used in operating activities	(79,893)	(113,025)	(46,131)	(72,003)
Net cash generated from/(used in) investing activities	14,584	(273)	(214,533)	(70,126)
Interest paid	–	(179)	(75)	(1,771)
Net cash generated from financing activities	356,827	929	11,672	162,742
Net increase/(decrease) in cash and cash equivalents	291,518	(112,369)	(248,992)	20,613
Cash and cash equivalents at end of the year/period	420,833	314,338	167,337	336,000

Key Financial Ratios

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

	As at December 31,		As at June 30,
	2018	2019	2020
Current ratio[(1)]	23.7	7.0	12.1

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

For more information on our key financial ratios, please refer to the paragraphs headed "Financial Information — Key Financial Ratios."

RISK FACTORS

There are certain risks relating to an investment in our Shares. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors". A summary of certain of these risk factors is set forth below. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects:

- We have incurred significant net losses since inception. We expect that we will continue to incur net losses for the foreseeable future and we may not be able to achieve or maintain profitability. Potential investors may lose substantially all of their investments in us given the high risks involved in our business.

- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause potential investors to lose substantially all of their investment in our business.

- Our business and financial prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals or achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

- The manufacturing of pharmaceutical products is a highly exacting and complex process, and our business could suffer if we encounter problems in manufacturing our future drug products.

- Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community that would be necessary for their commercial success.

- If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop

and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our drug candidates or technologies would be materially adversely affected.

- We may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners.

- The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists, clinical and sales personnel could delay or prevent the successful development of our drug candidates and result to a material and adverse effect on our business and results of operations.

You should read the entire section headed "Risk Factors" in this prospectus before you decide to invest in the Offer Shares.

RECENT DEVELOPMENTS

On September 4, 2020, we received the upfront payment of US$45.0 million from AbbVie. The upfront payment is non-refundable and not subject to any further conditions.

As we continue to carry out and expand our clinical development programs and advance the research and development of pre-clinical assets, we expect to incur increasing R&D expenses and administrative expenses, which will lead to an increase in our total losses for the year ended December 31, 2020.

As of the Latest Practicable Date, we did not experience any material difficulties on our collaboration with AbbVie or implementation of our U.S. clinical trial due to the trade dispute between the U.S. and China. While we cannot predict the potential impacts of future changes in international trade policies on our business, we do not expect to make any material changes to our business plan so far. Please also refer to the paragraphs headed "Risk Factors – Changes in the U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results" and "Risk Factors – The political relationships between China and other countries may affect our business operations."

Our Directors confirm that, other than the outbreak of COVID-19 as stated below, there has been no material adverse change in our financial, operational or trading positions or prospects since June 30, 2020, being the date of our consolidated financial statements as set out in "Appendix I – Accountant's Report" to this prospectus, and up to the date of this prospectus.

IMPACT OF THE COVID-19 OUTBREAK

Since December 2019, the outbreak of a novel strain of coronavirus causing coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy. As of the Latest Practicable Date, the spread of COVID-19 continued to affect China and the U.S.

While we experienced delays in the patient enrollment process and data entry for certain of our clinical trials in China, the outbreak of COVID-19 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 providing alternative methods for safety and efficacy assessment, continuing patient visit through remote access,

supplying enrolled patients with study medication through monitored delivery process, and engaging necessary communications with our investigators to identify and address any issues that may arise. Due to the enhanced containment policies implemented by the PRC government, the COVID-19 outbreak has been largely controlled in China and the travel restrictions has been gradually relaxed. As of the Latest Practicable Date, we had resumed the normal patient enrollment and data entry for our clinical trials in China. For our U.S. trials, we did not experience any material difficulties arising from COVID-19 pandemic in our patient enrollment and trial management, and the progress of those trials is generally in line with our trial development plan despite minor delays. In addition, we worked with our CROs to layout a protocol deviation plan to mitigate the impact of the COVID-19 outbreak on our U.S. trials. Based on the foregoing, we currently expect that our ongoing clinical trials will not be significantly affected by the outbreak of COVID-19. We expect the situation to continue to be improved with the sustained implementation of containment policies for the COVID-19 outbreak, and we may adjust our current clinical development plan covering multiple jurisdictions to the extent necessary depending on the status of the COVID-19 outbreak worldwide, especially in the U.S. Currently we do not expect it to have any material long-term impact on data quality of our clinical trials or our overall clinical development plans.

We have resumed our normal operations since March 2020 in accordance with applicable regulations and adopted a thorough disease prevention scheme to protect our employees. As of the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees. Moreover, we believe that the COVID-19 outbreak will not significantly affect our ability to carry out our obligations under existing contracts or disrupt any supply chains that we currently rely upon. To our knowledge, our major domestic CROs and raw material suppliers in 2019 had all resumed normal operations, and none of our overseas suppliers had reported any material disruption to their business operations as a result of COVID-19, as of the Latest Practicable Date, and our supply chain has not experienced any material disruption since the outbreak of COVID-19.

The above analyses are made by our management based on currently available information concerning COVID-19. It is uncertain whether the continuance or recurrence of the COVID-19 outbreak in China, the U.S. or the rest of the world will have a material adverse effect on our results of operations, financial position or prospects. For example, with the ongoing COVID-19 outbreak around the world, we cannot assure you that our clinical development plan covering multiple jurisdictions including the China and the U.S. will not be adversely affected. For more details, please refer to the paragraphs headed "Risk Factors — Risks relating to Our Operations — We face risks related to health epidemics and other outbreaks of contagious diseases, including the COVID-19 outbreak" and "Financial Information — Impact of the COVID-19 Outbreak" in this prospectus. We will continue to monitor and evaluate any impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

SHAREHOLDER INFORMATION

Pursuant to a concert party agreement dated September 7, 2020 entered into by and amongst Dr. Wang, Dr. Hu, Ms. Wang, Ms. Hu, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Dr. Hu's SPV, Ms. Wang's SPV, and Ms. Hu's SPV and the ESOP Platforms (together, the "Concert Parties"), the Concert Parties confirmed that they have acted in concert in the management and operation of our Group since the relevant shareholder became interested in our Company, and they have agreed to continue to act in concert and reach consensus on any proposal related to the daily management and operation of our Group presented to the general meeting of the Shareholders of our Company for voting. As of the Latest Practicable Date, the Concert Parties are entitled to exercise voting rights of approximately 41.78% of our Company, including the Shares owned by Wordspharma Ltd, which is wholly-owned by Ms. Zhu Shen, Dr. Wang's wife, and which Dr. Wang is deemed interested in. The Concert Parties will be entitled to exercise voting rights of approximately 36.48% of our total issued shares and are considered as a group of Controlling Shareholders of our Company upon the Listing.

We have completed the Pre-IPO Investments and our Pre-IPO Investors include dedicated healthcare funds, biotech funds and funds focusing on investments in the biopharmaceutical sector. For details, please refer to the paragraphs headed "History, Development and Corporate Structure — Pre-IPO Investments" in this prospectus.

DIVIDEND

Except for special dividend of US$2.5 million paid to two shareholders in 2018, which was declared as a deemed redemption of 1,000,000 ordinary shares that should have been issued to them during the Reorganization, no dividend has been declared or paid by entities comprising our Group. As confirmed by Walkers (Hong Kong), our legal advisers on Cayman Islands law, on the condition that the memorandum and articles of association of the Company in force at the time did not prohibit the special dividend and immediately following the date on which the special dividend was proposed to be paid, the Company was able to pay its debts as they fell due in the ordinary course of business, the Company would not be prohibited by the relevant Cayman Islands law from paying the special dividend out of its share premium even though the Company had incurred accumulated losses at that time. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our board of directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our drugs as well as our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

THE GLOBAL OFFERING

The Global Offering by us consists of:

- the offer by us of initially 9,648,000 Shares, or Hong Kong Offer Shares, for subscription by the public in Hong Kong, referred to in this prospectus as the Hong Kong Public Offering; and

- the offer by us of initially 86,828,100 Shares, or International Offer Shares, outside the United States (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act, referred to in this prospectus as the International Offering.

The number of Hong Kong Offer Shares and International Offer Shares, or together, Offer Shares, is subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in the Offer Shares to be issued by us pursuant to the Global Offering (including any Shares which may be issued pursuant to the Conversion of the Preferred Shares, the Capitalization Issue and the exercise of the Over-allotment Option).

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$12.00	Based on the Offer Price of HK$14.00
Market capitalization of our Shares[(2)]	HK$9,116 million	HK$10,635 million
Pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share[(3)]	HK$2.20	HK$2.47

Notes:

(1) All statistics in this table are on the assumption that the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on 759,653,880 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is calculated after making the adjustments referred to in "Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets".

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$13.00 per Share, being the mid-point of the indicative Offer Price range of HK$12.00 to HK$14.00 per Share) will be approximately US$151.0 million (HK$1,170.5 million). We currently intend to apply such net proceeds we will receive from this offering for the following purposes:

(a) approximately 88.0%, or US$132.9 million (HK$1,030.1 million), will be used primarily for the clinical development and commercialization of the following products:

  (i) approximately 44.0%, or US$66.4 million (HK$515.0 million), will be used for planned clinical trials and preparation for registration filings of JAB-3068;

  (ii) approximately 18.0%, or US$27.2 million (HK$210.7 million), will be used for planned clinical trials and preparation for registration filings of JAB-3312;

  (iii) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for building our sales and marketing team and commercialization activities of JAB-3068 and JAB-3312;

  (iv) approximately 10.0%, or US$15.1 million (HK$117.1 million), will be used for ongoing and planned clinical trials of JAB-8263;

  (v) approximately 8.0%, or US$12.1 million (HK$93.6 million), will be used for the pre-clinical and clinical development of JAB-21000 and the preparation of its IND filing; and

(vi) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for the early-stage drug discovery and development, including pre-clinical and clinical development of our other pipeline assets, discovery and development of new drug candidates.

(b) approximately 8.0%, or US$12.1 million (HK$93.6 million), will be used for the construction of our in-house GMP-compliant manufacturing facility, of which a majority will be used for the lease of the buildings, the construction of production lines, and for the procurement of new machineries, instruments and equipment. Our manufacturing facility will be primarily used to manufacture and supply drug products for the clinical trials and commercial sale of our drug candidates, primarily including JAB-3068; and

(c) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for our general corporate and working capital purposes.

For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately HK$83.7 million, approximately 6.7% of our gross proceeds (including underwriting commission), assuming an Offer Price of HK$13.00 per Share, being the mid-point of the indicative Offer Price range of HK$12.00 to HK$14.00 per Share and no Shares are issued pursuant to the Over-allotment Option. In 2018, 2019 and the six-month period ended June 30, 2020, the listing expenses charged to profit or loss were nil, nil, RMB0.5 million (approximately HK$0.6 million), respectively, and the issue costs capitalized to deferred issue costs were nil, nil and RMB0.1 million (approximately HK$0.1 million), respectively. After June 30, 2020, approximately HK$32.8 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$50.2 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

In this prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

"AbbVie"	AbbVie Ireland Unlimited Company, incorporated on July 19, 2020 in Ireland, which is a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV) and an Independent Third Party
"Accountant's Report"	the accountant's report of our Group for the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Lists"	the application lists for the Hong Kong Public Offering
"Articles" or "Articles of Association"	the fifth amended and restated articles of association of our Company conditionally adopted on November 30, 2020 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Jacobio"	Jacobio Pharmaceuticals Co., Ltd. (北京加科思新藥研發有限公司), a limited liability company incorporated under the laws of PRC on July 17, 2015, being an indirect wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	our board of Directors
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

"Capitalization Issue"	the issuance of 530,542,224 Shares to be made immediately before completion of the Global Offering upon the capitalization of sums standing to the credit of the share premium account of our Company referred to in "Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Resolutions of the Shareholders of our Company Passed on November 30, 2020" in this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, which may be an individual, joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDE"	NMPA's Center for Drug Evaluation

"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Concert Parties"	refer to Dr. Wang, Dr. Hu, Ms. Wang, Ms. Hu, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Dr. Hu's SPV, Ms. Wang's SPV, Ms. Hu's SPV and ESOP Platforms and "Concert Party" means any one of them
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in this context, refers to the Concert Parties, for further details of which, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus
"Companies Law"	the Companies Law (2020 Revision) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time)
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company" or "our Company"	JACOBIO PHARMACEUTICALS GROUP CO., LTD. (加科思藥業集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 1, 2018, which was formerly known as JACOBIO (CAY) PHARMACEUTICALS CO., LTD.
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which for purposes of this prospectus, refers to JAB-3068
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

"Director(s)"	the director(s) of our Company or any one of them
"Dr. Hu"	Dr. Shaojing Hu (胡邵京), our executive Director, President of Research and Development and one of our Controlling Shareholders upon Listing
"Dr. Hu's SPV"	Emmanuelhupharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Dr. Hu
"Dr. Wang"	Dr. Yinxiang Wang (王印祥), our executive Director, Chief Executive Officer, Chairman of our Board and one of our Controlling Shareholders upon Listing
"Dr. Wang's SPV 1"	Yakovpharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Dr. Wang
"Dr. Wang's SPV 2"	Johwpharma Ltd, a limited liability company incorporated under the laws of the BVI which is indirectly wholly owned by Dr. Wang and Ms. Zhu Shen, the spouse of Dr. Wang
"Dr. Zhou"	Dr. Wenlai Zhou (周文來), our Senior Vice President
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law
"ESOP Platforms"	Willgenpharma Ltd, Gloryviewpharma Ltd, Honourpharma Ltd and Blesspharma Ltd
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Founders"	Dr. Wang, Ms. Wang, Dr. Hu and Ms. Hu
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., an independent market research and consulting company
"Frost & Sullivan Report"	the market research report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this prospectus
"GDP"	Gross Domestic Product
"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time

"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "our", "we", or "us"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 9,648,000 Offer Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus, as further described in paragraphs headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the paragraphs headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 8, 2020 relating to the Hong Kong Public Offering and entered into by our Company, the Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters
"IIT Law"	the Individual Income Tax Law of the PRC
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of our Company under the Listing Rules
"International Offer Shares"	the 86,828,100 Offer Shares initially being offered by us for subscription under the International Offering together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, and to persons within the United States who are QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into on or around December 14, 2020 by our Company, the Controlling Shareholders, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the International Underwriters
"Jacobio HK"	JACOBIO (HK) PHARMACEUTICALS CO., LIMITED (加科思(香港)藥業有限公司), a limited liability company incorporated under the laws of Hong Kong on July 3, 2018, being a direct wholly-owned subsidiary of our Company

"Jacobio US"	JACOBIO (US) PHARMACEUTICALS, INC., a limited liability company incorporated under the laws of the State of Delaware on December 20, 2018, being an indirect wholly-owned subsidiary of our Company
"Jacomab"	Jacomab Pharmaceuticals Co., Ltd. (北京加科天實新藥研發有限公司), a limited liability company incorporated under the laws of PRC on December 7, 2016, being an indirect wholly-owned subsidiary of our Company
"Joint Bookrunners"	the joint bookrunners as named in "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Lead Managers"	the joint lead managers as named in "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Sponsors"	Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited
"Latest Practicable Date"	December 1, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the Offer Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about December 21, 2020, on which the Offer Shares will be listed and dealings in the Offer Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)

"Ms. Hu"	Ms. Yunyan Hu (胡雲雁), our executive Director, Senior Vice President and one of our Controlling Shareholders upon Listing
"Ms. Hu's SPV"	Hmed Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Ms. Hu
"Ms. Wang"	Ms. Xiaojie Wang (王曉潔), our executive Director, President of Administration and one of our Controlling Shareholders upon Listing
"Ms. Wang's SPV"	Risepharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Ms. Wang
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) of not less than HK$12.00 and expected to be not more than HK$14.00, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the paragraphs headed "Structure of the Global Offering — Pricing" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters under the International Underwriting Agreement, to require us to allot and issue up to 14,471,400 additional Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to cover over-allocations in the International Offering, if any
"PBOC"	People's Bank of China (中國人民銀行)

"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	King & Wood Mallesons
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in our Company undertaken by the Pre-IPO Investor(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Pre-IPO Investor(s)"	BioEngine Capital Holding Limited, Fangyuan Growth SPC — PCJ Healthcare Fund SP, Qiming Venture Partners V, L.P., Qiming Venture Partners VI, L.P., Qiming Managing Directors Fund V, L.P., Qiming Managing Directors Fund VI, L.P., LAV Coda Limited, LAV Biosciences Fund V, L.P., HH SPR-III Holdings Limited, Danqing Biotheus Investment Limited, Time Sky Holdings Limited, LAV Brassicanapus, L.P., CICC Biomedical Fund L.P., Olive Rise Holdings Limited, YueKai Investment Management Limited and Wordspharma Ltd
"Preferred Shares"	the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of the business comprising our Group in preparation for the Global Offering, as described in the section headed "History, Development and Corporate Structure" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)

"SAMR"	The State Administration for Market Regulation (國家市場監督管理總局) of the PRC, formerly known as the State Administration for Industry and Commerce or the SAIC
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Series A Preferred Shares"	the 29,499,000 series A preferred shares of our Company, par value US$0.0001 per share
"Series B Preferred Shares"	the 18,524,193 series B preferred shares of our Company, par value US$0.0001 per share
"Series C Preferred Shares"	the 22,000,000 series C preferred shares of our Company, par value US$0.0001 per share
"Series C+ Preferred Shares"	the 7,135,556 series C+ preferred shares of our Company, par value US$0.0001 per share
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)" or "Ordinary Share(s)"	ordinary share(s) with a nominal value of US$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sophisticated investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"Stabilizing Manager"	Goldman Sachs (Asia) L.L.C.
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the agreement expected to be entered into on or around December 14, 2020 between Dr. Wang's SPV 1 and the Stabilizing Manager and/or its affiliates, pursuant to which the Stabilizing Manager may, on its own or through its affiliates, request Dr. Wang's SPV 1 to make available to the Stabilizing Manager up to 14,471,400 Shares to cover, inter alia, over-allocations in the International Offering

"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

In this prospectus, in addition to terms defined elsewhere and unless the context otherwise requires, the following technical terms have the following meanings.

"ADP"	adenosine diphosphate
"AEs"	adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"ALK"	anaplastic lymphoma kinase
"allosteric inhibitor"	an allosteric inhibitor, by binding to allosteric site (different from catalytic active site), alters the protein conformation of enzyme and therefore inhibits its function
"allosteric regulation"	allosteric regulation of enzymes occurs when the binding of a molecule to allosteric site (different from catalytic active site) results in conformational change and causes a change in enzymatic activity. This type of regulation can be either positive or negative, increasing or decreasing the activity of the enzyme
"allosteric site"	a regulatory site, often different than the active site on an enzyme, by binding to molecules to result in conformational change that either activates or inhibits (or turns off) enzyme activity
"AML"	acute myeloid leukemia, a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood
"ALT"	alanine aminotransferase, a liver enzyme that is released in the blood where liver cells are damaged; the blood test for ALT is used to diagnose liver disorders
"AMP"	adenosine monophosphate
"Allosteric Database"	The Allosteric Database (available online at **http://mdl.shsmu.edu.cn/ASD**)
"AKT"	also known as protein kinase B (PKB), a serine/threonine-specific protein kinase that plays a key role in multiple cellular processes such as glucose metabolism, apoptosis, cell proliferation, transcription, and cell migration

"AST"	aspartate transaminase, an enzyme found in cells throughout the body but mostly in the heart and liver; the blood test for AST is used to detect or monitor liver damage
"ATP"	adenosine triphosphate
"Aurora A"	Aurora A kinase, one of the key regulators of mitosis progression
"BET"	bromodomain and extra-terminal; BET proteins interact with acetylated lysine residues in histone to regulate gene expression, and promote aberrant expression of many oncogenes such as *MYC, CCND1*, and *BCL2L1*
"BID"	"*bis in die*", Latin for twice daily
"BRAF"	B-Raf proto-oncogene, a gene that encodes a protein called B-Raf
"BRD"	bromodomain, an evolutionarily conserved protein fold which is involved in the lysine-acetylation dependent assembly of protein complexes regulating transcription of genes
"BTLA"	B- and T-lymphocyte attenuator
"C-SH2"	the C-terminal of SH2 domain, which is a structurally conserved protein domain
"CDX"	cell line-derived xenograft, a model used for the research and testing of anti-cancer therapies. Human tumor samples are cultured as cell lines and implanted into mouse models to test the efficacy of anti-tumor compounds in vivo
"CDK9"	cyclin dependent kinase 9
"CD28"	a 44kDa, type I transmembrane protein expressed on the surface of T cells that provides co-stimulatory signals required for T cell activation and survival
"CD39"	ecto-nucleoside triphosphate diphosphohydrolase 1, a surface-expressed enzyme that hydrolyzes extracellular ATP. CD39 is an immunosuppressive molecule that can be therapeutically targeted to restore effector T-cell function

"CD73"	ecto-5'-nucleotidase, a surface-expressed enzyme that hydrolyzes AMP into adenosine. CD73 is an immunosuppressive molecule that can be therapeutically targeted to restore effector T-cell function
"$CD8^+$ T Cells"	a critical subtype of T cells and mediators of adaptive immunity
"chemotherapy" or "chemo"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMC"	chemistry, manufacturing, and controls processes, including manufacturing techniques, impurities studies, quality controls and stability studies
"CMO(s)"	contract manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"combination therapy" or "combo"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease
"CR"	complete response, which means that all target lesions have disappeared during the course of treatment
"CRC"	colorectal cancer, a type of cancer arising from the colon or rectum
"CRO(s)"	contract research organization, a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"CRPC"	castration-resistant prostate cancer
"CYP7A1"	cholesterol 7 alpha-hydroxylase, an enzyme that converts cholesterol to 7-alpha-hydroxycholesterol, the first rate limiting step in bile acid synthesis
"DCR"	disease control rate, the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses, partial responses and stable disease

"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose of that treatment in clinical trial
"DOR"	duration of response, the length of time that a tumor continues to respond to treatment without the cancer growing or spreading
"EGFR"	epidermal growth factor receptor
"ERK"	extracellular regulated protein kinases, widely expressed protein kinase intracellular signaling molecules that are involved in various cellular signaling functions
"ECOG performance status"	a standard criteria developed by the Eastern Cooperative Oncology Group (ECOG) for measuring how the disease impacts a patient's daily living abilities. ECOG performance status ranges from 0 to 5, with 0 representing that the patient is fully active, able to carry on all pre-disease performance without restriction, and 5 representing the death of the patient
"ESCC"	esophageal squamous cell carcinoma, a high-mortality cancer with complex etiology and progression involving both genetic and environmental factors
"FGF19"	fibroblast growth factor 19, a protein that in humans encoded by the FGF19 gene. It functions as a hormone, regulating bile acid synthesis, with effects on glucose and lipid metabolism
"FGFR4"	fibroblast growth factor receptor 4, a kinase that is aberrantly activated in certain types of cancer
"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"G12A/C/D/V"	specific variations in the KRAS protein
"GBM"	glioblastoma multiforme, the most aggressive type of cancer that begins within the brain
"GC"	gastric cancer
"GMP"	good manufacturing practice

"GTPases"	a large family of hydrolase enzymes that bind to the nucleotide guanosine triphosphate (GTP) and hydrolyze it to guanosine diphosphate (GDP)
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes
"HNSCC"	head and neck squamous cell carcinoma
"HRAS"	HRas proto-oncogene, a gene providing instructions for making a protein called H-Ras that is involved primarily in regulating cell division
"immune checkpoint inhibitors"	a type of drugs that block certain proteins made by some types of immune system cells, and/or cancer cells, which help promote immune responses and allow immune cells to kill cancer cells
"immunotherapy"	a type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases
"Immune-oncology"	a type of immunotherapy that is specifically targeted to fight cancer
"IC_{50}"	the half maximal inhibitory concentration, which is a measure of the potency of a substance in inhibiting a specific biological or biochemical function
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"*in vitro*"	Latin for "in glass", studies *in vitro* are conducted using components of an organism that have been isolated from their usual biological surroundings, such a microorganisms, cells or biological molecules
"*in vivo*"	Latin for "within the living", studies *in vivo* are those in which the effects of various biological or chemical substances are tested on whole, living organisms as opposed to a partial or dead organism, or those done in vitro
"KRAS"	Kirsten rat sarcoma 2 viral oncogene homolog, a signal transducer protein, which plays an important role in various cellular signaling events such as in regulation of cell proliferation, differentiation and migration
"LOF"	loss-of-function

"MAPK"	mitogen-activated protein kinase, a type of protein kinase that is specific to the amino acids serine and threonine, and is involved in various cellular functions, including cell proliferation, differentiation and migration
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"MEK"	mitogen-activated protein kinase kinase (also known as MAPKK), a kinase enzyme which phosphorylates MAPK
"MF"	myelofibrosis, one of a collection of progressive blood cancers known as myeloproliferative neoplasms
"MM"	multiple myeloma
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MTD"	maximum tolerated dose
"MYC"	a family of regulator genes and proto-oncogenes that code for transcription factors
"naïve"	not having received therapy
"NRAS"	neuroblastoma RAS viral oncogene homolog, which provides instructions for making a protein called N-Ras that is involved primarily in regulating cell division
"NF1"	a gene located on chromosome 17, which produces a protein called neurofibromin that helps regulate cell growth. The mutated NF1 gene causes a loss of neurofibromin, which allows uncontrolled cells grow
"NDA"	new drug application or biologics license application, as applicable
"NMC"	a rare type of cancer that forms in the respiratory tract and other places along the middle of the body, from the head to the abdomen
"NSCLC"	non-small cell lung cancer
"N-SH2"	the N-terminal of SH2 domain, which is a structurally conserved protein domain

"NUT midline carcinoma"	a rare genetically defined, very aggressive squamous cell epithelial cancer that usually arises in the midline of the body and is characterized by a chromosomal rearrangement in the nuclear protein in testis gene
"ORR"	overall response rate or objective response rate
"OS"	overall survival
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell-mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PDX"	patient-derived xenograft, a model of cancer where the tissue or cells from a patient's tumor are implanted into an immunodeficient or humanized mouse
"PFS"	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse. In a clinical trial, measuring the progression free survival is one way to see how well a new treatment works
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetic, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"Phase I clinical trials"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness

"Phase II clinical trials"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trials"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PI3K"	phosphoinositide 3-kinases, a family of enzymes involved in cellular functions such as cell growth, proliferation, differentiation, motility, survival and intracellular trafficking, which in turn are involved in cancer
"pivotal trial" or "registrational trial"	a clinical trial or study intended to provide evidence for a drug marketing approval
"pre-clinical"	studies or programs testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"pTEFb"	positive transcription elongation factor b
"PTPs"	protein tyrosine phosphatases, a family of enzymes essential for numerous cellular process
"PTPN11"	tyrosine-protein phosphatase non-receptor type 11, an enzyme that provides instructions for making SHP2
"PTKs"	protein tyrosine kinases, one of the major signaling enzymes in the process of cell signal transduction which catalyze the transfer of the phosphate of ATP to tyrosine residues on protein substrates
"RAS"	a low-molecular-weight GDP/GTP-binding guanine triphosphatase, which is a prototypical member of the small-GTPase superfamily
"RB"	retinoblastoma tumor suppressor, also abbreviated as RB1, a master regulator of the cell cycle and is mutated or functionally inactivated in the majority of human cancers
"RCC"	renal cell carcinoma, or kidney cancer

"QD"	once daily
"relapsed"	when used in reference to any disease, including cancer, the return of a disease or the signs and symptoms of a disease after a period of improvement
"ROS1"	a receptor tyrosine kinase (encoded by the gene ROS1) highly-expressed in a variety of tumor cells
"RP2D"	recommended Phase II dose
"RTK"	receptor tyrosine kinase, the high-affinity cell surface receptor for many polypeptide growth factors, cytokines, and hormones
"SAE"	serious adverse events
"SCLC"	small cell lung cancer
"SD"	stable disease, which indicate that a tumor is neither growing nor shrinking
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately
"SHP2"	Src homology region 2 domain-containing phosphatase-2, a protein tyrosine phosphatase acting as a key regulator in the RAS signaling pathway
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them
"SOS"	Son of Sevenless, a set of genes encoding guanine nucleotide exchange factors that interact with RAS and catalyze the exchange of GDP for GTP
"swimmer plot"	a graphical tool involving horizontal bars that can be used to show multiple pieces of information about a given data set in one glance
"TAM"	tumor-associated macrophages, the key cells that create an immunosuppressive tumor microenvironment by producing cytokines, chemokines, growth factors, and triggering the release of inhibitory immune checkpoint proteins in T cells

"T cell(s)"	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"TGI"	tumor growth inhibition
"TNBC"	triple-negative breast cancer, a breast cancer that tests negative for estrogen receptors, progesterone receptors, and excess HER2 protein
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals. It is expressed generally as a dose response
"TRAEs"	treatment-related adverse events
"tumor metabolism"	the alterations in cellular metabolic pathways that are evident in cancer cells compared with most normal tissue cells

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our drug candidates;
- our ability to successfully commercialize our approved drugs in a timely manner;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, before deciding to invest in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our reliance on third parties; (ii) risks relating to our financial position and need for additional capital; (iii) risks relating to our business, comprising (a) risks relating to the development of our drug candidates, (b) risks relating to extensive government regulations, (c) risks relating to manufacturing of our drug candidates, (d) risks relating to commercialization of our drug candidates, and (e) risks relating to our intellectual property rights; (iv) risks relating to our operations; (v) risks relating to our doing business in China; and (vi) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners.

We have in the past entered into licensing arrangement and may in the future seek and form further collaborations or strategic alliances, or enter into additional licensing arrangement, including entering into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. Our strategic collaboration with partners involves numerous risks, which may include the following:

- collaboration partners have significant discretion in determining the efforts and resources that they will apply to a collaboration;

- collaboration partners may not pursue development and commercialization of our drug candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, or change their strategic focus due to the acquisition of competitive products, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;

- collaboration partners may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a drug candidate, repeat or conduct new clinical trials, or require a new design of a drug candidate for clinical testing;

- collaboration partners could independently develop, or develop with third parties, products that compete directly or indirectly with our future drug products or drug candidates;

- a collaboration partner with marketing and distribution rights to one or more products may not commit sufficient resources to their marketing and distribution;

- collaboration partners may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our drug candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborations may be terminated and, if terminated, may result in our inability to generate revenue in the foreseeable future and a need for additional capital to pursue further development or commercialization of the applicable drug candidates; and/or

- collaboration partners may own or co-own intellectual property covering our drug candidates that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

Before our SHP2 Products are commercialized in the Territory, we primarily generate revenue from the milestone and royalty payments to be paid by AbbVie to us under the AbbVie Agreement. Under the AbbVie Agreement, we will perform pre-clinical and early global clinical development activities on SHP2 Products and manufacture (or have manufactured) SHP2 Products for use in clinical studies, in accordance with a development plan and budget. We and AbbVie have agreed on the initial development plan (i.e., Phase I and Phase IIa trials of our SHP2 inhibitors) and budget for 2020 to 2022 (the "Initial Development Plan"). We are obligated to use commercially reasonable efforts to ensure that the costs and expenses of development and manufacturing activities under the Initial Development Plan are within the development budget, and any costs and expenses exceeding 105% of the then-current development budget will be borne by us. If we are unable to commercialize the SHP2 Products in the Territory, our ability to generate revenue from the SHP2 Products will be limited. If we fail to control our costs and expenses within 105% of the budget set forth in the Initial Development Plan, we will be responsible for such additional costs.

We have the exclusive rights (even as to AbbVie and its affiliates) to conduct all development, regulatory and commercialization activities of the PRC Products in the Territory, and we will formulate the PRC Development Plan for the development of the PRC Products in the Territory and submit it for approval by the JSC. The JSC has equal representation and participation from

us and AbbVie, and is a consensus-based forum to oversee and direct the parties' respective activities across the territories. Although the approval process is primarily to ensure consistency between the PRC Development Plan and the global development plan to be formulated by AbbVie, the parties may become deadlocked during the process, in which case AbbVie shall have the final decision-making authority to approve the PRC Development Plan, which approval shall not be unreasonably withheld, conditioned or delayed. Although the AbbVie Agreement specifies certain events where it would be unreasonable for AbbVie to withhold, condition or delay its approval, these events are not exhaustive. Any disagreement during this process could result in delays, increased costs or other difficulties in our development and commercialization of our SHP2 Products in the Territory. Further, although we are entitled to all regulatory documentation and other information developed by AbbVie with respect to the SHP2 Product that is reasonably required in connection with our exploitation of the PRC Product in the Territory, we cannot assure you that such information is sufficient and that the applicable regulators in the Territory would not require further data and information to be provided by us. If we are unable to generate and develop such additional information, we will not be able to register the PRC Product in the Territory. In the event that AbbVie initiates a registrational study for a competing product in the U.S. and ceases to continue developing and commercializing all SHP2 Products for 15 consecutive months, we are still able to develop the PRC Product without being subject to AbbVie's final decision-making authority as to approval of the PRC Development Plan. However, such process could take a considerable amount of time and the future development of the PRC Product may be subject to uncertainty. We cannot assure you that in these circumstances we would be able to develop the PRC Product to compete with similar products in a timely manner or at all. Furthermore, although in such circumstances we may discuss the terms and conditions with AbbVie pursuant to which AbbVie would grant us global rights with respect to the PRC Products, we cannot assure you that AbbVie will grant the global rights to us, and even if we were granted the global rights, the development or commercialization of our SHP2 Products may be significantly delayed.

Any of the foregoing events could have a materially adverse effect on our business, financial condition, results of operation and prospects. For more information regarding the AbbVie Agreement, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus. In addition, any dispute we may have with AbbVie may result in delay or even termination of the research, development or commercialization of our JAB-3068, JAB-3312 or our other SHP2 portfolio products, and may result in our inability to generate revenue in the foreseeable future and require us to seek additional funding in order to avoid delaying, reducing the scope of, or suspending, one or more of our research and development programs or clinical trials, thereby adversely affecting our business, financial condition, results of operation and prospects. Such delay or termination of our development and commercialization activities on SHP2 Products could also lead to a negative impact on the public perception of JAB-3068 and JAB-3312, or all of the SHP2 portfolio products covered by the AbbVie Agreement, which could adversely affect the market price of our Shares.

We may also form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not achieve the revenue and cost synergies expected from the collaboration or transaction. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

We also face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our drug candidates in the future because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our drug candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a drug candidate, we can expect to relinquish some or all of the control over the future success of that drug candidate to the third party. For any drug candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biopharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

We work with various third parties to develop our drug candidates, such as those who help us conduct our pre-clinical studies and clinical trials. If we lose our relationships with these third-party service providers, or if these third parties do not successfully carry out their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, and our business could be materially harmed.

We have worked with and plan to continue to work with third-party collaborators, such as CROs to monitor and manage data for our ongoing pre-clinical and clinical programs. We work with these parties to execute our pre-clinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our collaboration with the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our clinical programs and our clinical investigators are required to comply with GCP, which are regulations and guidelines enforced by the NMPA, the FDA, the EMA and other comparable regulatory authorities for all of our drug candidates in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, the FDA, the EMA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing pre-clinical studies, and clinical and non-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may fail to obtain regulatory approval for or successfully commercialize our drug candidates. As a result, our results of operations and the commercial prospects for our drug candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding additional CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects.

Our future revenues rely on our ability to work effectively with the third-party collaborators to develop our drug candidates, including to obtain regulatory approval. Our arrangements with such collaborators will be critical to successfully bringing our drug candidates to market and commercializing them. We rely on third-party collaborators in various respects, including to undertake research and development programs and conduct clinical trials, manage or assist with the regulatory filings and approval process and to assist with our commercialization efforts. If we lose our relationships with these third-party service providers or our collaborators fail to complete the remaining studies successfully, or at all, it could delay, adversely affect or prevent regulatory approval. We cannot guarantee the satisfactory performance of any of our collaborators and if any of our collaborators breach or terminate their agreements with us, we may not be able to successfully commercialize the licensed product, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

Furthermore, we will rely on third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on our Company until deficiencies are remedied.

We rely on third parties to manufacture a portion of our drug candidates for clinical development and commercial sales. Our business could be harmed if those third parties fail to deliver sufficient quantities of product or fail to do so at acceptable quality levels or prices, prices, or if we lose our relationships with these third parties.

We currently rely on and may continue to rely on third parties for our manufacturing process and for the clinical supply and commercial sales of our drug candidates in the future. Reliance on third-party manufacturers would expose us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the NMPA, the FDA, the EMA or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates. This evaluation would require new testing and cGMP-compliance inspections by the NMPA, the FDA, the EMA or other comparable regulatory authorities;

- our third-party manufacturers might be unable to timely manufacture our drug candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any;

- manufacturers are subject to ongoing periodic unannounced inspection by the regulatory authorities to ensure strict compliance with cGMP and other government regulations. We do not have control over third-party manufacturers' compliance with these regulations and requirements;

- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our drug candidates;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- manufacturers may infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;

- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects;

- our manufacturers may be subject to inclement weather, as well as natural or human-made disasters; and

- we may lose our relationship with our third-party manufacturers and may incur additional costs in identifying and engaging qualified replacement in a timely manner.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, result in higher costs, or adversely impact commercialization of our future approved drug candidates.

Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or because of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any future approved drug candidates for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs, and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

We depend on a stable and adequate supply of quality materials, research and development and manufacturing equipment from our suppliers, and price increases or interruptions of such supply could have an adverse impact on our business.

We procure raw materials and equipment for the development and manufacture of our drug candidates from qualified suppliers. We also engage a limited number of reputable CROs to support our internal team in managing and conducting pre-clinical and clinical studies of our pipeline candidates in China and the United States. We expect to continue to rely on third parties to supply such materials and equipment as well as services for the research and development of our drug candidates. Please refer to the paragraphs headed "Business — V. Raw Materials and Suppliers" in this prospectus.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationship with alternative sources based on supply continuity risk assessment. However, there is a risk that, if supplies were interrupted, our business and results of operation would be materially harmed. Any disruption in production or the inability of our suppliers to produce adequate quantities to meet our needs could impair our operations and the research and development of our drug candidates.

Moreover, we require a stable supply of materials for our drug candidates in the course of our research and development activities, and such needs are expected to increase significantly once we enter commercial production of drugs upon receipt of regulatory approval, but there is no assurance that current suppliers have the capacity to meet our demand. Any significant delay in receiving such materials in the quantity and quality that we need could delay the completion of our clinical studies, regulatory approval of our drug candidates or our ability to timely meet market demand for our commercialized products, as applicable. Our suppliers may not be able to cater to our growing demands or may reduce or cease their supply of materials to us at any time.

We are also exposed to the possibility of increased costs, which we may not be able to pass on to customers and as a result, lower our profitability. In the event of significant price increases for such materials, we cannot assure you that we will be able to raise the prices of our future drug products and services sufficiently to cover the increased costs. As a result, any significant price increase for our needed materials may have an adverse effect on our profitability. Additionally, although we have implemented quality inspection on the materials before using them in the manufacturing process, we cannot assure you that we will be able to identify all of the quality issues.

In addition, there is no assurance that these third-party suppliers will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the materials and equipment supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our future drug products. The non-compliance of these third-party suppliers may also subject us to potential product liability claims, cause us to fail to comply with the continuing regulatory requirements, and incur significant costs to rectify such incidents of non-compliance, which may have a material and adverse effect on our business, financial condition and results of operation.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause potential investors to lose substantially all of their investment in our business.

We are a development-stage biopharmaceutical company founded in 2015 with a relatively short operating history. Our operations to date have primarily focused on the drug discovery, as well as pre-clinical studies and clinical trials of our drug candidates. As of the Latest Practicable Date, we had not yet successfully advanced any drug candidates to commercial sale and had not generated any revenue from product sales. We also have limited experience in commercial-scale manufacturing, sales and marketing of our drug candidates, if and when approved. As a result of our limited operating history, and particularly in light of the rapidly evolving nature of our industry, it may be difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, it could materially adversely affect our business, financial condition, results of operations and prospects. These factors present uncertainties and material risks to our commercial success and may cause potential investors to lose a substantial portion or all of their investment in our business.

We have incurred significant net losses since inception. We expect that we will continue to incur net losses for the foreseeable future and we may not be able to achieve or maintain profitability. Potential investors may lose substantially all of their investments in us given the high risks involved in our business.

As a development-stage pharmaceutical company, our investment in the pharmaceutical and biopharmaceutical industries is highly speculative, which entails substantial upfront capital expenditures and significant risk that a drug candidate may fail to gain regulatory approval or become commercially viable. Our ability to generate revenue from our drug candidates will depend primarily on the success of the regulatory approval, manufacturing, and commercialization of the drug candidates, which is subject to significant uncertainty. Even if we obtain regulatory approval to market our drug candidates, our future revenue will depend upon other factors such as the market size for the proposed indications of our drug candidates, and our ability to achieve sufficient market acceptance.

For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, we have incurred net losses of RMB155.9 million, RMB425.8 million and RMB810.9 million, respectively. Substantially all of our operating losses have resulted from costs incurred in connection with our research and development of our drug candidates programs, administrative expense and fair value losses in financial instruments with preferred rights. For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our research and development expenses amounted to RMB84.9 million, RMB139.0 million and RMB71.0 million, respectively. For more details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Loss — Research and Development Expenses" in this prospectus.

The amount of our future net losses will depend, among others, on the number and scope of our research and development programs, our future costs and expenses relating to those programs, our commercialization of any approved products, and our general operations; as well as our ability to generate revenues, and the timing and amount of milestone and other payments we make or receive with or through arrangements with third parties. We expect to continue to incur significant expenses and losses for the foreseeable future. We anticipate that our expenses will increase significantly if and as we:

- continue to advance the clinical trials and pre-clinical studies of our product pipeline;
- initiate pre-clinical, clinical or other studies for new drug candidates;
- seek regulatory approvals for our drug candidates to complete clinical development and commence commercialization;
- manufacture or engage others to manufacture our drug candidates for clinical trials and for commercial sale;
- develop and expand our commercialization team to commercialize any drug candidates in our pipeline for which we may obtain regulatory approval;
- incur costs to develop or manufacture drug candidates under any collaboration agreements;
- maintain, protect, expand and enforce our intellectual property portfolio;

- attract and retain skilled personnel, and grant equity-settled awards to our employees under our share incentive schemes;
- acquire or in-license other drug candidates, intellectual property assets and technologies; and
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

In addition, considering the numerous risks and uncertainties associated with regulatory approval, we are unable to accurately predict the timing or amount of additional expenses, or when, or if, we will be able to achieve or maintain profitability. Our expenses could increase beyond expectations if we are required by the NMPA, FDA or other comparable regulatory authorities to perform studies in addition to those that we currently anticipate. Even if our drug candidates are approved for commercial sale, we expect to continue incurring significant costs associated with the manufacturing and the commercial launch of the drug candidates.

Potential investors may lose substantially all their investments in us given the high risks involved in our business. Even if we are able to generate revenue from the sale of our approved drug candidates, we may not become profitable and may need to obtain additional funding to continue operations. Moreover, even if we manage to achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis. Our failure to become and remain profitable may also impact investors' perception of the potential value of our company and could impair our ability to raise additional capital, expand our business or continue our operations. Failure to become and remain profitable may also adversely affect the market price of our Shares. A decline in the market price of our Shares could cause potential investors to lose all or part of their investment in our business.

We had a net liabilities position during the Track Record Period, which may adversely affect our liquidity.

As of December 31, 2018 and 2019 and June 30, 2020, we had net liabilities of RMB97.2 million, RMB470.1 million and RMB1,283.2 million, primarily attributable to the significant amount of financial instruments with preferred rights that we recorded as non-current liabilities. Our financial instruments with preferred rights mainly included our redeemable Preferred Shares during the Track Record Period. Our balance of redeemable Preferred Shares amounted to RMB529.0 million, RMB770.3 million and RMB1,689.4 million as of December 31, 2018 and 2019 and June 30, 2020, respectively. They are initially recognized at fair value and the increases in the fair value are recognized as fair value losses on our consolidated statements of comprehensive loss. The fair value loss of the Preferred Shares is a non-cash item that will not recur after the closing of the Global Offering, as the Preferred Shares issued by us will be automatically converted into Ordinary Shares, but we may still retain accumulated losses due to the fair value loss of our Preferred Shares prior to the closing of the Global Offering. We cannot guarantee that we will not incur net liabilities in the future. If we are to record net liabilities again, it will affect our liquidity, as well as our ability to raise funds, obtain bank loans, and pay debts when they become due and declare and pay dividends.

We had net cash outflows from our operating activities during the Track Record Period. We may need to obtain additional financing to fund our operations. If we are unable to obtain sufficient financing, we may be unable to complete the development and commercialization of our drug candidates.

Our drug candidates will require the completion of clinical development, regulatory review, significant marketing efforts and substantial investment before they can provide us with product sales revenue. Our operations have consumed substantial amounts of cash since our inception. We had net cash used in our operating activities of RMB79.9 million, RMB113.0 million and RMB72.0 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, respectively. We incurred operating loss of RMB101.4 million, RMB194.2 million and RMB78.9 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, mainly comprising research and development expenses, administrative expenses. We expect to continue to spend substantial amounts on drug discovery, advancing the clinical development of our drug candidates, and launching and commercializing any approved drug candidates for which we receive regulatory approval.

To date, we have funded our operations primarily through the proceeds from private equity financings. Our existing capital resources may not be sufficient to enable us to complete all global development or commercially launch all of our current drug candidates for the currently anticipated indications and to invest in additional product development programs, particularly where the anticipated commercialization of our drug candidates is delayed or terminated, or if the expenses associated with drug development and commercialization increase substantially. If the capital resources available to us are insufficient to satisfy our cash requirements, we may seek additional funding through public or private equity offerings, debt financings, collaborations and licensing arrangements. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "Risk Factors" section. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely identify and enroll patients in our planned and potential future clinical trials;

- the outcome, timing and cost of regulatory approvals of our drug candidates;

- the preparation required for anticipated commercialization of our drug candidates, and if regulatory approvals are obtained, to fund the product launch;

- the manufacturing requirements and capabilities related to clinical development and future commercialization for any approved drug candidates, including the commercialization of the PRC Products in the Territory as detailed in the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus;

- the amount and timing of any profit sharing, milestone and royalty payments we receive from our current or future collaborators, including our collaboration with AbbVie;

- the progress, timing, scope and costs related to discovery and early development of additional drug candidates;

- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- selling and marketing costs associated with any future drug candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- cash requirements of any future development of other pipeline drug candidates; and
- our headcount growth and associated costs.

We cannot assure you that we will have sufficient financing to fund our operations on acceptable terms and in a timely manner, if at all. If we were not able to obtain additional capital to meet our cash requirements in the future, we may be required to delay, limit, reduce or terminate pre-clinical studies, clinical trials or other research and development activities or commercialization for one or more of our drug candidates, and in turn will materially and adversely affect our business prospects.

Fair value changes in our financial instruments with preferred rights and related valuation uncertainty had materially affected, and may continue to materially affect, our financial condition and results of operations.

The financial instruments with preferred rights, which mainly includes our redeemable Preferred Shares during the Track Record Period, were not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method and back-solve method were used to determine the underlying share value and the equity allocation model was adopted to determine the fair value of the financial instruments with preferred rights as at each date of issuance and as at December 31, 2018 and 2019 and June 30, 2020. Key valuation assumptions used to determine the fair value of the Preferred Shares included discount rate, risk-free interest rate, volatility, discount for lack of marketability and the probability for a qualified initial public offering. Please refer to the paragraph headed "Risks Relating to our Financial Position and Need for Additional Capital — We had a net liabilities position during the Track Record Period, which may adversely affect our liquidity" in this section and Note 21 of the Appendix I to this prospectus for more details. Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial instruments with preferred rights. To the extent we need to revalue the financial instruments with preferred rights prior to the closing of the Global Offering, any change in fair value of the financial instruments with preferred rights and related valuation uncertainty could materially affect our financial position and performance. As at December 31, 2018 and 2019 and June 30, 2020, we recorded financial instruments with preferred rights as our non-current liabilities of RMB529.0 million, RMB770.3 million and RMB1,689.4 million, respectively. We also recorded fair value losses in financial instruments with preferred rights of RMB52.9 million, RMB235.6 million and RMB733.1 million in 2018 and 2019, and the six months ended June 30, 2020, respectively. We expect that we will recognize significant additional losses on the fair value changes of the financial instruments with preferred rights from June 30, 2020 to the Listing Date because of the significant increase in the fair value of such financial instruments during such period. After the automatic conversion of all Preferred Shares into Shares upon the closing of the Global Offering, we do not expect to recognize any further gains or losses on fair value changes from the financial instruments with preferred rights in the future.

We are exposed to risks in connection with the wealth management products we purchased.

We recorded investment income on wealth management products of RMB1.5 million, RMB0.4 million, RMB0.3 million and RMB0.1 million for the years ended December 31, 2018 and 2019, and for the six months ended June 30, 2019 and 2020, respectively. Pursuant to the Guidance on Regulating Financial Institution's Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Security Regulatory Commission and the State Administration of Foreign Exchange on April 27, 2018, financial institutions selling wealth management products shall not guarantee the principals and/or returns of such products. As a result, the returns of our investments on the wealth management products were not guaranteed. We measured these financial assets at fair value through profit or loss, and we are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded in profit or loss, and therefore directly affect our results of operations. We may continue to invest in wealth management products in the future when we believe that we have surplus cash on-hand and the potential investment returns are attractive. However, there can be no assurance that our internal management and investment strategy will be effective and adequate with respect to our purchased wealth management products. We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, the potential investors' ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect their rights as a shareholder. Debt financing and preferred equity 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, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

RISKS RELATING TO OUR BUSINESS

Risks Relating to the Development of Our Drug Candidates

Our business and financial prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals or achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

Our business will depend on our ability to successfully complete the development of our drug candidates, obtain necessary regulatory approvals, and manufacture and commercialize our drug candidates. We have invested a significant portion of our efforts and financial resources

in the development of our existing drug candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our drug candidates. The success of our drug candidates will depend on several factors, including but not limited to:

- successful enrolment of patients in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals for our drug candidates;
- successfully launching commercial sales of our drug candidates, if and when approved;
- sufficient resources to discover additional drug candidates and successful identification of potential drug candidates based on our research or business development methodology or search criteria and process;
- establishing sufficient commercial manufacturing capabilities, either by making arrangements with CMOs and/or building facilities ourselves;
- the performance by CROs or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining, maintaining and enforcing patent, trademark, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patents, trademarks, trade secrets or other intellectual property rights of third parties, and successfully defending against any claims by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party;
- obtaining and maintaining favorable governmental and private reimbursement from third-party payers for drugs, if and when approved;
- competition with other drug candidates and drugs; and
- continued acceptable safety profile of our drug candidates following regulatory approval.

Some of our drug candidates represent a novel approach to therapeutic needs compared with more commonly used medical methods, which carries inherent development risks and could result in delays in clinical development, regulatory approval or commercialization. Any modification to the protocols related to the demonstration of safety or efficacy of our drug candidates may delay the clinical program, regulatory approval or commercialization, and we may be required to supplement, modify, or withdraw and refile our applications for the regulatory approval. In addition, potential patients and their physicians may be inclined to use conventional standard-of-care treatments rather than trying out a novel approach. Further, given the novelty of our drug candidates, patients and medical personnel may need a substantial amount of education and training. This may have a material impact on our ability to generate revenue from our drug candidates, which in turn may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, all of our drug candidates were in various phases of clinical trials and pre-clinical studies and we did not have any drug candidates that are at regulatory filing stage with the relevant competent regulatory authorities. We therefore have limited experience in filing for regulatory approval for our drug candidates, and we have not yet demonstrated the ability to receive regulatory approval for our drug candidates. As a result, our ability to successfully obtain regulatory approval for our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in obtaining regulatory approvals.

Results of earlier studies and trials may not be predictive of future trial results.

The results of pre-clinical studies and early clinical trials may not be predictive of the success of later phase clinical trials, and successful initial or interim results of a clinical trial do not necessarily predict successful final results. Our drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. A number of companies in the pharmaceutical and biopharmaceutical industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including genetic differences, patient adherence to the dosing regimen, other trial protocol elements and the rate of dropout among clinical trial participants. Our future clinical trial results may not be favorable. Even if our future clinical trial results show favorable efficacy, not all patients may benefit.

As our drug candidates are developed through pre-clinical and clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives.

We may be unable to identify, discover or develop new drug candidates, or to identify additional therapeutic opportunities for our drug candidates to maintain or expand our product pipeline.

We cannot guarantee that we will be successful in identifying potential drug candidates in the future to sustain our growth. Research programs to identify new drug candidates and targets and to pursue the development of our drug candidates for additional indications require substantial technical, financial and human resources without guaranteed ultimate success. For example, we have developed our proprietary research and development platforms, particularly the allosteric inhibitor technology platform and translational medicine platform, which we believe enables us to design, evaluate and select optimal candidates and continue to enrich our pipeline. However, we cannot guarantee that we will be successful in identifying potential drug candidates in the future to sustain our growth. Our research programs may initially show promising results in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including but not limited to the following factors:

- the research methodology used may not be successful in identifying potential indications and/or new drug candidates;

- potential drug candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to achieve desired efficacy; and

- it may take greater human and financial resources than we will possess to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, thereby limiting our ability to diversify and expand our drug portfolio.

In addition, some drug candidates are technically challenging to develop and manufacture, particularly as some of our drug candidates, including SHP2 inhibitors JAB-3068, and JAB-3312, and KRAS G12C inhibitor JAB-21000, target the historically "undruggable" targets. For more details, please refer to the paragraphs headed "Business — I. Our Drug Candidates" in this prospectus. Accordingly, there can be no assurance that our internal research programs will lead to identification of new drug candidates or additional therapeutic opportunities for our drug candidates or development of suitable potential drug candidates, which could materially adversely affect our future growth and prospects.

We may not be successful in developing, enhancing or adapting to new technologies and methodologies.

The global pharmaceutical and biopharmaceutical markets are constantly evolving and highly competitive, which requires us to keep pace with new technologies and methodologies to maintain our competitive position. For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our research and development costs were RMB84.9 million, RMB139.0 million and RMB71.0 million, respectively. We intend to continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to expand the scope and enhance the quality of our pre-clinical studies and clinical trials. In addition, we intend to continue to enhance our technical capabilities in drug discovery, development and manufacturing, which can be capital-and-time-intensive. Nevertheless, we cannot guarantee that we will be able to upgrade to or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient patent or other intellectual property protection for such new or enhanced products if at all, or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may make our techniques obsolete, which could materially harm our business and prospects.

We may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

As we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate, or we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome.

To obtain regulatory approval for the sale of our drug candidates, we are required to conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Clinical trials are expensive, difficult to design and implement, and can take years to complete, with uncertainty as to outcome. Failure can occur at any time during the clinical trial process. There can be no assurance that these trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product or expanded indication.

We may experience numerous unexpected events during, or as a result of, clinical trials and pre-clinical studies that could delay or prevent our ability to receive regulatory approvals for the development and commercialization of our drug candidates, including but not limited to situations whereby:

- regulators, institutional review boards, or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- we might have to suspend or terminate clinical trials or pre-clinical studies of our drug candidates for various reasons, including a finding of unexpected characteristics or a finding that participants are being exposed to unacceptable health risks (including deaths in the worst case scenario);

- our drug candidates may lack meaningful clinical responses or the participants may be exposed to unacceptable health and safety risks;

- we may not be able to reach agreements on acceptable terms with prospective CROs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and hospitals as trial centers;

- we may encounter various manufacturing issues, including inability to reach agreements on acceptable terms with CMOs, delay in constructing our new manufacturing facilities, problems with manufacturing, supply quality, or obtaining sufficient quantities of our drug candidates for use in a clinical trial;

- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon certain drug development programs;

- the patient enrolment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;

- our CROs, CMOs, and other third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate;

- regulators may require that we or our investigators suspend or terminate clinical research for various reasons such as non-compliance with regulatory requirements;

- the costs of clinical trials of our drug candidates may be substantially higher than anticipated;
- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate; and
- our drug candidates may cause adverse events, have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials.

Any delays in completing our clinical trials will increase our costs, slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that drug candidate. Any of these occurrences may harm our business, financial condition and prospects significantly.

If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

The successful and timely completion of clinical trials in accordance with their protocols depends on, among other things, our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including but not limited to: (i) the size and nature of the patient population; (ii) the patient eligibility criteria defined in the protocol; (iii) the size of the study population required for analysis of the trial's primary endpoints; (iv) the proximity of patients to trial sites; (v) the design of the trial; (vi) our ability to recruit clinical trial investigators with the appropriate competencies and experience; (vii) clinicians' and patients' perceptions of the potential advantages and side effects of the drug candidate being studied compared to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating; (viii) our ability to obtain and maintain patient consents; (ix) the risk that patients enrolled in clinical trials will not complete a clinical trial; and (x) the availability of approved therapies that are similar in mechanism to our drug candidates.

In addition, our clinical trials will likely compete with other clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. As the number of qualified clinical investigators and clinical trial sites is limited, we may conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. If we experience delays in the completion of, or even termination of, any clinical trial of our drug candidates, the requisite regulatory approvals and then commercialization of our future drug products will be similarly delayed or adversely affected. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and materially adversely affect our ability to advance the development of our drug candidates, which in turn could materially adversely affect our business, financial condition, results of operations and prospects.

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

To obtain regulatory approval for the commercialization of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans for their proposed indications. If the results of clinical trials of our drug candidates are not positive or only modestly positive for proposed indications or if they raise safety concerns, we may: (i) be delayed in obtaining regulatory approval for our drug candidates, or not obtain regulatory approval at all; (ii) be required to add labeling statements, or be required to create a medication guide outlining the risks of the side effects for distribution to patients; (iii) be required to develop risk evaluation and mitigation strategies and plans to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools; (iv) not obtain regulatory approval for all the proposed indications as intended; (v) be subject to additional post-marketing testing requirements or restrictions on how the drug is distributed or used; (vi) be sued or held liable for injury caused to individuals exposed to or taking our drug candidates; (vii) be unable to obtain reimbursement for use of the drug; and (viii) have the drug removed from the market after obtaining regulatory approval.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, if approved, and could significantly harm our business, results of operations and prospects.

We may seek approval from the NMPA, the FDA, or other comparable regulatory authorities to use data from registrational trials via accelerated development pathways for our drug candidates. If we are not able to use such pathways, we may be required to conduct additional clinical trials beyond those that we contemplate, which would increase the expense of obtaining, and delay the receipt of, necessary marketing approvals, if we receive them at all. In addition, even if we are able to use an accelerated approval pathway, it may not lead to expedited approval of our drug candidates, or approval at all, and we will likely be required to conduct post-approval clinical outcomes trials which, if failed, may cause us to discontinue marketing of our approved drug candidates for the relevant indications.

The NMPA, the FDA, and comparable regulatory authorities in other jurisdictions may allow the use of data from a registrational trial and grant accelerated approval to a drug candidate to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies, upon a determination that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. For example, the FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may

not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. Prior to seeking such accelerated approval, we will continue to seek feedback from the FDA and otherwise evaluate our ability to seek and receive such accelerated approval.

There can be no assurance that in the future the regulatory authorities will agree with our surrogate endpoints or intermediate clinical endpoints. Similarly, there can be no assurance that, after feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, for any submission of an application for accelerated approval or application under another expedited regulatory designation, there can be no assurance that such submission or application will be accepted for filing or that any expedited development, review or approval will be granted on a timely basis, or at all.

A failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidates, or withdrawal of a drug candidate, would result in a longer time period until commercialization of such drug candidate, could increase the cost of development of such drug candidate, and could harm our competitive position in the marketplace. In addition, even if we are able to use an accelerated approval pathway, it may not lead to expedited approval of our drug candidates, or approval at all. Furthermore, if we obtain accelerated approval of a drug candidate based on a surrogate endpoint, we will likely be required to conduct a post-approval clinical outcomes trial to confirm the clinical benefit of the drug candidate and, if the post-approval trial is not successful, we may not be able to continue marketing the drug for the relevant indication.

Risks Relating to Extensive Government Regulations

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

All jurisdictions in which we intend to develop and commercialize our drug candidates regulate these activities in great depth and detail. We intend to initially focus our activities in the U.S. and China while pursuing global opportunities. The pharmaceutical and biopharmaceutical industries in these jurisdictions are subject to comprehensive government regulation and supervision, encompassing regulation of the development, approval, manufacturing, marketing, sales and distribution of products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like us that plans to operate in these regions.

The process of obtaining regulatory approvals and maintaining compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Any recently enacted and future legislations may increase the difficulty and cost of us to obtain regulatory approval of, and commercialize, our drug candidates, and affect the prices we may obtain. Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures, which would lower the entry barrier for potential competitors, or an increase in regulatory requirements, which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations, and prospects.

In many countries or regions where a drug is intended to be ultimately sold, such as the U.S. and China, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of such drug, as well as strict rules, regulations and industry standards on how we develop such drug. For example, we may need to obtain clearance from the FDA, or other regulatory authorities as part of an Investigational New Drug application to seek authorization to begin clinical trials, or their clinical trials are filed as part of a NDA, BLA or other filings to seek marketing approval. These regulatory authorities may conduct scheduled or unscheduled periodic inspections of our facilities to monitor our regulatory compliance. Although we passed all the inspections and obtained clearance in relation to discovery and development, if applicable, from the regulatory authorities in all material respects during the Track Record Period, we cannot assure you that we will be able to do so going forward. Any failure to comply with existing regulations and industry standards could result in fines or other punitive actions against us, and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

In addition, failure to comply with the applicable regulatory requirements in the jurisdictions we operate or target to operate in the future at any time during the drug development process or approval process, or after approval, may subject us to administrative or judicial sanctions. These sanctions could include but are not limited to a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any occurrence of the foregoing could therefore materially adversely affect our reputation and our business, financial condition, results of operations and prospects.

The regulatory approval processes of the NMPA, the FDA, and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are unable to obtain without undue delay any regulatory approval for our drug candidates in our targeted markets, our business may be materially and adversely affected.

Significant time, effort and expense are required to bring our drug candidates to market in compliance with the regulatory process, and we cannot assure you that any of our drug candidates will be approved for sale. The time required to obtain approvals from the NMPA, the FDA, and other comparable regulatory authorities is unpredictable but typically takes 10-15 years following the commencement of pre-clinical studies and clinical trials and depends on numerous factors, including the substantial discretion of the regulatory authorities. In addition, it is not uncommon that the NMPA, the FDA, or a comparable regulatory authority may require more information, including additional analyses, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results, to support approval, which may prolong, delay or prevent approval and our commercialization plans, or we may decide to abandon the development programs. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our drug candidates will be approved for sale in those jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes. Our drug candidates could fail to receive regulatory approval in a timely manner for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that our drug candidate is safe and potent for its proposed indications;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from pre-clinical studies or clinical trials;
- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols; and
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to competent regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. The policies of the NMPA, the FDA, and other comparable regulatory authorities may also change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained and we may not achieve or sustain profitability.

Any delays in completing our clinical trials will slow down our drug candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates.

In addition, our failure to comply with the regulatory requirements to obtain the regulatory approvals could result in governmental agencies taking actions in the relevant jurisdictions, including imposing fines and penalties on us, preventing us from manufacturing or selling our future products, upon regulatory approval, bringing criminal charges against us, delaying the introduction of our new products into the market, recalling or seizing our future drug products, and/or withdrawing or denying approvals or clearances for our future drug products, and we could also be subject to civil liabilities for this reason. If any or all of the foregoing were to occur, we may not be able to meet the demands of hospitals and physicians which use our future drug products and they may cancel orders or purchase products from our competitors, which eventually may harm our business, financial condition and prospects significantly.

Adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Our drug candidates are considered as emerging and relatively novel cancer therapeutics. The adverse events or side effects of some of our drug candidates in connection with their usage in patients, particularly with respect to our drug candidates such as SHP2 inhibitors, KRAS

G12C inhibitor and BET inhibitor, are yet to be thoroughly tested and understood, and may only arise after a longer period of observation. Undesirable adverse events caused by our drug candidates, or caused by our drug candidates when used in combination with other drugs, could potentially cause significant negative consequences, including but not limited to:

- regulatory authorities could interrupt, delay or halt pending clinical trials;
- we may suspend, delay or alter development or marketing of our drug candidates;
- regulatory authorities may order us to cease further development of, or delay or even deny approval of, our drug candidates for any or all targeted indications if results of our trials reveal a high and unacceptable severity or prevalence of certain adverse events;
- regulatory authorities may withdraw approvals or revoke licenses of an approved drug candidate, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label of an approved drug, issue safety alerts or other communications containing warnings or other safety information of such approved drug, or impose other limitations on such approved drug;
- we may be required to develop a risk evaluation mitigation strategy for the drug candidate, or, if one is already in place, to incorporate additional requirements under the risk evaluation mitigation strategy, or to develop a similar strategy as required by a comparable regulatory authority;
- we may be required to change the way the drug candidate is administered, or conduct post-market studies;
- we could be subject to litigation proceedings and held liable for harm caused to patients exposed to or taking our drug candidates may suffer from adverse events related to the treatment and patients;
- the patient enrolment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;
- the costs of clinical trials of our drug candidates may be substantially higher than anticipated;
- the product may become less competitive;
- we could be required to recall our drug candidates and be sued and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular drug candidate, and could significantly harm our business, results of operations and prospects.

We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.

We routinely receive, collect, generate, store, process, transmit and maintain medical data treatment records and other personal details of the subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown. We also cooperate with third parties including principal investigators, hospitals, CROs, CMOs and other third-party contractor and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

Regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, PRC Cyber Security Law, which became effective in June 2017, created China's first national-level data protection for "network operators", which may include all organizations in China that provide services over the internet or another information network. Drafts of some of these measures have now been published, including the Data Security Management Measures (Draft for Comments) (《數據安全管理辦法(徵求意見稿)》) published in May 2019, and Measures on Security Assessment for Individual Information Cross-border Transfer (Draft for Comments) (《個人信息出境安全評估辦法(徵求意見稿)》) in June 2019, which may, upon enactment, require security review before transferring human health-related data out of China. In addition, certain industry-specific laws and regulations affect the collection and transfer of personal data in China. The Interim Measures for the Administration of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) and implementation guidelines issued by the Ministry of Science and Technology and Ministry of Health, for example, require approval from the Human Genetic Resources Administration of China before entering into a definitive contract where human genetic resources ("HGR"), are involved in any international collaborative project and additional

approval for any export or cross-border transfer of the HGR samples or associated data. The Regulations of the PRC on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》) which became effective on July 1, 2019 and implemented on July 1, 2019 further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's HGR at clinical institutions without export of HGR materials. However, the two parties shall file the type, quantity and usage of the HGR to be used with the administrative department of science and technology under the State Council before clinical trials. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, potentially resulting in confiscation of HGR samples and associated data and administrative fines.

In addition, there are numerous U.S. federal and state laws and regulations related to the privacy and security of personal information. In particular, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") establish privacy and security standards that limit the use and disclosure of individually identifiable health information (known as "protected health information") and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Determining whether protected health information has been handled in compliance with applicable privacy standards and our contractual obligations can require complex factual and statistical analyses and may be subject to changing interpretation. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other malicious or inadvertent disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost or stolen. Any such access, breach or other loss of information could result in legal claims or proceedings, and liability under federal or state laws that protect the privacy of personal information, such as the HIPAA, the Health Information Technology for Economic and Clinical Health Act, and regulatory penalties. Notice of breaches must be made to affected individuals, the Secretary of the Department of Health and Human Services, and for extensive breaches, notice may need to be made to the media or State Attorneys General. Such a notice could harm our reputation and our ability to compete.

Complying with all applicable laws, regulations, standards and obligations relating to data privacy, security, and transfers may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Even after we obtain regulatory approval for the marketing and distribution of our drug candidates and our future drug products will continue to remain subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our future approved drugs.

If any of our drug candidates is approved in the future, it will be subject to ongoing or additional regulatory requirements for manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including requirements of regulatory authorities in China, the U.S., and other jurisdictions. As such, we are and will be subject to continual review and inspections by the regulators for their assessment of our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with NMPA, the FDA, or other comparable regulatory authorities.

Drugs may be marketed only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA, the FDA, and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. The NMPA, the FDA, or a comparable regulatory authority may also require a risk evaluation mitigation strategy program as a condition of approval of our drug candidates or following approval. In addition, if the NMPA, the FDA, or a comparable regulatory authority approves our drug candidates, we will have to comply with requirements, including, for example, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with current Good Manufacture Practices ("cGMP") and Good Clinical Practice ("GCP"), for any clinical trials that we conduct post-approval. Accordingly, we and others we work with must continue to expend time, money and efforts in all areas of regulatory compliance, including manufacturing, production and quality control.

We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China, the U.S. or other jurisdictions, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are unable to maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability.

If we are able to commercialize any of our approved drug candidates, we may face uncertainties from national, provincial or other third-party drug reimbursement practices and unfavorable drug pricing policies or regulations, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from jurisdiction to jurisdiction. We intend to seek approval to market our drug candidates in the U.S. and China, and in other jurisdictions. In the U.S. and China, the pricing of drugs and biologics is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Our ability to commercialize any approved drug candidates successfully also will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities, private health insurers and other organizations.

A primary trend in the global healthcare industry is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

In China, the Ministry of Human Resources and Social Security of China or provincial human resources and social security authorities, together with other government authorities, review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), or the National Reimbursement Drug List ("NRDL"), or provincial or local medical insurance catalogues for the National Medical Insurance Program ("PRDL"), regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. There can be no assurance that any of our future approved drug candidates will be included in the NRDL or the PRDL. Products included in the NRDL or the PRDL are typically generic and essential drugs. Innovative drugs similar to our drug candidates have historically been more limited on their inclusion in the NRDL or the PRDL due to the affordability of the government's Basis Medical Insurance. In particular, the PRC government has implemented significant reforms of the pharmaceutical industry in recent years and may enforce additional measures in the future which may adversely affect our pricing strategy drugs. Even if our drug candidates have already obtained regulatory approval, any adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates.

In the U.S., no uniform policy of coverage and reimbursement for drugs exists among third-party payers. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payer is a time-consuming and costly process that could require us to provide to each payer supporting scientific, clinical and cost-effectiveness data for the use of our future approved drugs on a payer-by-payer basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payers may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our future approved drug candidates. Patients are unlikely to use any of our future approved drug candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of the drugs. Because some of our drug candidates may have a higher cost of goods than conventional therapies, and may require long-term follow-up evaluations, the risk that coverage and reimbursement rates may be inadequate for us to achieve profitability may be greater.

Increasingly, third-party payers are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any approved drug candidates that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved drug candidates that we commercialize. Obtaining or maintaining reimbursement for our future approved drug candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidates that we successfully develop.

There may be significant delays in obtaining reimbursement for approved drug candidates, and coverage may be more limited than the purposes for which the drug candidates are approved by the NMPA and the FDA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers

our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers and by any future weakening of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the U.S. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payers for any future approved drug candidates and any new drugs that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could, in the event of noncompliance, expose us to administrative sanctions, criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. If we obtain approval from the NMPA, the FDA, or other comparable regulatory authorities approval for any of our drug candidates and begin commercializing those drugs in China, the U.S. and our other target markets, our operations may be subject to various fraud and abuse laws in China and the U.S., including, without limitation, the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), PRC Criminal Law (《中華人民共和國刑法》), the Federal Anti-Kickback Statute and the Federal False Claims Act, and the Physician Payments Sunshine Act. These laws may impact, among other things, our proposed sales, marketing and education programs.

In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirement, we could be subject to penalties.

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid and debarment from contracting with the U.S. government. In addition, private individuals have the ability to bring actions on behalf of the U.S. government under the Federal False Claims Act as well as under the false claims laws of several states.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Government authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

Changes in the U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.

We have established global strategic collaboration partnerships with AbbVie which is important to our future growth. We have also conducted or intend to conduct clinical trials in parallel separately in the U.S. and China for some of our drug candidates. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions, including the U.S. In particular, China's political relationships with the U.S. may affect our operations and the prospects of maintaining existing or establishing new collaboration partnerships in the U.S.

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including imposing several rounds of tariffs affecting certain products manufactured in China. In March 2018, U.S. President Donald J. Trump announced the imposition of tariffs on steel and aluminum entering the U.S. and in June 2018 announced further tariffs targeting goods imported from China. Recently both China and the U.S. have each imposed tariffs indicating the potential for further trade barriers. Currently, it remains unclear what actions, if any, the U.S. government will take with respect to other existing international trade agreements. It is also unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of any of our drug candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future drug products, the competitive position of our future drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our future drug products in certain countries. There can be no assurance that existing and potential collaboration partners will not alter their perception of us or their preferences as a result of such adverse changes in the relationship between China and the U.S. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Any failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or bear fines and penalties which could materially and adversely affect our business, financial condition and results of operations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional approvals,

permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect results of operations and prospects.

If we participate in compassionate-use programs, current regulatory discrepancies among competent authorities of different countries may lead to increased risk of adverse drug reactions and serious adverse events arising from the use of our drug candidates.

Compassionate-use programs are regulatory programs that facilitate access to investigational drugs for the treatment of patients with serious or immediately life-threatening diseases or conditions that lack therapeutic alternatives. Currently, there is no unified approach or standard practice to regulate compassionate-use programs amongst competent authorities in different countries for access to investigational drugs. In China, currently there is no officially approved regulation to oversee compassionate-use programs. In the U.S., compassionate-use programs are limited to patients who have a life-threatening disease or serious disease or condition, who may gain access to an investigational medical product for treatment outside of clinical trials when no comparable or satisfactory alternative therapy options are available.

The regulatory discrepancy for compassionate-use programs among competent authorities in different countries may lead to uneven patient entry criteria and protocols for compassionate-use programs. This may create increased risk of serious adverse events because of enrolled patients' advanced disease or comorbidities. In addition, because the products in compassionate-use programs are investigational drugs, many of which are still in experimental stages and have not received marketing approval, patients in compassionate-use program may exhibit adverse drug reactions from using these products. If we participate in compassionate-use programs, we may be subject to the risk of enrolled patients exhibiting adverse drug reactions or serious adverse events being produced from the use of our future drug products. These occurrences can potentially lead to clinical holds of our ongoing clinical trials or complicate the determination of the safety profile of a drug candidate under regulatory review for commercial marketing. Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may result in additional costs.

If safety, efficacy or other issues arise with any drug product used in combination with or to facilitate the use of our drug candidates, we may be unable to market such drug candidates or may experience significant regulatory delays.

Our strategy to develop combination therapies depends on the safety and efficacy of each component drug within each combination therapy. For example, we believe that our SHP2 inhibitors have synergistic effects with various other targeted cancer therapies, and are well-positioned as a backbone drug in combination therapies for the treatment of cancers bearing RTK alterations and RAS pathway mutations as well as PD-(L)1 non-responsive cancers. We apply our in-depth understanding of cancer biology and our experience in translational medicine in determining and implementing combination strategies around our SHP2 inhibitors. If the NMPA, the FDA or another comparable regulatory agency revokes or denies its approval of a component therapeutic, in either the clinical design, clinical administration, therapy approval or commercialization stage, we will be forced to terminate or redesign the clinical trials, experience significant regulatory delays or stop our commercialization efforts. In addition, we may even fail our commercialization effort because products that facilitate the use of our drug candidates incur safety, efficacy or availability issues. The lack of regulations presents uncertainties to our commercialization efforts and may have an adverse effect on our business and results of operations.

Negative results from off-label use of our future drug products could materially harm our business reputation, product brand name and financial condition and expose us to liability.

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. Even though the NMPA, the FDA and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our drug candidates, upon regulatory approval, is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our drug candidates, upon regulatory approval, less effective or entirely ineffective and may cause adverse drug reactions. Any of these occurrences can create negative publicity and significantly harm our business reputation, product brand name, commercial operations and financial condition, including our Company's share price. These occurrences may also expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may also ultimately result in failure to obtain regulatory approval for our drug candidates. The illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our drug candidates, upon regulatory approval, and could have a negative impact on our reputation and business.

Risks Relating to Manufacturing of Our Drug Candidates

The manufacturing of pharmaceutical products is a highly exacting and complex process, and our business could suffer if we encounter problems in manufacturing our future drug products.

As our drug candidates have not been approved for commercialization yet, we have no experience in large-scale manufacturing of our drug candidates for clinical or commercial use and we have limited experience in managing the manufacturing process as we are currently relying on third parties, such as CMOs, in our manufacturing process for the clinical supply of our drug candidates.

The manufacturing of pharmaceutical products is a highly complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, changes in product specification, low quality or insufficient supply of raw materials or our future expansion of our manufacturing facilities as a result of changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, advances in manufacturing techniques, physical limitations that could inhibit continuous supply and man-made or natural disasters and other environmental factors. If problems arise during the production of a batch of product, that batch of product may have to be discarded and we may experience product shortages or incur added expenses. This could, among other things, lead to increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

In addition, we face additional manufacturing risks in relation to the CMOs we engage from time to time. We cannot assure you that any stability failures or other issues relating to the manufacture of our drug candidates will not occur in the future, either relating to our third-party CMOs or on our manufacturing facilities we plan to build in the future. Please refer to the paragraphs headed "Risks Relating to Our Reliance on Third Parties — We rely on third parties to manufacture a portion of our drug candidates for clinical development and

commercial sales. Our business could be harmed if those third parties fail to deliver sufficient quantities of product or fail to do so at acceptable quality levels or prices, prices, or if we lose our relationships with these third parties" in this section. For example, under the AbbVie Agreement, we will perform pre-clinical and early global clinical development activities on SHP2 Products and manufacture (or have manufactured) SHP2 Products for use in clinical studies, in accordance with a development plan and budget, as detailed in the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus. Our collaboration with AbbVie may be impaired and our clinical trials may be delayed if the CMOs we engaged fail to maintain stability or our manufacturing facilities encounter issues in the manufacturing of SHP2 Products. Please refer to the paragraphs headed "Business — Our Strategies — Build manufacturing and commercialization capabilities in China" in this prospectus for more details.

Manufacturing methods and formulation are sometimes altered through the development of drug candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such alterations carry the risk that they will not achieve these intended objectives. Any of these alterations could cause the drug candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of drug candidates and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in drug approvals and jeopardize our ability to commence product sales and generate revenue.

We may also encounter problems with achieving adequate or clinical-grade products that meet the NMPA, the FDA, or other comparable regulatory authorities standards or specifications, maintaining consistent and acceptable production costs, and experience shortages of qualified personnel, raw materials or key contractors, and experience unexpected damage to our facilities or the equipment in them. In these cases, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our drugs with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our future drug products for commercial sale. Moreover, we may spend significant time and costs to remedy these deficiencies before we can continue production at our manufacturing facilities.

Furthermore, the quality of our future drug products, including drug candidates manufactured by us upon the completion of the construction of our new manufacturing facilities or by the CMOs for research and development purposes and for commercial use in the future, depends significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes used in the CMOs or in our future manufacturing facilities, the quality and reliability of equipment used, the quality of manufacturing staff and related training programs and our ability to ensure that our employees and CMOs adhere to our quality control and quality assurance protocol. However, we cannot assure you that the quality control and quality assurance procedures of our Company and CMOs will be effective in consistently preventing and resolving deviations from our quality standards. We are, however, working with CMOs on improving our documentation procedures for quality control and quality assurance activities. Any significant failure or deterioration of our quality control and quality assurance protocol could render our future drug products unsuitable for use, jeopardize any Good Manufacturing Practice certifications we may have and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration. Any delays in completing and receiving regulatory approvals for our new manufacturing facilities, or any disruptions to the third party's performance of its obligations under the cooperation agreement, could reduce or restrict our production capacity or our ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations.

We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China. With respect to the construction of our new manufacturing facilities, the collaborator will be responsible for the construction of the buildings, and we will lease such buildings from our collaborator to construct the production lines and other production facilities within such buildings. It is estimated that the construction of the buildings of the manufacturing facilities will be completed by the end of 2022; while the construction of the production lines and other production facilities within the buildings will be completed by the end of 2023. For more details, please refer to the paragraphs headed "Business — Our Strategies — Build manufacturing and commercialization capabilities in China" in this prospectus. We cannot assure you that we will not experience any disruptions to the third party's performance of its obligations, and there could be delays in completing and receiving regulatory approvals for our new manufacturing facility. If the constructions of our manufacturing facility or our production lines encounter unanticipated delays or incur additional expenses than expected, if regulatory evaluation and/or approval of our new manufacturing facilities is delayed, or if our cooperation with the third party is otherwise terminated or adversely affected, our manufacturing capacity of our drug candidates may be limited, which would delay or limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with maintaining our manufacturing facilities could also require us to raise additional funds from other sources.

In addition, our future manufacturing facilities will be subject to ongoing, periodic inspection by the NMPA, the FDA, or other comparable regulatory agencies to ensure compliance with cGMP regulations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain additional approvals, permits, licenses or certificates for the manufacturing facilities and relevant production activities. We cannot assure you that we will be able to accomplish so. Our failure to follow and document our adherence to such cGMP regulations or other regulatory requirements may lead to significant delays in the construction of our manufacturing facilities and availability of products for clinical or, in the future, commercial use, may result in the termination of or a hold on a clinical trial, or may delay or prevent filing or approval of marketing applications for our drug candidates or their commercialization, if approved. Our failure to comply with applicable regulations in constructing the manufacturing facilities could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, supply disruptions, license revocation, operating restrictions and criminal prosecutions, any of which could harm our business.

In addition, to obtain the FDA approval for our future drug products in the U.S., we would need to undergo strict pre-approval inspections of our manufacturing facilities. Historically, manufacturing facilities in China have had difficulty meeting FDA standards. When inspecting our manufacturing facilities, the FDA may cite cGMP deficiencies. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the FDA will generally re-inspect the facility to determine whether the deficiency was remediated to its satisfaction, and may note further deficiencies during re-inspection.

Any delays in completing and receiving regulatory approvals for such new manufacturing facilities, or any disruptions to the third party's performance of its obligations under the cooperation agreement could also result in our inability to manufacturing sufficient quantities of our drug candidates to satisfy the demands of our clinical trials or commercialization. Any disruption that impedes our ability to manufacture our drug candidates in a timely manner could materially adversely affect our business, financial condition, results of operations and prospects.

If we are unable to meet the increasing demand for our existing drug candidates and future drug products by ensuring that we have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business could suffer.

Manufacturers of pharmaceutical products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the products, product testing, operator errors, availability of qualified personnel and compliance with strictly-enforced regulations. If our manufacturing facilities, upon completion, encounter unanticipated delays and expenses in manufacturing as a result of any of these difficulties, we may not be able to manufacture sufficient quantities of our drug candidates, which would limit our development and commercialization activities.

To produce our drug candidates in the quantities that we believe will be required to meet anticipated market demand of our drug candidates, if and when approved, we will need to increase, or "scale up", the production process by a significant factor over the initial level of production. If we are unable to do so, or the scale up is delayed, the cost of this scale up is not economically feasible for us or we cannot find a third-party manufacturer, we may not be able to produce our approved drug candidates in a sufficient quantity to meet future demand.

In anticipation of commercialization of our drug candidates, we aim to build our manufacturing capacity, mainly through the cooperation with a third party in construction of new manufacturing facilities. However, the timing and success of these plans are subject to significant uncertainty. Moreover, such plans are capital intensive and require significant upfront investment, and there can be no assurance that we will be able to timely obtain such financing, if at all.

Furthermore, given the size of our new facilities, we may not be able to fully utilize them immediately or within a reasonable period of time after we commence operation. During the construction and ramp up period, there may be significant changes in the macroeconomics of the pharmaceutical and biopharmaceutical industries, including, among other things, market demand, product and supply pricing trends and customer preferences. Any adverse trends in these respects could result in operational inefficiency and unused capacity in our facilities. We may also experience various unfavorable events in the course of developing our new manufacturing facilities, such as:

- unforeseen delays due to construction, land use rights or regulatory issues, which could result in loss of business opportunities;

- construction cost overruns, which may require diverting resources and management's attention from other projects; and

- difficulty in finding sufficient numbers of trained and qualified manufacturing staff.

The success of our business expansion also depends on our ability to advance drug candidates through the development, regulatory approval and commercialization stages. Any delay, suspension or termination in such respects would harm our ability to generate satisfactory returns on our investment in manufacturing expansion, if at all, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Commercialization of Our Drug Candidates

Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community that would be necessary for their commercial success.

The commercial success of our drug candidates, upon regulatory approval, depends upon the degree of market acceptance each of such products achieves. Our drug candidates, once approved, may fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. In addition, physicians, patients and third-party payers may prefer other products to ours. If our drug candidates (once approved and upon commercialization) do not achieve an adequate level of acceptance, the sales of our future drug products will be adversely affected, and we may fail to effectively market our drug candidates (once approved and upon commercialization). The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including, but not limited to:

- the clinical indications for which our drug candidates are approved;
- physicians, hospitals, medical treatment centers and patients considering our drug;
- efficacy and safety of our drug candidates;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labelling or product insert requirements of regulatory authorities;
- limitations or warnings contained in the labelling approved by regulatory authorities;
- the timing of market introduction of our drug candidates as well as competitive drugs;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payers and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage and reimbursement by third-party payers and government authorities; and
- the effectiveness of our sales and marketing efforts.

Once approved, if any drug candidates that we commercialize fail to achieve market acceptance among physicians, patients, hospitals, medical treatment centers or others in the medical community, we will not be able to generate significant revenue. Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain such market

acceptance over time if new products or technologies are introduced that are more favorably received than our drug candidates, are more cost-effective or render our drug candidates obsolete. Our failure to achieve or maintain market acceptance for our future approved drug candidates would materially adversely affect our business, financial condition, results of operations and prospects.

We have no track record and limited experience in commercialization of drugs. If we are unable to build or maintain sufficient sales and marketing capabilities, we may not be able to successfully create or increase market awareness of our drug candidates or sell our future drug products, which will materially affect our ability to generate product sales revenue.

As none of our drug candidates have received regulatory approval for commercialization, we have not yet demonstrated an ability to launch and commercialize any of our drug candidates. As a result, our ability to successfully commercialize our drug candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience launching and marketing drug candidates.

We currently intend to build our in-house sales and marketing capabilities and mainly rely on our in-house capabilities for the sales and marketing of our drug candidates (upon receipt of governmental approval). We will have to compete with other pharmaceutical and biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. There can be no assurance that we will be able to further develop and successfully maintain in-house sales and commercial distribution capabilities to successfully commercialize any of our drug candidates, if and when approved, and as a result, we may not be able to generate product sales revenue. If we are unable to further develop internal sales and marketing capabilities for any or all of our drug candidates, we will likely pursue collaborative arrangements regarding the sales and marketing of our drug candidates. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our drug candidates.

We face substantial competition and our competitors may discover, develop or commercialize competing drugs, including biosimilar drugs, faster or more successfully than we do.

The development and commercialization of new drugs are highly competitive and subject to rapid and significant technological change. We face competition from major pharmaceutical companies, specialty pharmaceutical companies and biopharmaceutical companies worldwide. There are a number of large pharmaceutical and biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the treatment of indications for which we are developing our drug candidates. Some of these competitors have better resources and expertise than us. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

Competition in cancer therapeutic areas to which our core products belong is extremely fierce given the abundance of existing competing drugs and drug candidates that continue to increase competition in the market. Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial, technical and human resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Competition may increase further as a result of advances in the commercial applicability of new or disruptive technologies.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any drugs that we may develop or commercialize. Our competitors also may obtain approval from the NMPA, the FDA, or other comparable regulatory authorities for their drug candidates more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our drug candidates.

Mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Any failure on our part to successfully compete in the pharmaceutical and biopharmaceutical markets with respect to our drug candidates, if and when approved, could materially adversely affect our business, financial condition, results of operations and prospects.

If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be materially impaired.

To obtain regulatory approvals for the commercial sale of any drug candidate for a target indication, we must demonstrate in pre-clinical studies and well-controlled clinical trials, and, with respect to approval in China, to the satisfaction of the NMPA, that the drug candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition to pre-clinical and clinical data, the NDA or biologics license application must include significant information regarding the chemistry, manufacturing and controls for the drug candidate. Obtaining approval of an NDA is a lengthy, expensive and uncertain process, and approval may not be obtained.

The foreign regulatory approval process outside of China, such as the process required by the FDA, may include all of the risks associated with obtaining NMPA approval, and seeking foreign regulatory approval could require additional nonclinical studies or clinical trials, which could be costly and time-consuming. For all of these reasons, we may not obtain foreign regulatory approvals on a timely basis, if at all. Please refer to the paragraphs headed "Risks Relating to the Development of Our Drug Candidates — Our business and financial prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals or achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed" in this section.

If we are unable to obtain regulatory approval for our drug candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other drug candidate in the future.

The market opportunities for our drug candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

In markets with approved therapies, we may initially seek approval for certain of our drug candidates as a later-stage therapy for patients who have failed other approved treatments. Subsequently, for those drugs that prove to be sufficiently beneficial, if any, we may seek approval as a first-line therapy, but there is no guarantee that our drug candidates, even if approved, would be approved for second-line or first-line therapy. Our projections of both the number of people who have the cancers we are targeting, as well as the subset of people with these cancers in a position to receive later-stage therapy and who have the potential to benefit from treatment with our drug candidates, are based on our beliefs and estimates and may prove to be inaccurate or based on imprecise data. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our drug candidates may be limited or may not be amenable to treatment with our drugs and drug candidates. Even if we obtain significant market share for our drug candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications, including use as a first-or second-line therapy.

Risks Relating to Our Intellectual Property Rights

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

Our success depends in large part on our ability to protect our proprietary technologies and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect our drug candidates and technology that we consider commercially important by filing patent applications in China, the U.S., and other jurisdictions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. In particular, we have sought patents in China, the U.S. and various other jurisdictions for some of our drug candidates, including JAB-3068 and JAB-3312. For further information on our patent portfolio, please refer to the paragraphs headed "Business — IV. Intellectual Property" in this prospectus. Any failure by us or our collaboration partners to obtain or maintain patent protection with respect to our drug candidates and technologies could materially adversely affect our business, financial condition, results of operations and prospects. In China, the China National Intellectual Property Administration ("CNIPA") may require us to amend our patent applications after substantive examinations, including reducing the patentable coverage, and if we fail to respond within a specified period, our applications will be deemed to be withdrawn.

The patent prosecution process is expensive, time-consuming and complex. We may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents at a reasonable cost or in a timely manner in all desirable jurisdictions. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing

competitive drugs in all such fields and jurisdictions. Furthermore, the patent position of pharmaceutical and biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The requirements for patentability differ in certain jurisdictions, particularly developing countries. For instance, China has a heightened requirement for patentability and, specifically, requires a detailed description of medical uses of a claimed drug. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be materially impaired and our business, financial condition, results of operations, and prospects may be adversely affected.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. We may also fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we generally enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, collaboration partners, CROs, CMOs, consultants, advisers and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot assure you that we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications or that we or our licensors were the first to file for patent protection of such inventions. Furthermore, China and, recently, the U.S. have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, even after reasonable investigation we may be unable to determine with certainty whether any of our drug candidates, processes, technologies, inventions, improvement and other related matters have infringed upon the intellectual property rights of others, because such third party may have filed a patent application without our knowledge while we are still developing that product, and the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs may be lower in priority than third-party patents issued on a later date if the application for such patents was filed prior to ours and the technologies underlying such patents are the same or substantially similar to ours.

We are primarily focused on protecting our intellectual property rights in our target markets, which are China, the U.S., and several other jurisdictions. Filing, prosecuting, maintaining, defending and enforcing patents and other intellectual property rights with respect to our drug candidates in all other jurisdictions throughout the world would be prohibitively expensive for us. In addition, the actual protection afforded by a patent varies on a claim-by-claim and jurisdiction-by-jurisdiction basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extensions or adjustments, the availability of legal remedies in a particular jurisdiction and the validity and enforceability of

the patent. Our intellectual property rights in certain jurisdictions may have a lessor or different scope and strength compared to those in our target markets. In addition, the laws of certain jurisdictions do not protect intellectual property rights to the same extent as the laws of our target markets. Consequently, we may not be able to obtain issued patents or other intellectual property rights covering our drug candidates in jurisdictions outside our target markets in some cases. As a result, we may fail to prevent third parties from using our inventions in all jurisdictions outside our target markets, or from selling or importing drugs made using our inventions in and into our target markets or other jurisdictions. Competitors and other third parties may use our technologies in jurisdictions where we have not pursued and obtained patent and other intellectual property protection to develop their own drugs and further, may export otherwise infringing drugs to jurisdictions where we have patent or other intellectual property protection, but where enforcement rights are not as strong as those in markets such as the U.S. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in jurisdictions such as China. The legal system in these jurisdictions, particularly those in certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights in these jurisdictions. Proceedings to enforce our patent and other intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents and other intellectual property rights at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a commercial advantage from the intellectual property that we develop or license. In addition, under the PRC Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

The scope of our patent protection may be uncertain. Our current or any future patents may be challenged and invalidated even after issuance, which would materially adversely affect our ability to successfully commercialize any product or technology.

The patent position of pharmaceutical and biopharmaceutical companies is generally highly uncertain, involving complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future owned and licensed patent applications may not issue as patents at all, and even if such patent applications do issue as patents, they may not issue in a form, or with a scope of claims, that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance and changes in either the patent laws or interpretation of the patent laws in China, the U.S., and other jurisdictions. Any patents that we own or in-license may be challenged, narrowed, circumvented or invalidated by third parties. We

cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China, the U.S. and other jurisdictions. We may be subject to a third-party submission of prior art to the United States Patent and Trademark Office ("USPTO") challenging the validity of one or more claims of our owned or licensed patents. Such submissions may also be made prior to a patent's issuance, precluding the granting of a patent based on one of our owned or licensed pending patent applications. We may also become involved in opposition, derivation, revocation, re-examination, post-grant review, *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. In addition, a third party may claim that our owned or licensed patent rights are invalid or unenforceable in a litigation. An adverse determination in any such submission, proceeding or litigation could put one or more of our owned or licensed patents at risk of being interpreted narrowly, invalidated, or ruled unenforceable and could allow third parties to commercialize products similar or identical to our technology or drug candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize drug candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges and proceedings may result in loss of patent rights or freedom to operate, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, any of which could limit our ability to stop others from using or commercializing similar or identical technology and products, or could limit the duration of the patent protection of our technology and drug candidates. Such proceedings also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Consequently, we cannot predict whether any of our technology or drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Although we have taken certain measures to obtain patent protection with respect to our major drug candidates and technologies, any of our issued patents could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the U.S., for instance, defendant counterclaims alleging invalidity or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, lack of written description or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld material information from the relevant patent office, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in China, the U.S., or in other jurisdictions, even outside the context of litigation. Such mechanisms include *ex parte* re-examination, *inter partes* review, post-grant review, interference proceedings, derivation, invalidation, revocation and equivalent proceedings in

non-U.S. jurisdictions, such as opposition proceedings. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer adequately cover and protect our drug candidates.

Additionally, patent rights we may own or license currently or in the future may be subject to a reservation of rights by one or more third parties. For example, under U.S. law, when new technologies are developed with U.S. government funding, the U.S. government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the government to use the invention for non-commercial purposes. These rights may also permit the U.S. government to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology that was developed using U.S. government funding. The U.S. government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the U.S. government-funded technology, or if it determines that action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such government-funded inventions may be subject to certain requirements to manufacture products embodying such inventions in the U.S. Any exercise by the government or other third parties of such rights could harm our competitive position, business, financial condition, results of operations, and prospects. Furthermore, the recipient of such U.S. government funding is required to comply with certain government regulations, including timely disclosing the inventions claimed in such patent rights to the U.S. government and timely electing title to such inventions. If we are unable to meet these obligations, it may lead to a loss of rights or the unenforceability of relevant patents or patent applications. Any of the foregoing could have a material adverse impact on our competitive position, business, financial condition, results of operations and prospects.

Even if we are able to obtain patent protection for our drug candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. For instance, in the U.S., the expiration of a patent is generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority. In the United States, a patent's term may be extended or adjusted to account for administrative delays during prosecution by the USPTO, in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly owned patent having an earlier expiration date. Even if patents covering our drug candidates are successfully obtained, we may be open to competition from other companies as well as generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights. As a result, we may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. The issued patents and pending patent applications, if issued, for our drug candidates are expected to expire on various dates as described in "Business — IV. Intellectual Property" in this prospectus. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our owned and licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors or other third parties may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Therefore, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

Moreover, we may fail to detect infringement against our patents. Even if we detect infringement by a third party of any of our patents, we may choose not to pursue litigation against or settlement with such third party. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us to enforce our patents against such third party.

Although we believe that we will conduct our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot assure you that there is no invalidating prior art of which we, our collaboration partners,

our or their patent counsel and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our drug candidates, leave our technology or drug candidates without patent protection, allow third parties to commercialize our technology or drug candidates and compete directly with us, without payment to us, or could require us to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our drug candidates without infringing third party patent rights. Even if a defendant does not prevail on a legal assertion of invalidity or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others.

Moreover, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize our drug candidates.

In addition, although we are not currently experiencing any claims challenging the inventorship of our patents or ownership of our intellectual property, we may in the future be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property as an inventor or co-inventor. For instance, we may have inventorship disputes arise from conflicting obligations of employees, collaboration partners, consultants or others who are involved in developing our drug candidates or technology. Litigation may be necessary to defend against these and other claims challenging inventorship of our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property. If we fail to defend any claim, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of or right to use intellectual property that is important to our drug candidates. Even if we are successful in defending against such claims, litigation could lead to substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain, and we may be subject to substantial costs and liability, or be prevented from using technologies incorporated in our drug candidates or future drugs, or delay the commercialization of our drug candidates in certain jurisdictions, as a result of such litigation or other proceedings relating to patent or other intellectual property rights.

Our commercial success depends in part on our and our collaboration partners avoiding infringement, misappropriation, and other violations of the patents and other intellectual property rights of third parties. There may be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to issue that relate to aspects of our business. There is a substantial amount of litigations and other claims and proceedings involving patents and other intellectual property rights in the pharmaceutical and biopharmaceutical industries generally. As the pharmaceutical and biopharmaceutical industries expand and more patents are issued, the risk increases that our drug candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. We may also be subject to allegations by third parties of unfair competition, defamation or violation of their other rights. Even if we believe third-party intellectual property claims are without merit, we cannot assure you that a court would find in our favor

on questions of infringement, validity, enforceability or priority, and it could have a material and adverse effect on our ability to develop and commercialize any of our drug candidates and any other drug candidates covered by the asserted third-party patents. The burden of successfully challenging a third-party claim may be high and require us to present clear and convincing evidence as to the invalidity of any such claim. There is no assurance that a court of competent jurisdiction would invalidate any such third-party claim.

If third parties, including the third parties that control the patents described above, bring successful claims against us for infringement, misappropriation or other violations of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim against us of infringement, misappropriation or other violation of intellectual property, or a settlement by us of any such claims, we may have to pay substantial damages, including treble damages and attorneys' fees in the case of willful infringement, pay royalties and other payments or redesign our infringing drug candidates, which may be impossible or require substantial time and cost. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our drug candidates. Any such license might not be available on reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and we may be required to make substantial licensing and royalty payments. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our drug candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent and other intellectual property infringement claims or to resolve disputes prior to litigation and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our Shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Application fees, periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on any issued patents and patent applications are due to be paid to the CNIPA, USPTO and other patent agencies in several stages over the lifetime of a patent. The CNIPA, USPTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business and operation.

Changes in patent laws of China, the U.S. or other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates.

As is the case with other pharmaceutical and biopharmaceutical companies, our success is heavily dependent on obtaining, maintaining, enforcing and defending intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing pharmaceutical and biopharmaceutical patents is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation in China, the U.S., or other countries may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, on July 3, 2020, the Standing Committee of the National People's Congress of PRC published a Draft Amendment to the Patent Law of the PRC (Draft for Second Review) (《中華人民共和國專利法修正案(草案二次審議稿)》, "Draft Amendment") for public comment, which proposed patent linkage for pharmaceutical patents and patent terms extension for eligible innovative pharmaceutical patents. If adopted, patents owned by third parties may be extended, which may in turn affect our ability to commercialize our drug candidates without facing infringement risks. The adoption of this Draft Amendment may enable the patent owner to submit applications for a patent term extension. The length of any such extension is uncertain. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our drug candidates non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

Recently enacted U.S. laws have changed the procedures through which patents may be obtained and by which the validity of patents may be challenged. For instance, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are prosecuted, redefine prior art, provide more efficient and cost-effective avenues for competitors to challenge the validity of patents, and enable third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO-administered post-grant proceedings, including post-grant review, *inter partes* review and derivation proceedings. Assuming that other requirements for patentability are met, prior to March 2013, in the U.S., the first to invent the claimed invention was entitled to the patent, while outside the U.S., the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith Act, the U.S. transitioned to a first-to-file system in which, assuming that the other statutory requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. As such, the Leahy-Smith Act and its implementation could increase the uncertainties and costs

surrounding the prosecution of our patent applications in the U.S. and the enforcement or defense of our issued patents, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Recent U.S. Supreme Court rulings have also changed the law surrounding patent eligibility, narrowed the scope of patent protection available in certain circumstances, and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. There could be similar changes in the laws of foreign jurisdictions that may affect the value of our patent rights or our other intellectual property rights. Any of the foregoing could have a material adverse effect on our patent rights and our ability to protect, defend and enforce our patent rights in the future, as well as on our competitive position, business, financial condition, results of operations and prospects.

FIRRMA Pilot Program may restrict our ability to acquire technologies and assets in the U.S. that are material to our commercial success.

On November 10, 2018, the pilot program (the "Pilot Program") that provisionally implements the Foreign Investment Risk Review Modernization Act of 2018 (the "FIRRMA") will become effective to regulate foreign investments in U.S. businesses that involve technologies deemed critical by the Committee on Foreign Investment in the U.S. (the "CFIUS"). The Pilot Program may restrict our capacity to invest in U.S. entities and opportunities to acquire technologies that are material to our business operations. While the Pilot Program currently restricts only controlling and certain non-controlling investments made by foreign persons in U.S. businesses in research and development in biotechnology, the Pilot Program may further expand its scope in the future and place additional limitations on strategic collaborations with our current U.S. partners and may expand into permanent and more restrictive implementations of FIRRMA, which could detrimentally affect our capacity to acquire foreign assets in the U.S. that may be material to our commercial success.

Patent terms may be inadequate to protect our competitive position on our drug candidates for an adequate amount of time, and the absence of patent linkage, patent term extension and data and market exclusivity for NMPA-approved pharmaceutical products could increase the risk of early generic competition for our drug candidates in China.

In the U.S., the Federal Food Drug and Cosmetic Act, as amended by the law generally referred to as "Hatch-Waxman", provides the opportunity for limited patent term extension. Hatch-Waxman permits a patent-term restoration that provides a patent term extension of up to five years to reflect patent term lost during certain portions of product development and the FDA regulatory review process. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval; only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. The application for the extension must be submitted prior to the expiration of the patent for which extension is sought. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. Depending upon the timing, duration and specifics of any FDA marketing approval process for any drug candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under Hatch-Waxman. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the

testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable period or the scope of patent protection afforded could be less than we request. In addition, to the extent we wish to pursue patent term extension based on a patent that we in-license from a third party, we would need the cooperation of that third party. If we fail to obtain patent term extensions or if the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and thus our revenue could be reduced.

Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Moreover, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. For example, federal law provides a five-year period of exclusivity within the U.S. to the first applicant to obtain approval of a new chemical entity and three years of exclusivity protecting certain innovations to previously approved active ingredients where the applicant was required to conduct new clinical investigations to obtain approval for the modification. Similarly, the U.S. Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases, where the FDA designates the drug candidate as an orphan drug and the drug is approved for the designated orphan indication. These provisions, designed to promote innovation, can prevent competing products from entering the market for a certain period of time after the FDA grants marketing approval for the innovative product.

In China, however, there is no currently effective law or regulation providing patent term extension, patent linkage, or data exclusivity (referred to as regulatory data protection). Therefore, a lower-cost generic drug can emerge onto the market much more quickly. Chinese regulators have set forth a framework for integrating patent linkage and data exclusivity into the Chinese regulatory regime, as well as for establishing a pilot program for patent term extension. To be implemented, this framework will require adoption of regulations. However, no regulations have been issued to date. On July 3, 2020, the Standing Committee of the National People's Congress published a Draft Amendment to the Patent Law of the PRC (Draft for Second Review) (《中華人民共和國專利法修正案(草案二次審議稿)》) (the "Draft Amendment") for public comments. The Draft Amendment provides that, among others, the owner of the patent for an innovative new drug that has been granted the marketing authorization in China is entitled to request the Patent Administration Department under the State Council to grant a patent term extension of up to five years, in order to compensate the time required for the regulatory approval for the commercialization of such innovative new drug; provided that, the patent term of such innovative new drug shall not exceed a total of 14 years. However, we cannot assure you that the Draft Amendment will be adopted and implemented in its current form. Furthermore, the PRC government has entered into the Economic and Trade Agreement Between the Government of the People's Republic of China and the Government of the United States of America (中華人民共和國政府和美利堅合眾國政府經濟貿易協議) with the U.S. government in January 2020 which provides that the owner of the patent for an innovative new drug that has been granted the marketing authorization in China is entitled to request a patent term extension of up to five years; provided that, the patent term of such innovative new drug shall not exceed a total of 14 years from the date of marketing approval in China. If we are unable to obtain patent term extension, or the term of any such extension is less than that we request, our competitors or other third parties may obtain approval of competing products following our patent expiration. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to claims asserting ownership of what we regard as our own intellectual property.

In addition to our issued patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, collaboration partners, outside scientific collaborators, sponsored researchers, CMOs, CROs, consultants, advisers and other third parties that have access to them. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology. Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and thus our competitive position would be harmed.

Furthermore, many of our employees, consultants and advisers, including our senior management, were previously employed at other biopharmaceutical or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants and advisers, including each member of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but there is no assurance that we will not be subject to such claims or involved in litigations to defend against such claims in the future. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management.

In addition, we have entered invention assignment agreements with our employees and confidentiality agreements, and non-competition agreements with our senior management and key members of our R&D team and other employees who have access to our trade secrets and other proprietary or confidential information relating to our business. Our standard employment contract is executed with each of our employees, contains an invention assignment clause, under which we own the rights to all inventions, technology, know-how and trade secrets resulting from work performed for us or relating to our business and conceived or

completed during the course of such employee's work. However, we may fail in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, and, furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

In addition, our trade secrets and other proprietary or confidential information may become known or be independently developed by a third party, or misused by any collaborator or other third party to whom we disclose such information. Although we seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems, confidential or proprietary information and other intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

Furthermore, we may in the future be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar drug candidates or technology, without payment to us, or could limit the duration of the patent protection covering our drug candidates and technology. Such challenges may also result in our inability to develop, manufacture or commercialize our drug candidates without infringing third-party patent rights. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.

We currently own issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. We cannot assure you that any currently pending trademark applications or any trademark applications we may file in the future will be approved. During trademark registration proceedings, we may receive rejections and although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in proceedings before the USPTO and in proceedings before comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceeding may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our drug candidates mature in the future, upon regulatory approval, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks

and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may be unsuccessful to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, and impede our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily protects us from all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to our drug candidates or any potential drug candidates we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future;

- we, current or any future collaboration partners, or any future licensors, might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or may license in the future;

- we, current or any future collaboration partners, and any future licensors, might not have been the first to file patent applications covering certain of our or their inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our intellectual property rights;

- it is possible that our pending patent applications will not lead to issued patents;

- patents that may be issued from our pending patent applications may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may not develop additional proprietary technologies that are patentable;

- the patents of others may harm our business; and
- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted by us or granted to us by others.

We have entered into a global strategic collaboration with AbbVie to develop and commercialize our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. Under the agreement, subject to our PRC Option, which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. For more details of our collaboration with AbbVie, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus. Furthermore, we may enter into agreements in the future with third parties to provide us with rights to various third-party intellectual property rights, including rights in patents and patent applications. These licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may wish to develop or commercialize our future drug products. These agreements may also impose diligence, development or commercialization timelines and milestone payment, royalty, insurance, and other obligations on us. As a result, we may not be able to prevent competitors from developing and commercializing competitive drug products in territories included in all of our licenses.

In addition, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering the drug candidates that we license from third parties. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our licensors fail to prosecute, maintain, enforce and defend such patents, or lose rights to those patents or patent applications, the rights we have been licensed may be reduced or eliminated, and our right to develop and commercialize any of our drug candidates that are subject of such licensed rights could be adversely affected.

Our licensors may have relied on third-party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

In spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize our future drug products covered by these license agreements. Termination of these agreements or reduction or elimination of our rights under

these agreements may also result in our having to negotiate new or reinstate agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

As such, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. In addition, we may seek to obtain additional licenses from our licensors in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

RISKS RELATING TO OUR OPERATIONS

We operate in a highly competitive and rapidly changing industry. If we fail to effectively compete with our competitors, our competitive position in our target markets may be undermined, our drug candidates, if and when approved, may fail to be commercially successful and our business, financial condition, results of operations and prospects could suffer.

The pharmaceutical and biopharmaceutical industries in which we operate are highly competitive and rapidly changing. Large multinational pharmaceutical companies, established biopharmaceutical companies, specialty pharmaceutical companies, universities and other research institutions have commercialized or are commercializing or pursuing the development of drugs for the treatment of cancer or other indications for which we are developing our drug candidates.

Many of our competitors have substantially more developed commercial infrastructure, greater financial, technical and human resources than we do. Even if successfully developed and subsequently approved by the NMPA, the FDA, or other comparable regulatory authorities, our drug candidates will still face competition based on safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price, patent position and other factors. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or gain better acceptance for the same target markets as ours, which will undermine our competitive position. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and/or safety in order to overcome price competition and to be commercially successful. Disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates obsolete or non-competitive. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists, clinical and sales personnel could delay or prevent the successful development of our drug candidates and result to a material and adverse effect on our business and results of operations.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, as well as other key clinical and scientific personnel, and other employees and consultants. The loss of services of any of these individuals or one or more of our senior management could delay or prevent the successful development of our drug candidates.

Although we have not historically experienced particular difficulties attracting and retaining qualified employees, we could experience such problems in the future. Competition for qualified employees in the pharmaceutical and biopharmaceutical industries is intense and the pool of qualified candidates is limited. We may not be able to retain the services of, or attract and retain experienced senior management or key clinical and scientific personnel in the future. The departure of one or more of our senior management or key clinical and scientific personnel may subject us to risks relating to replacing them in a timely manner or at all, regardless of whether or not they join a competitor or form a competing company. These changes may disrupt our drug development progress and have a material and adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we build and expand our commercialization team. We may not be able to attract and retain qualified employees on acceptable terms.

We face risks related to health epidemics and other outbreaks of contagious diseases, including the COVID-19 outbreak.

Our business could be materially and adversely affected by outbreaks of epidemics. Outbreaks of contagious diseases and other adverse public health developments in the markets in which we operate, including China and the U.S. The outbreak of any severe epidemic disease, such as coronavirus, avian flu, H1N1 flu, SARS, Ebola, or Zika, may disrupt operations, which could negatively affect our financial condition, operational results and future prospects. For example, the outbreak of COVID-19 may have adverse effects on our operations or the operations of our suppliers. Concerns about COVID-19 may, for example, negatively affect the reliability and cost of transportation, negatively affect the desire and ability of our employees to travel to the office, delay the enrollment of patients in our clinical trials, disrupt the production capabilities of our suppliers and require us to quarantine certain of our employees or facilities or take extra security precautions for our operations, which may result in higher costs. The COVID-19 outbreak could also affect our ability to carry out our obligations under existing contracts, disrupt supply chains that we depend upon, alter our commercialization plans and clinical development plans and compromise the quality of our ongoing clinical studies. If we are not able to effectively develop and commercialize our drug candidates as a result of protracted clinical trials of enrolled patients, elevated public health safety measures, and/or failure to recruit and conduct patient follow-up, we may not be able to generate revenue from sales of our drug candidates as planned. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain or treat its impact, among others. In addition, our operation and financial position could be materially affected to the extent that a health epidemic or other outbreak harms China, the U.S. and global economy in general.

We are subject to the risks of doing business globally, including risks relating to political and economic instability and changes in diplomatic and trade relationships, which may materially and adversely affect our business and results of operations.

Because we operate in China, the U.S. and other jurisdictions, our business is subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including:

- changes in a specific country's or region's political and cultural climate or economic condition;

- unexpected changes in laws and regulatory requirements in local jurisdictions;

- efforts to develop an international sales, marketing and distribution organization may increase our expenses, divert our management's attention from the acquisition or development of drug candidates or cause us to forgo profitable licensing opportunities in these geographies;
- the occurrence of economic weakness, including inflation or political instability;
- the burden of complying with a variety of foreign laws including difficulties in effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in certain jurisdictions;
- enforcement of anti-corruption and anti-bribery laws;
- trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;
- delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;
- the effects of applicable local tax regimes and potentially adverse tax consequences; and
- significant adverse changes in local currency exchange rates.

Furthermore, we are subject to general geopolitical risks in foreign countries where we operate, such as political and economic instability and changes in diplomatic and trade relationships, which could cause our results to fluctuate and our revenue to decline. The occurrence of any one or more of these risks of doing business internationally, individually or in the aggregate, could materially and adversely affect our business and results of operations.

Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend and our reputation could be harmed.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, collaborators, business partners and other third parties that we engage for our business operations. For example, certain lease agreements between us and relevant landlords were not registered with the relevant PRC governmental authorities. Our PRC Legal Adviser advised us that we may be required by the competent governmental authorities to register relevant lease agreements within a prescribed time limit. If we fail to do so, we may be subject to fines in an amount ranging from RMB1,000 to RMB10,000 for each non-registered lease. While we do not believe that the resolution of any lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources. Furthermore, any litigations, legal disputes, claims or administrative proceedings, which are initially not of material importance, may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake, and the parties involved.

Our insurance might not cover claims brought against us, provide sufficient payments to cover all of the costs to resolve one or more such claims, or continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with our collaborators, our collaborators do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations or reputation.

If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, and insider trading.

We are subject to the anti-bribery laws of various jurisdictions, particularly in China and the U.S. As our business expands, the applicability of the anti-bribery laws to our operations will increase. We may be exposed to fraud, bribery or other misconduct committed by our employees, principal investigators, consultants and commercial partners that could subject us to financial losses and sanctions imposed by government authorities, which may adversely affect our reputation. Our procedures and controls to monitor compliance with anti-bribery law may fail to protect us from reckless or criminal acts committed by our employees or other commercial partners. We could be liable for actions taken by them that violate anti-bribery, anti-corruption and other related laws and regulations in China, the U.S. or other countries. The government authorities may seize the products involved in any illegal or improper conduct engaged in by our employees or commercial partners. We may be subject to claims, fines or suspension of our operations. Our reputation, our sales activities or the price of our Shares could be adversely affected if we are associated with any negative publicity as a result of illegal or improper actions, or allegations of illegal or improper actions, taken by our employees or commercial partners.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. Although we consider our internal control policies and procedures to be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

We have significantly increased the size and capabilities of our organization since our inception, and we may experience difficulties in managing our growth. If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

We had 170 employees as of the Latest Practicable Date. As our development and commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on members of management, including:

- continuing to innovate and develop advanced technology in the highly competitive pharmaceutical and biopharmaceutical market;
- managing our relationships with third parties, including suppliers and partners;
- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our drug candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our drug candidates will depend in part on our ability to effectively manage our recent growth and any future growth. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

If we fail to effectively manage our anticipated growth or execute on our growth strategies by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our drug candidates and, accordingly, may not achieve our research, development and commercialization goals. As a result, our business, financial condition, results of operations and prospects could suffer.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, cause dilution to our Shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

From time to time, to enhance our growth, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent or unforeseen liabilities;
- the issuance of our equity securities;

- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;

- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;

- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;

- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and

- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

PRC regulations and rules concerning mergers and acquisitions, including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors ("M&A Rules") (《關於外國投資者併購境內企業的規定》), and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that the Ministry of Commerce of the PRC (the "MOFCOM") be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of PRC (《中華人民共和國反壟斷法》) and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings (《國務院關於經營者集中申報標準的規定》), or the "Prior Notification Rules" issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Lenders (《商務部實施外國投資者併購境內企業安全審查制度的規定》), or the "Security Review Rules", issued by the MOFCOM specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns, and mergers and acquisitions through which foreign investors may acquire the de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval and filing processes, including obtaining approval or filings from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to security review, in which case our future acquisitions in China, including those by way of entering into contractual control

arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

Further, we may also discover deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in businesses we acquire which we did not uncover prior to such acquisition. As a consequence, we may become subject to penalties, lawsuits or other liabilities. Further, any difficulties in the integration of acquired businesses, product or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses, product or technologies could have a material adverse effect on our business, financial condition and results of operation. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. In addition, our new manufacturing facilities construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant facilities in China or certain other jurisdictions. We cannot assure you that we will be able to obtain all the regulatory approvals for our construction projects in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals for our construction projects may affect our abilities to develop, manufacture and commercialize our drug candidates as we plan. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection, and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of discovery, testing, development and manufacturing of our drug candidates. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage. We may also be forced to close or suspend operations at certain of our affected facilities temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

Furthermore, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We have historically received government grants, subsidies and other preferential policies for our research and development activities. Expiration of, or changes to, these incentives or policies or our failure to satisfy any condition for these incentives would have an adverse effect on our results of operations.

We have historically benefited from government grants, subsidies and other preferential policies as incentives for our research and development activities. We recorded government grants of RMB2.4 million, RMB9.6 million and RMB3.3 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, respectively. Apart from the government grants, our subsidiary in China, Beijing Jacobio, was recognized as a High and New Technology Enterprise in 2018 and therefore is entitled to a preferential income tax rate of 15% for a three-year period. These government grants and preferential income tax treatment were generally in support of our research and development activities of our drug candidates, particularly for our SHP2 inhibitors. Please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Loss — Other Income" in this prospectus for further details. Going forward, our government grants may vary from period to period and our entitlement to the preferential treatment may expire or be terminated. As a result, our results of operations may be affected. Our eligibility for government grants and the preferential income tax treatment is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. The government grants and preferential income tax treatment are subject to the discretion of the central government or relevant local government authorities, which could determine at any time to eliminate, suspend or reduce these financial incentives or our eligibility for the preferential income tax treatment, generally with prospective effect. Since our receipt of the government grants and eligibility for the preferential income tax treatment are subject to periodic time lags and inconsistent government practice, as long as we continue to receive these government grants and enjoy the preferential income tax treatment, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these government grants or preferential income tax policies in addition to any business or operational factors that we may otherwise experience. There is no assurance that we will continue to receive such government grants, receive similar level of government grants, or at all, or be eligible to enjoy the preferential income tax treatment in the future. The discontinuation of government grants, subsidies and our eligibility for the preferential income tax treatment currently available to us could have a material adverse effect on our business, financial condition and results of operations.

Increased labor costs could result in exceeding expenses slow our growth and adversely affect our profitability.

Since our operations are labor-intensive and our operations, to a certain extent, require the use of technical skills and know-how of our employees, our success depends in part on our ability to attract, retain and motivate a sufficient number of qualified employees. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labor in local markets will be sufficient to fulfil our needs. Competition for competent and skilled labor is intensive in the industry. Our failure to hire and retain enough skilled employees could delay the anticipated pre-clinical studies or clinical trials timeframe or receipt of regulatory approvals to commercialize our drug candidates, or result in our expenses exceeding our initial budget. Any of the foregoing changes could have a material adverse effect on our business, profitability and prospects.

Further, most of our workforce is employed in China and the U.S. The average labor cost in these jurisdictions has been steadily increasing over the past years as a result of inflation, government-mandated wage increases and other changes in labor laws and local economics. In particular, further changes in the labor laws, rules and regulations may be promulgated by the PRC and U.S. government in the future and our operations may be materially and adversely affected if such laws, rules or regulations impose additional burden on the employers. The labor cost will continue to increase in the future which is in line with the economic growth in both China and U.S. Competition for employees would require us to pay higher wages, which would result in higher labor costs.

We may be subject to natural disasters, acts of war or terrorism or other factors or catastrophic beyond our control.

We conduct certain of our drug development activities in our research and development centers located in Beijing, China and Massachusetts, the U.S. Natural disasters or other unanticipated catastrophic events that affect our facilities and operations, including power interruptions, water shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to operate our business. Our facility and certain equipment located at our research and development centers would be difficult to replace in any such event and could require substantial replacement time and cost. The occurrence of any such event could materially and adversely affect our business, financial condition, results of operations and prospects.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources, which may negatively impact our research and development progress and overall operations.

We operate in the pharmaceutical and biopharmaceutical industries, which involves numerous operating risks and occupational hazards. We maintain insurance policies that are required under the PRC and U.S. laws and regulations as well as based on our assessment of our operational needs and industry practice as of the Latest Practicable Date. In line with industry practice in China and the U.S., we have elected not to maintain certain types of insurance, such as business interruption insurance or key man insurance. We cannot assure you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our drug development and overall operations.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our CROs, CMOs, suppliers and other contractors and consultants, could be subject to natural or man-made disasters or business interruptions which is beyond our control. In particular, we currently rely on CROs for conducting research and development of our drug candidates, and such collaborations may be affected by government shutdowns or funding withdrawals. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and could increase our costs and expenses. In addition, we currently also rely on CMOs to produce and process supplies of our drug candidates for clinical use. We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China. With respect to the construction of our new manufacturing facilities, the collaborator will be responsible for the construction of the buildings, and we will lease such

buildings from our collaborator to construct the production lines and other production facilities within such buildings. Our collaborations with CMOs, our operation of our new manufacturing facilities (upon construction completed) and our ability to obtain supplies for manufacturing our drug candidates or future approved drugs could be disrupted if the operations of these collaborators, suppliers or our new manufacturing facilities are affected by a man-made or natural disaster or other business interruption. In addition, damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our drug candidates. Our insurance might not cover all losses under such circumstances and our business and financial condition may be seriously harmed by such delays and interruption.

Our internal information technology and other infrastructure, or those used by our CROs or partners or other contractors or consultants, may fail or suffer security breaches, which may require us to expend additional resources to protect our technology and information systems and could materially adversely affect our business, financial condition, results of operations and prospects.

Despite the implementation of security measures, our information technology systems and those of our current or future partners, CROs, CMOs, consultants and other service providers or suppliers are vulnerable to damage from cyber-attacks, computer viruses, malicious codes, unauthorized access, employee theft or misuse, natural disasters, fire, power loss, terrorism, war, and telecommunication and electrical failures, among other things. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed. In addition, a security breach may result in the loss of, damage to, or public disclosure of personally identifiable information, and such an event could have serious negative consequences, including disputes, regulatory action, investigation, litigation, fines, penalties and damages, and time-consuming and expensive litigation, any of which could have a material adverse effect on our business, financial condition, results of operations, or prospects.

In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or suppliers that provide information systems, networks or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have a material adverse impact on us and our business, including loss of data and damage to

equipment, among other things. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification, system malfunction or intentional or accidental release or loss of information maintained in the information systems and networks of us and our suppliers, including but not limited to personal information of our employees and patients. In addition, outside parties may attempt to penetrate our systems or those of our suppliers or fraudulently induce our personnel or the personnel of our suppliers to disclose sensitive information in order to gain access to our data or systems. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, nor may we be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies. We cannot assure you that our data protection efforts and our investment in information technology will prevent significant breakdowns, data leakages, breaches in our systems or those of our third-party vendors and other contractors and consultants, or other cyber incidents that could have a material adverse effect upon our reputation, business, results of operations, financial condition or prospects. If we experienced any such material system failure or security breach and interruptions in our operations, it could result in a material disruption of our development programs and our business operations, a breach of sensitive personal information or a loss or corruption of critical data assets including trade secrets or other proprietary information. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

If a material breach of our information technology systems or those of our suppliers occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated. As we engage in more electronic transactions with payers, suppliers and patients, and collect and store an increasing volume of data, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

We may not have adequate insurance coverage to compensate for any losses associated with a system failure, any breach of our computer systems or other cybersecurity attack or any violation of any privacy laws or other obligations. Any breach or failure of our or our suppliers' computer systems, information technology and other infrastructure could materially adversely affect our business, financial condition, results of operations and prospects.

Product and professional liability claims or lawsuits against us could result in expensive and time-consuming litigation, payment of substantial damages and increases in our insurance rates.

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our drug candidates in China, the U.S., any of our target markets. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in: decreased demand for our drug candidates; injury to our reputation; withdrawal of clinical trial participants and inability to continue clinical trials; initiation of investigations by regulators; costs to defend the related litigation; a diversion of management's time and our resources; substantial monetary awards to trial participants or patients; product recalls, withdrawals, or labeling, marketing or promotional restrictions; loss of revenue; exhaustion of any available insurance and our capital resources; significant increase in insurance premium; the inability to commercialize any approved drug candidate; and a decline in the market price of our Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance in the conduct of our clinical trials. However, it is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

If we use hazardous materials in a manner that causes injury, our research, development or production activities could be impaired and we may be subject to substantial fines, penalties or other liabilities.

We are subject to laws and regulations governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials. Our operation involves the use of hazardous materials, including chemicals, and may produce hazardous waste products. We cannot eliminate the risks of contamination or personal injury from these materials.

We do not maintain insurance for environmental liability claims that may be asserted against us in connection with our storage or disposal of hazardous materials. In the event of contamination or personal injury resulting from our use of hazardous materials or our or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

We may incur substantial costs in order to comply with current or future laws and regulations on use of hazardous materials. These current or future laws and regulations may impair our research, development or production activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other liabilities.

Fluctuations in exchange could result in foreign currency exchange losses.

Since the majority of the assets and operations of our Group are located in the PRC, the financial statements set forth in Appendix I to this prospectus are presented in RMB. Certain of our cash at bank and most of the proceeds from equity financing of our Company are denominated in the U.S. dollars while our expenses are mainly denominated in RMB. Furthermore, pursuant to the AbbVie Agreement, we are entitled to receive pre-agreed upfront payments, milestone payments and tiered royalties from AbbVie in U.S. dollars. We received the upfront payments of US$45.0 million from AbbVie on September 4, 2020. Please refer to the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus for further details. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows are subject to fluctuations in foreign currency exchange rates. The exchange rate of RMB against USD and other foreign currencies fluctuates is affected by, among other things, the policies of the PRC government and changes in and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between RMB, USD, Hong Kong dollars or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policies goals. There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of RMB against USD, Hong Kong dollars or other foreign currencies.

Our proceeds from the Global Offering will be denominated in Hong Kong dollars. As a result, any appreciation of RMB against USD, Hong Kong dollars or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Our reputation is key to our business success. Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and may, as a result, negatively affect our business, financial condition and results of operations.

Our reputation and customer perception of our brand are critical to our business. Maintaining and enhancing our reputation and recognition depend primarily on the quality and consistency of our drug candidates. If we are unable to maintain and further enhance our reputation and recognition, our ability to attract and retain customers may be impeded and our business prospects may be materially adversely affected. Any negative publicity concerning us, our affiliates or any entity that shares the "Jacobio" name, our Shareholders, Directors, officers, employees and business partners, management, even if untrue, could adversely affect our reputation and business prospects. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our Shareholders, Directors, officers, employees and business partners were incompliant with any laws or regulations or became involved in lawsuits, disputes, or other legal proceedings or became subject to administrative measures, penalties or investigations by regulatory authorities, we may also

suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity. In addition, referrals and word of mouth have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us could adversely affect our ability to maintain our existing collaboration arrangements or attract new collaboration partners, and we may not be able to diffuse such negative publicity to the satisfaction of our investors and customers.

RISKS RELATING TO OUR DOING BUSINESS IN CHINA

The pharmaceutical industry in China is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our drug candidates.

We conduct almost all of our operations in China. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. In recent years, the regulatory framework in China regarding the pharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the benefits we believe are available to us from developing and manufacturing drugs in China, which would materially adversely affect our business, financial condition, results of operations and prospects.

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

Due to our extensive operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth over the past 30 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

A large portion of our operations are conducted in China through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Additionally, the NMPA's recent reform of the drug-approval system may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our drug candidates in a timely manner.

In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than we would in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) ("Scientific Data Measures"), which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, where scientific data involving state secrets needs to be provided to foreign parties during the relevant foreign contacts and cooperation, corporate entities shall provide the type, scope and usage of the scientific data, and submit the information to the competent authorities for approval according to the specified procedures for confidentiality management. Upon approval by the competent authorities, corporate entities shall undergo the required procedures, and enter into the confidentiality agreements with the users of the scientific data. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term "state secret" is not clearly defined, we cannot assure you that we can always obtain relevant approvals for sending scientific data

(such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders or to service any debt we may incur. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund.

In response to the persistent capital outflow in China and RMB's depreciation against the U.S. dollar, People's Bank of China ("PBOC"), and the State Administration of Foreign Exchange ("SAFE"), promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

Our dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

The Enterprise Income Tax Law of the PRC, or the "EIT Law" (《企業所得稅法》), and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

Pursuant to the Arrangement Between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income, or the "Hong Kong Tax Treaty" (《內地和香港特別行政區關於對所得避

免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of the PRC-sourced income, and our Hong Kong subsidiary directly holds 25% or more interests in our PRC subsidiary. On February 3, 2018, the State Administration of Taxation ("SAT"), issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於税收協定中"受益所有人"有關問題的公告》), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. A portion of our revenue is denominated in RMB. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The RMB is currently convertible under the "current account", which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account", which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions", including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC government authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a portion of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC government authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

We are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial condition and results of operations.

The political relationships between China and other countries may affect our business operations.

We intend to initially focus our activities in the U.S. and China while pursuing global opportunities. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China's political relationships with those foreign countries and regions may affect our development of drug candidates and our commercialization of our drug candidates, upon approval, in foreign countries. There can be no assurance that such customers will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our services and adversely affect our business, financial condition, results of operations, cash flows and prospects.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the documents based on Hong Kong or other foreign laws.

Most of our operating subsidiaries are incorporated in China. Some of our management reside in China from time to time. A large portion of our assets are located in China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("Arrangement"), pursuant to which a party with an enforceable final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with an enforceable final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a Chinese court is expressly designated as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) ("New Arrangement"), which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the China. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the

dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or management in China in order to seek recognition and enforcement of foreign judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or most other western countries. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Any failure by the Shareholders or beneficial owners of our Shares who are PRC residents to comply with PRC foreign exchange or other regulations relating to offshore investment activities could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to register with local qualified banks before engaging in direct or indirect offshore investment activities, including Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by domestic Residents in China via Special-Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive; where a crime is constituted, the criminal liabilities shall be imposed in accordance with the law.

According to the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of the Overseas Direct Investments (《國家外匯管理局關於發佈＜境內機構境外直接投資外匯管理規定＞的通知》), or SAFE Circular 30, and other regulations, if our Shareholders who are PRC entities do not complete their registration with the competent branches of the SAFE, the National Development and Reform Commission, or "NDRC", or MOFCOM, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In addition, our Shareholders may be required to suspend or stop the

investment and complete the registration within a specified time, and may be warned or prosecuted for relevant liability. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restriction.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13, which came into effect on June 1, 2015, pursuant to which local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37 and SAFE Circular 30, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of the SAFE.

There remains uncertainty as to the interpretation and implementation of the latest SAFE rules at practice level. We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and other regulations; however, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be fully aware or informed of the identities of our beneficiaries who are PRC nationals or entities, and may not be able to compel them to comply with SAFE Circular 37, SAFE Circular 30 or other regulations. We cannot assure you that all of our Shareholders or beneficiaries will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by SAFE rules or other regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such shareholders to comply with SAFE rules or other regulations may result in restrictions on the foreign exchange activities of our PRC subsidiaries and may also subject the relevant PRC resident or entity to penalties under the PRC foreign exchange administration regulations.

We face uncertainty relating to PRC laws and regulations relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the SAT issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or Circular 7, which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得稅管理的通知》), or Circular 698, which was previously issued by the SAT on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

For example, Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company which directly or indirectly holds such PRC Taxable Assets, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the equity interest of the overseas enterprise is directly or indirectly attributable to the PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Circular 7 contains certain exemptions, including (i) the Public Market Safe Harbor described below; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement. However, it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares that do not qualify for the Public Market Safe Harbor or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transactions by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares that do not qualify for the Public Market Safe Harbor by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market", or the "Public Market Safe Harbor", which is not determined by whether the parties, number and price of the shares acquired and disposed are previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in "Information about this Prospectus and the Global Offering" in this prospectus, potential investors should consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares.

Under China's Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise", meaning that it can be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. A tax circular issued by the SAT on April 22, 2009, or Circular 82, regarding the standards used to classify resident enterprises clarified that dividends and other distributions paid by such resident enterprises which are considered to be PRC source income will be subject to PRC withholding

tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. This circular also subjects such resident enterprises to various reporting requirements with the PRC tax authorities. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting and properties" of the enterprise. In addition, Circular 82 specifies that certain China-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. On July 27, 2011, the SAT issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin 45, which became effective on September 1, 2011, to provide further guidance on the implementation of Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Currently, most of the members of our management team are located in China. However, Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. In the absence of detailed implementing regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are PRC resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise.

Despite the foregoing, the SAT may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company or any of our non-PRC subsidiaries is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, under the EIT Law and its implementing rules issued by PRC tax authorities, dividends paid by us to our non-PRC shareholders may be subject to a withholding tax of 10% for non-PRC enterprise shareholders and 20% for non-PRC individual shareholders, and gains recognized by our non-PRC shareholders may be subject to PRC tax of 10% for non-PRC enterprise shareholders and 20% for non-PRC individual shareholders. Any PRC tax liability on dividends or gain described above may be reduced under applicable tax treaties. However, it is unclear whether, if our Cayman Islands holding company is

considered a PRC resident enterprise, non-PRC shareholders might be able to claim the benefit of income tax treaties entered into between PRC and their countries. Similarly, these unfavorable consequences could apply to our other offshore companies if they are classified as a PRC resident enterprise.

Government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiaries, which could restrict our ability to utilize the proceeds from the Global Offering effectively and affect our ability to fund and expand our business.

The PRC government imposes controls on the convertibility of foreign currencies into RMB. Under China's existing foreign-exchange regulations, foreign-exchange transactions under capital accounts continue to be subject to significant foreign-exchange controls and require the registration with, and approval of, PRC government authorities. In particular, if one subsidiary receives foreign-currency loans from us or other foreign lenders, these loans must be registered with the SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with or approved by certain government authorities, including the MOFCOM or its local counterparts.

In August 2008, the SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), or SAFE Circular 142, providing that the RMB capital converted from foreign-currency-registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

On March 30, 2015, the SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which came into force and superseded SAFE Circular 142 from June 1, 2015. On June 9, 2016, the SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19 and SAFE Circular 16, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement on a discretionary basis. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. Considering that SAFE Circular 19 and SAFE Circular 16 are relatively new, it is unclear how they will be implemented, and there exist high uncertainties with respect to its interpretation and implementation by applicable government authorities. For example, under SAFE Circular 19 and SAFE Circular 16, we may still not be allowed to convert foreign-currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB capital for securities investments or other finance and investment except for principal-guaranteed bank products. Further, SAFE Circular 19 and SAFE Circular 16 restrict a foreign-invested enterprise from using RMB converted from its registered capital to provide loans to a its non-affiliated company.

Violations of SAFE Circular 19 and SAFE Circular 16 could result in severe monetary or other penalties. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries, and conversion of such loans or capital contributions into RMB. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our ability to fund and expand our business.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares; an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our applications for approval of our drug candidates, regulatory developments affecting the pharmaceutical and biopharmaceutical industries, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the Offer Price.

The initial price to the public of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Future sales or perceived sales of our Shares in the public market by major Shareholders following the Global Offering could materially and adversely affect the price of our Shares.

Prior to the Global Offering, there has not been a public market for our Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

Because we do not expect to pay dividends in the foreseeable future after the Global Offering, you must rely on price appreciation of our Shares for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to fund the development and commercialization of our pipeline drug candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. Please refer to "Appendix III — Summary of the Constitution of our Company and Cayman Islands Company Law" to this prospectus.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or Controlling Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

Facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to the pharmaceutical industry globally, in China, and the U.S. are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Global Coordinators, the Joint Sponsors, the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the pharmaceutical industry in and outside China may be inaccurate and you should not place undue reliance on them. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

Subsequent to the date in this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, except as otherwise permitted by the Stock Exchange at its discretion, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Upon Listing, our Board will comprise four executive Directors, four non-executive Directors and four independent non-executive Directors. Our Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and our business operations are based, managed and conducted in the PRC. Currently, the four executive Directors and members of the senior management of our Company ordinarily reside in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing. As such, our Company does not, and for the foreseeable future will not, have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Directors consider that the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not only increase the administrative expenses of our Group, but also reduce the effectiveness and responsiveness of our Board in making decisions for our Group, especially when business decisions are required to be made on a timely basis. In addition, appointing new executive Directors who may not be familiar with the operations of our Group to our Board for the sole purpose of satisfying the requirements under Rule 8.12 of the Listing Rules would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and its Shareholders as a whole. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) our authorised representatives, namely Ms. Wang, an executive Director and Ms. Ching Man Yeung, one of the joint company secretaries, will act as the principal channel of communication with the Stock Exchange;

(b) our authorised representatives will have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters;

(c) each of our Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;

(d) our compliance adviser, Somerley Capital Limited (the "Compliance Adviser"), will act as an additional channel of communication with the Stock Exchange; and

(e) our Directors will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange.

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) Member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Qing Xue and Ms. Ching Man Yeung as joint company secretaries of our Company on August 20, 2020. Ms. Ching Man Yeung is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Ms. Qing Xue, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. For more details of Ms. Qing Xue's biographical information, please see the paragraphs headed "Directors and Senior Management — Joint Company Secretaries" in this prospectus. Our Company believes that Ms. Qing Xue, by virtue of her professional qualifications in accounting in multiple jurisdictions, and knowledge and experience in accounting, financial management and handling corporate administrative matters, is capable of discharging her functions as a joint company secretary. Further, our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Qing Xue who is familiar with our Group's financial, operational and investor relations matters.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant to us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. Pursuant to HKEX-GL108-20, the waiver is granted on two conditions:

(i) Ms. Qing Xue must be assisted by Ms. Ching Man Yeung, who possesses all the requisite qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the three-year waiver period; and

(ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

Prior to the end of the three-year period, the qualifications and experience of Ms. Qing Xue and the need for on-going assistance Ms. Ching Man Yeung will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Qing Xue, having benefited from the assistance of Ms. Ching Man Yeung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

See the section headed "Directors and Senior Management — Joint Company Secretaries" in this prospectus for further information regarding the qualifications of Ms. Ching Man Yeung and Ms. Qing Xue.

EXEMPTION IN RESPECT TO FINANCIAL STATEMENTS

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a company to include in its prospectus a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires the company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the Company and (ii) the assets and liabilities of the Company for each of the three financial years immediately preceding the issue of the prospectus.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountant's Report to this prospectus.

The Listing Rules require that an eligible biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that an eligible biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years" or "two years", as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the accountant's report as appended to this prospectus covers the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020.

As such, the Joint Sponsors have applied on behalf of our Company to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the inclusion of the Accountant's Report covering the full three financial years immediately preceding the issue of this prospectus on the following grounds:

(a) We are primarily engaged in the research and development, application and commercialization of biotech products, and fall within the scope of biotech company as defined under Chapter 18A of the Listing Rules. We will fulfil the additional conditions for listing applicable to a Chapter 18A company based on the following reasons;

(b) the Accountant's Report for each of the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in the prospectus pursuant to the relevant requirements. Therefore, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome as this would require additional work to be performed by our Company and the Reporting Accountants; and

(d) the Accountant's Report covering the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, together with other disclosure in the Prospectus, has already provided the potential investors with adequate and reasonable up-to-date information in the circumstances to form a view on the track record of our Company; and that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that particulars of the exemption are set out in this prospectus and that this prospectus will be issued on or before December 9, 2020.

WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF THE LISTING RULES AND CONSENT PURSUANT TO PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the applicant may only subscribe for or purchase securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of securities.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, inter alia, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies) provides that existing shareholders are allowed to participate in the initial public offering of a Biotech Company (as defined under Chapter 18A of the Listing Rules) provided that the applicant complies with Rules 8.08(1) and 18A.07 of the Listing Rules in relation to shares held by the public. Further, pursuant to paragraph 5.2 of Guidance Letter HKEX-GL92-18 (Suitability for Listing of Biotech Companies), an existing shareholder holding less than 10% of shares in a

Biotech Company may subscribe for shares in the Proposed Listing as either a cornerstone investor or as a placee and an existing shareholder holding 10% or more of shares in a Biotech Company may subscribe for shares in the Proposed Listing as a cornerstone investor.

We have applied for a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to allow LAV Prime Limited and LAV Amber Limited (collectively, "**LAV**"), each of which is a close associate of an existing Shareholder, to participate as cornerstone investors in the Global Offering. The Stock Exchange has agreed to grant the requested waivers and consents subject to the conditions that:

(a) we will comply with the public float requirements of Rules 8.08(1) and 18A.07 of the Listing Rules;

(b) the Offer Shares to be subscribed by and allocated to LAV under the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors in the Global Offering (including being subject to a six-month lock up arrangement following Listing);

(c) no preferential treatment has been, nor will be, given to LAV by virtue of their relationship with the Company in any allocation in the Global Offering other than the preferential treatment of assured entitlement under the cornerstone investment (in respect of LAV subscribing as cornerstone investor) which follows the principles set out in Guidance Letter HKEX-GL51-13, that, the cornerstone investment agreement of LAV does not contain any material terms which are more favorable to them than those in other cornerstone investment agreements; and

(d) details of the allocation of the Offer Shares to LAV as cornerstone investors under the Global Offering are disclosed in this prospectus, and details of the allocation will be disclosed in the allotment results announcement of our Company.

For further information about the cornerstone investments of LAV, please refer to the section headed "Cornerstone Placing" in this prospectus.

WAIVER IN RELATION TO THE AVAILABILITY OF COPIES OF THE PROSPECTUS IN PRINTED FORM

Our Company has adopted a fully electronic application process for the Hong Kong Public Offering and we will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. Our Company will adopt additional communication measures as we consider appropriate to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including publishing on the website of our Company and a formal notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) the available channels for share subscription of the Hong Kong Offer Shares. Our Company has applied for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Listing Rules in respect of the availability of copies of the prospectus in printed form based on the specific and prevailing circumstances of the Company.

We will adopt additional communication measures to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including (i) publishing a formal notice of the Global Offering on our website and in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the White Form eIPO Service Provider the electronic methods for subscription of the Hong Kong Offer Shares; (iii) the enhanced support provided by our Hong Kong Share Registrar and White Form eIPO Service Provider in relation to the Hong Kong Public Offering (including additional enquiry hotlines for questions about the application for the Hong Kong Offer Shares and increasing its server capacity); and (iv) issuing a press release to remind investors that no printed prospectuses or application forms will be provided.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERTAKING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained in this prospectus and on the terms and subject to conditions set out herein and wherein. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, any of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Price Determination Date, subject to the Offer Price being agreed.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or around Monday, December 14, 2020 or such other date as agreed between parties, and in any event no later than Tuesday, December 15, 2020.

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Underwriters) on or before Tuesday, December 15, 2020, the Global Offering will not proceed and will lapse.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering".

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for our Shares are set out in "How to Apply for Hong Kong Offer Shares".

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in "Structure of the Global Offering".

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Monday, December 21, 2020. The Shares will be traded in board lots of 300 Shares each. The stock code of the Shares will be 1167.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares (i) in issue (including the Shares or conversion of Preferred Shares); (ii) to be issued under the Capitalization Issue; and (iii) to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration

of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND HONG KONG STAMP DUTY

Our principal register of members will be maintained by its principal share registrar, Walkers Corporate Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by Computershare Hong Kong Investor Services Limited. All Offer Shares will be registered on our Company's register of members in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, any of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.85041 to HK$1.00, the exchange rate prevailing on December 1, 2020 published by the PBOC for foreign exchange transactions and (ii) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.5921 to US$1.00, the exchange rate prevailing on December 1, 2020 published by the PBOC for foreign exchange transactions.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. However, the translated English names of the PRC and foreign national, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the names in their original languages shall prevail.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Yinxiang Wang (王印祥)	Room 2102 Unit 1, Building 10 Yicheng Mingyuan Beijing Economic-Technological Development Area Beijing, PRC	American
Xiaojie Wang (王曉潔)	No. 2309, Unit 3, Building 2 Lanbao International Apartment No. 3 Xidawang Road Chaoyang District Beijing, PRC	Chinese
Shaojing Hu (胡邵京)	Room 1005, Unit 1, Building 10 Yicheng Mingyuan Beijing Economic-Technological Development Area Beijing, PRC	American
Yunyan Hu (胡雲雁)	102, 1/F-3/F, No. 225, Xinhai Nanli Majuqiao Tongzhou District Beijing, PRC	Chinese
Non-executive Directors		
Ting Feng (馮婷)	No. 24 Xiaronghuali Qiaokou District Wuhan, PRC	Chinese
Yanmin Tang (唐豔旻)	No. 104, Building 1 Zone 2 Yuandayuan Shijicheng Haidian District Beijing, PRC	Chinese
Dong Lyu (呂東)	No. 201, Gate 1, Building 14 Yutaoyuan No. 1 Community Xicheng District Beijing, PRC	Chinese
Te-li Chen (陳德禮)	No. 26, Lane 198, Section 1 Zhongyang North Road Beitou District Taipei City, Taiwan	Taiwanese

Name	Address	Nationality
Independent Non-executive Directors		
Ruilin Song (宋瑞霖)	No. 202, Unit 4, Building 3 28 Guangqumen Outer Street Chaoyang District Beijing, PRC	Chinese
Ge Wu (吳革)	905, No. 2, Building 17, Unit 2 Shaoyao Jujia Chaoyang District Beijing, PRC	Chinese
Daqing Cai (蔡大慶)	Apartment 909, Yunfeng Building Wanke City Garden Shunyi District Beijing, PRC	American
Xiaoming Wu (吳曉明)	Room 102, Unit 2, Building 5 40 Ma Jia Street Gulou District Nanjing, PRC	Chinese

For further information regarding our Directors, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Goldman Sachs (Asia) L.L.C.** 68/F Cheung Kong Center 2 Queen's Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Global Coordinators	**Goldman Sachs (Asia) L.L.C.** 68/F Cheung Kong Center 2 Queen's Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**Goldman Sachs (Asia) L.L.C.** 68/F Cheung Kong Center 2 Queen's Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

Legal Advisers to the Company	*As to Hong Kong and United States laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *As to PRC law:* **King & Wood Mallesons** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing 100020, PRC *As to Cayman Islands law:* **Walkers (Hong Kong)** 15th Floor, Alexandra House 18 Chater Road, Central Hong Kong
Legal Advisers to the Underwriters	*As to Hong Kong and United States laws:* **Sullivan & Cromwell (Hong Kong) LLP** 28th Floor Nine Queen's Road Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 6F, NCI Tower A12, Jianguomen Avenue Beijing PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc.** 1018, Tower B 500 Yunjin Road Shanghai, China

Compliance Adviser	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Central, Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Corporate headquarters	Building F2, No. 88, Kechuang 6th Street Beijing Economic-Technological Development Area Beijing, PRC
Principal place of business in Hong Kong	40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai, Hong Kong
Company's website	**www.jacobiopharma.com** (The contents on this website do not form part of this prospectus)
Joint Company Secretaries	Qing Xue Unit 906, East Tower No. 116 North 4th Ring Road East Chaoyang District Beijing, PRC Ching Man Yeung (HKICPA, ACS, ACIS) 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Authorized representatives	Xiaojie Wang No. 2309, Unit 3, Building 2 Lanbao International Apartment No. 3 Xidawang Road Chaoyang District Beijing, PRC Ching Man Yeung 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Daqing Cai (蔡大慶) *(Chairman)* Ge Wu (吳革) Te-li Chen (陳德禮)

Remuneration Committee	Ruilin Song (宋瑞霖) *(Chairman)* Xiaojie Wang (王曉潔) Yanmin Tang (唐豔旻) Ge Wu (吳革) Daqing Cai (蔡大慶)
Nomination Committee	Yinxiang Wang (王印祥) *(Chairman)* Dong Lyu (呂東) Ruilin Song (宋瑞霖) Daqing Cai (蔡大慶) Xiaoming Wu (吳曉明)
Principal share registrar and transfer office	**Walkers Corporate Limited** 27 Hospital Road, George Town Grand Cayman, KY1-9008 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal bankers	*In Hong Kong* **Bank of China (Hong Kong) Limited** 24/F, Bank of China Tower 1 Garden Road Central, Hong Kong *In the United States* **Silicon Valley Bank** 3003 Tasman Drive Santa Clara CA 95054, USA *In the PRC* **Agricultural Bank of China Beijing Branch** No. 88 Kechuang Street 6th BDA, Beijing 100176 China

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent market research report, in connection with the Global Offering. We believe that the sources of the information in this section and other sections of this prospectus are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information from official and non-official sources has not been independently verified by us, the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering (except for Frost & Sullivan), and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. We confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have an impact on the information in this section in any material respect.

I. OVERVIEW OF GLOBAL AND CHINA ONCOLOGY DRUG MARKET

The global oncology drug market has expanded significantly in the past several years, and is expected to further expand at an accelerated pace. This is primarily driven by the increasing cancer incidence, the improving affordability and the technological progress in the treatment paradigm.

1. Developments of Cancer Therapies

The field of cancer treatment has advanced significantly in the past century. Conventional treatment methods such as surgery, radiotherapy and chemotherapy have been widely utilized in the fight against cancer, all of which inevitably involve side effects and limited efficacy. Development of targeted therapies, which target specific molecules including proteins or enzymes in cellular pathways implicated in the development of cancer, or target genetic changes that play a role in the spread of cancer, has allowed us to embark on a new era of oncology treatment characterized with enhanced specificity and efficacy. Additional novel oncology drug modalities have also emerged in recent years and have demonstrated significant clinical benefit, and these include immuno-oncology therapies and a wide variety of combination therapies.

With continued progress in the understanding of cancer biology and advancement of modern biotechnology, it is expected that more cutting-edge technologies will be devised and deployed for cancer drug development in the future, and an increasing number of new treatment options will be brought to oncology patients in dire needs. The following diagram illustrates the paradigm shift from conventional cancer treatments to novel cancer treatments.

	Conventional Cancer Treatments			New Era of Cancer Treatments		
	Surgery	**Radiotherapy**	**Chemotherapy**	**Targeted Therapy**	**Immuno-oncology**	**Targeted Therapy + IO**
Description	A procedure in which a surgeon removes cancer from a patient's body	High doses of radiation to kill cancer cells and shrink tumors	Use single or combinations of anti-cancer drugs to stop or slow tumor growth	Act on specific targets that are associated with cancer development	Harness the patient's own immune system to fight cancer	Combine targeted therapy (SHP2 inhibitors) and immune checkpoint blockade (anti-PD-1)
Features	Foundation of solid tumor treatment. More effective for early stage, limited for most late stage	Affects surrounding normal cells as well, causing side effects such as fatigue, hair loss	Targets all fast growing cells, causing side effects such as hair loss, easy bruising/bleeding	Includes both small molecule drugs and mAbs, less harmful to healthy cells	Include cytokines, mAbs, checkpoint inhibitors	Targeted therapy acts as an important regulator of targeted pathway, meanwhile IO triggers antitumor immunity
Examples	Liver resection	3D-CRT, IMRT, SBRT	Taxanes, fluorouracil, chlorambucil	BRAF inhibitors EGFR inhibitors KRAS G12Ci	PD-1 inhibitor	PD-1 + SHP2i PD-1 + Lenvatinib

Source: Literature research, Frost & Sullivan analysis

2. Overview of Critical Pathways Involved in Cancer Development

Tremendous progress in cancer biology in the past several decades has elucidated several critical cellular pathways involved in cancer, including RAS, MYC and RB, as well as certain immune checkpoints such as PD-(L)1 checkpoint, that are implicated in more than 50% of total cancer incidence, according to Frost & Sullivan. However, owing to a variety of drug discovery challenges, many known targets in these pathways, including protein tyrosine phosphatases (PTPs) like SHP2 and GTPases like KRAS, among others, that play crucial roles in tumorigenesis, have until recently been deemed "undruggable."

A. RAS Pathway

The RAS signaling pathway is involved in many important cellular processes such as cell proliferation and survival, differentiation, apoptosis, cytoskeletal movement, protein transport and secretion. RAS was thought to be "undruggable" not long ago. In recent years, a new drug discovery paradigm has emerged as a potential powerful answer to the challenge. It is based on the understanding of allosteric regulation, which is the regulation of an enzyme (such as RAS) by binding of a small molecule at a site (an allosteric site) on the enzyme that is not directly involved in its enzymatic activity. This binding often results in a conformational change to the enzyme that then alters its enzymatic activity, generating a therapeutic effect.

RAS pathway mutations are implicated in more than 30% of the total solid tumor incidence globally. RAS has three different isoforms, i.e., KRAS, NRAS and HRAS, among which KRAS mutations occurred in approximately 85% of cancers with RAS alterations.

SHP2 promotes cancer cell survival and growth through the RAS pathway by transducing signals downstream from receptor tyrosine kinases (RTKs). As a critical signaling node and regulator, SHP2 drives cancer cell proliferation and plays an important role in a number of cancer types, including (i) constitutively active RAS pathway signaling, such as KRAS G12C/D/V mutations in NSCLC, ESCC, CRC, GC, pancreatic cancer, ovarian cancer, and

BRAF Class 3 or NF1 LOF mutations in NSCLC, melanoma, ovarian cancer, and bladder cancer, and (ii) RTK alterations and fusions, such as EGFR mutations and amplification in NSCLC, ESCC, HNSCC, and HER2 amplification in breast cancer, as well as ALK, RET or ROS1 mutations in NSCLC.

B. Immune checkpoint

PD-(L)1 antibodies are one of the best commercialized immune checkpoint inhibitors and are approved and developed for the treatment of a wide range of cancer indications. However, anti-PD-1 therapy still has several limitations, such as inadequate response rate, development of treatment resistance, and the lack of optimal biomarkers to predict response and toxicity. In particular, the ORR of PD-(L)1 monotherapy in most cancer types could not reach 30%.

As SHP2 is a downstream regulator in PD-(L)1 pathway, the inhibition of SHP2 is a rational complement with PD-1 blockade to enhance T cell-mediated immune response. PD-(L)1 pathway suppresses T cell activation and is implicated in immune evasion. Upon PD-L1 binding to PD-1, SHP2 is recruited by PD-1 and subsequently blocks T cell activation. Combining PD-1 antibody with SHP2 inhibitor has resulted in synergistic anti-tumor effect in pre-clinical settings, and this combination is being evaluated in clinical trials. Moreover, SHP2 inhibition can induce the reduction of M2 pro-tumorigenic macrophage and stimulate innate immune response in tumor microenvironment. These mechanisms collectively contribute to restoring antitumor immune responses that control tumor growth.

C. MYC Pathway

The MYC transcription factor is a master regulator of diverse cellular functions and has been long considered a compelling therapeutic target because of its role in a wide range of human malignancies. However, inhibition of MYC function has been challenging because of both the diverse mechanisms for its aberrant expression and the difficulty in disrupting protein-DNA interactions. MYC amplification is commonly found in numerous solid tumors, including pancreatic cancer, SCLC, HCC, HNSCC and TNBC.

To date, there has been no approved drug that can directly target MYC pathway. Small molecule inhibitors of the BET family chromatin adaptors have been shown to achieve rapid and potent abrogation of MYC gene transcription, as BET proteins are required for MYC transcription. As of the Latest Practicable Date, no BET inhibitor has been approved and marketed globally.

D. RB Pathway

Loss-of-function mutations in the retinoblastoma gene RB1 are common in several treatment-refractory cancers such as SCLC and TNBC. To date, there has been no approved drug that can directly target RB pathway. While loss-of-function mutations (such as in RB1) have historically been untargetable, RB1 loss of function leads to dependency on Aurora kinases for their survival, which can be targeted and inhibited therapeutically to achieve synthetic lethality. Synthetic lethality is where loss of one gene causes a dependency on an alternative gene, and the simultaneous loss or inhibition of both genes is then lethal to cancer cells. As a result, when Aurora A kinase is inhibited pharmacologically in the event of loss-of-function mutations in RB1, cells will rapidly undergo apoptosis.

II. OVERVIEW OF RAS PATHWAY

1. SHP2 Inhibitor

SHP2 is a protein tyrosine phosphatase (PTP) encoded by PTPN11, which has long been regarded as a cancer-causing gene. SHP2 acts as an important regulator of survival and growth of cancer cells. It regulates cancer cell survival and proliferation primarily through the activation of RAS/RAF/MEK/ERK signaling pathway (RAS pathway) by transducing intracellular signals from multiple upstream receptor tyrosine kinases (RTKs) to RAS. SHP2 is also an important effector downstream of the PD-(L)1 pathway and tumor-associated macrophages (TAMs).

A. Addressable Market of SHP2 Inhibitor Globally and in China

a. SHP2 Inhibitor as a Monotherapy

As a critical signaling node in the RAS pathway, SHP2 drives cancer cell proliferation and plays a key role in developing resistance to targeted therapies. Inhibition of SHP2 could be effective as a monotherapy in cancers with specific alterations.

It is estimated that the overall annual incidence of patients with advanced solid tumor bearing EGFR amplification, KRAS amplification, KRAS G12C mutation, KRAS G12A mutation, BRAF Class 3 mutation, and NF1 loss-of-function reached approximately 1.2 million and approximately 394,700 globally and in China in 2019, respectively. These patients are expected to benefit from a SHP2 targeted inhibitor as monotherapy. The following chart illustrates the addressable market of SHP2 inhibitor as monotherapy in selective late-line solid tumors:

Advanced Solid Tumor Patients in 2019 (New Cases)

Area	Global	China
EGFR Amplification	519.2	235.2
KRAS Amplification	157.3	38.0
KRAS G12C Mutation	178.3	43.0
KRAS G12A Mutation	52.4	12.7
BRAF Class 3 Mutation	42.0	10.1
NF1 LOF Mutation	230.7	55.7
Total	**1,179.9**	**394.7**

Notes:

1. Unit: in thousands

2. EGFR amplified population in HNSCC and ESCC.

Source: Frost & Sullivan Analysis

b. SHP2 Inhibitor as a Combo Therapy with Other Molecularly Targeted Cancer Therapies

i. Combo therapy with targeted therapies addressing resistance

SHP2 inhibitors have shown synergistic effects with various targeted cancer therapies, including approved target therapies in solid tumors, such as therapies targeting EGFR, ALK, and HER2, etc.

It is estimated that the overall annual incidence of patients with locally advanced or metastatic NSCLC who may benefit from a combination of SHP2 inhibitor and another targeted inhibitor reached approximately 502,000 and 202,800 globally and in China in 2019, respectively.

Locally Advanced or Metastatic NSCLC Patients at Initial Diagnosis in 2019 (New Cases)

Area	Global	China
KRAS G12C Mutation	140.8	56.9
EGFR Mutation	180.6	73.0
ALK Alteration	37.1	15.0
MET Alteration	32.0	12.9
HER2 Alteration	29.5	11.9
PI3K Alteration	82.0	33.1
Total	**502.0**	**202.8**

Note:

1. Unit: in thousands

Source: Frost & Sullivan Analysis

KRAS inhibitors alone can lead to adaptive resistance mechanisms. The pre-clinical studies have suggested that SHP2 inhibitors (upstream of the KRAS) may potentially be the ideal combination partners for KRAS inhibitors to combat the adaptive drug resistance. Please refer to the paragraphs headed "II. Overview of RAS Pathway — 2. KRAS G12C Inhibitor — C. Combo Therapy of KRAS G12C Inhibitor with SHP2 Inhibitor" in this section for more details.

ii. Combo therapy with targeted therapies addressing historically "undruggable" targets

SHP2 inhibitors have shown synergistic effects with certain targeted cancer therapies that address historically "undruggable" targets, such as KRAS G12D and G12V. There are tremendous challenges in developing drugs that directly target KRAS G12D and G12V protein. MEK inhibitor, which is a downstream inhibitor of the RAS pathway, binds to MEK in the RAS pathway and thus inhibiting aberrant upstream cell signaling through MEK to downstream nodes in the pathway. However, clinical effect of MEK inhibitor monotherapy in cancers with RAS pathway mutations is often limited by adaptive resistance mechanisms. Since SHP2 mediates signal transduction upstream of RAS, a combinatorial strategy that co-targets SHP2 and other RAS pathway components such as MEK provides opportunity to overcome adaptive resistance and achieve deeper suppression of oncogenic signaling. This combination therapy may be mainly used to treat solid tumors driven by KRAS G12D and KRAS G12V mutations such as pancreatic cancer, CRC and NSCLC.

Approximately 77.0% of pancreatic cancer incidence, 22.7% of CRC incidence and 9.5% of NSCLC incidence are driven by KRAS G12D and/or KRAS G12V mutation. In particular, there are very limited effective treatment options for patients with pancreatic cancer, evidenced by the fact that only 7.2% of patients with pancreatic cancer have 5-year overall survival in China. The following table illustrates the overall annual incidence of patients with NSCLC, CRC and pancreatic cancer bearing KRAS G12D/V mutation in 2019.

Incidence of NSCLC, CRC, Pancreatic Cancer bearing KRAS G12D/V Mutation in 2019

Indication	Area	Total Incidence	KRAS Mutation (% of total incidence)	KRAS G12D/V Mutation (% of KRAS mutation)
NSCLC	**Global**	1,830.0	457.5 (25%)	173.8 (38%)
	China	761.0	190.0 (25%)	72.3 (38%)
CRC	**Global**	1,849.1	739.6 (40%)	420.0 (56%)
	China	440.0	176.0 (40%)	99.9 (56%)
Pancreatic Cancer	**Global**	471.5	448.0 (95%)	362.8 (81%)
	China	108.4	103.0 (95%)	83.4 (81%)

Note:

1. Unit: in thousands

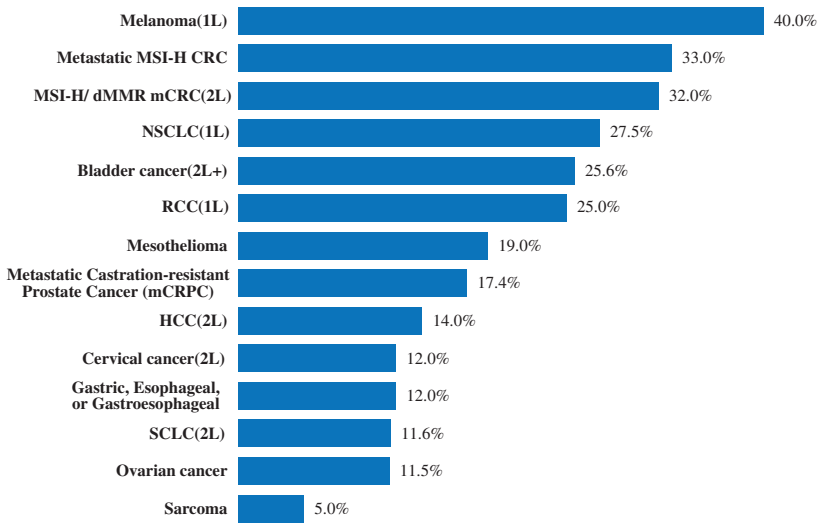
Source: Frost & Sullivan Analysis

c. SHP2 Inhibitor as Combo Therapy with PD-1 Antibody

PD-(L)1 antibodies are one of the best commercialized immune-oncology therapies and are approved and developed for the treatment of a wide range of cancer indications. However, anti-PD-1 therapy still has several limitations, such as inadequate response rate, development of treatment resistance, and the lack of optimal biomarkers to predict response and toxicity. In particular, the ORR of PD-(L)1 monotherapy in most cancer types could not reach 30%.

The following chart illustrates the ORR of PD-1 monotherapy in various cancer types:

ORR of PD-(L)1 Monotherapy in Various Cancer Types



Note: These clinical data are collected from different medical publications, not head-to-head research.

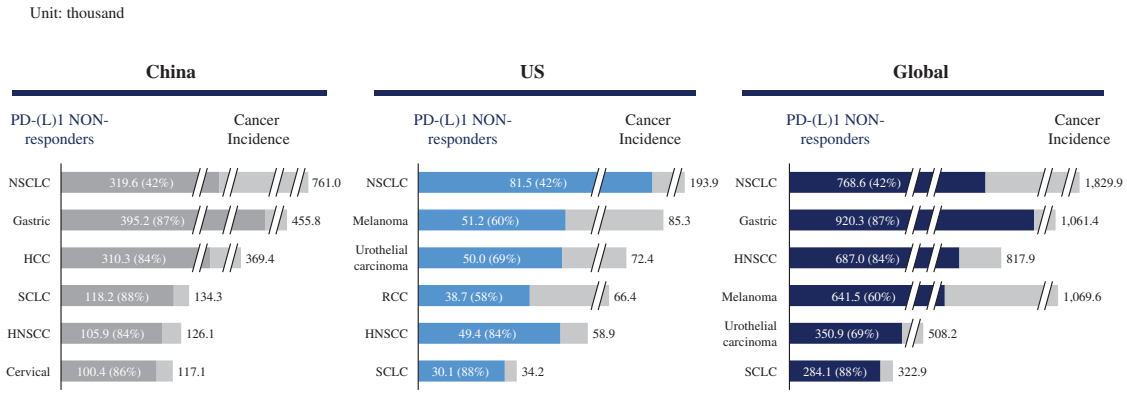
Source: Frost & Sullivan Analysis

i. Combo therapy for PD-1 treated patients

As SHP2 is a downstream regulator in PD-(L)1 pathway, in addition to on its own being capable of killing cancers bearing RAS pathway alterations, the inhibition of SHP2 is a rational complement with PD-1 blockade to enhance T cell-mediated immune response. PD-(L)1 pathway suppresses T cell activation and is implicated in immune evasion. Upon PD-L1 binding to PD-1, SHP2 is recruited by PD-1 and subsequently blocks T cell activation. Combining PD-1 antibody with SHP2 inhibitor has resulted in synergistic anti-tumor effect in pre-clinical settings, and this combination is being evaluated in clinical trials. Moreover, SHP2 inhibition can induce the reduction of M2 pro-tumorigenic macrophage and stimulate innate immune response in tumor microenvironment. These mechanisms collectively contribute to restoring antitumor immune responses that control tumor growth.

(1) PD-(L)1 non-responsive cancer group

While PD-(L)1 antibodies have been successfully used for many cancer indications, their response rates in the approved indications are low, and thus it is a suboptimal solution for the target patients. It is estimated that over 60% of cancer patients for all major types of cancer including gastric cancer, HCC, SCLC, HNSCC, cervical cancer, melanoma, urothelial carcinoma, and RCC are PD-(L)1 non-responders based on published research papers. PD-(L)1 non-responsive patients may benefit from the combo treatment of a SHP2 inhibitor with a PD-1 antibody. The following chart illustrates the number of PD-(L)1 antibodies non-responders in major cancer types in 2019, indicating a promising market for possible combo therapy with targeted inhibitors:



Sources: Frost & Sullivan Analysis

(2) PD-(L)1 refractory patient group

PD-(L)1 antibody mono and combo therapies have been approved in more than 10 indications including NSCLC, Melanoma, Hodgkin Lymphoma, HNSCC, UC, etc. And more than 80 PD-(L)1 pipelines are being evaluated for various indications. The addressable patient population for PD-(L)1-based therapy worldwidely and in China reached 18.5 million and 2.6 million in 2019, respectively. However, there are many cancer patients who are responsive to PD-(L)1 antibody monotherapy initially but relapse eventually due to various reasons such as low expression of PD-L1 on cancer cells. With an increasing number of cancer patients treated with PD-(L)1 antibodies and high resistant rate to PD-(L)1 antibodies, it is expected that the number of patients that are resistant to PD-(L)1 antibodies will increase in the future. These patients present market opportunity for PD-(L)1 combo therapy.

ii. Combo therapy for PD-(L)1 treatment-naïve patients

PD-(L)1 antibodies are being widely adopted as front-line therapies in a variety of indications. However, the effectual clinical benefits of PD-(L)1 treatment are hampered by a high rate of primary resistance, also called innate resistance, where patients do not respond to PD-(L)1 treatment initially. The combo treatment may increase response rates and reduce refractory risks.

B. SHP2 Inhibitor Drug Candidates in Clinical Development

To date, there has been no approved or marketed SHP2 inhibitor globally. Currently, there are a total of five clinical-stage SHP2 inhibitors globally. The table below summarizes the details of such five clinical-stage SHP2 inhibitors:

Drug Name	Target	Company	Indications	Phase Stage	Initiation Date[1]
TNO-155	SHP2	Novartis	Advanced solid tumors	Phase I (Mono)	May 2017 (U.S.)
			Maglignancies	Phase Ib (Combo)	Jul 2019 (U.S.)
			Advanced solid tumors	Phase I/II (Combo)	Apr 2020 (U.S.)
			Solid tumors	Phase I (Combo)	May 2020 (China)
JAB-3068	SHP2	Jacobio/AbbVie	Solid Tumors	Phase I (Mono)	Apr 2018 (U.S.)
			Solid Tumors	Phase I (Mono)	Nov 2018 (China)
			NSCLC, ESCC, HNSCC	Phase IIa (Mono)	Oct 2019 (China)
RMC-4630	SHP2	Revolution Medicines/ Sanofi	Solid tumors	Phase I (Mono)	Sep 2018 (U.S.)
				Phase I/II (Combo)	Jul 2019 (U.S.)
JAB-3312	SHP2	Jacobio/AbbVie	Solid Tumors	Phase I (Mono)	Sep 2019 (U.S.)
			Solid Tumors	Phase I (Mono)	Jul 2020 (China)
RLY-1971	SHP2	Relay Therapeutics	Solid Tumors	Phase I (Mono)	Jan 2020 (U.S.)

Note:

1. Denotes the first participant enrollment date of the trial.

Source: ClinicalTrials.gov, Frost & Sullivan analysis, company data

Jacobio has entered into a license and collaboration agreement with AbbVie ("AbbVie Agreement") to develop and commercialize its SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. Under the AbbVie Agreement, subject to Jacobio's PRC Option to exclusively develop and commercialize its SHP2 inhibitors in the Territory, which Jacobio exercised in September 2020, Jacobio has granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit its SHP2 inhibitors. Details of the agreement is set forth in the section headed "Business — III. Collaboration with AbbVie" to this prospectus. According to Frost & Sullivan, the terms of the AbbVie Agreement (insofar as they relate to the establishment and role of the joint steering committee and its oversight of the parties' research collaboration/joint development efforts, and the retention of final decision making power with respect certain aspects of the licensed product by the licensee) are within industry norms and there have been numerous pharmaceutical licensing transactions that contain similar or analogous terms, especially in the context of a jurisdiction-split of commercial rights to a licensed product.

C. Analysis of Development Trend of SHP2 Inhibitors

High clinical demands with no marketed drugs. SHP2 is a key modulator in the RAS pathway functioning at the downstream of RTK signaling and the upstream of RAS in tumor cells. SHP2 is also believed to be implicated in the PD-(L)1 pathway in T-cells. RAS pathway mutations generally rely on SHP2 function, and are implicated in a number of solid tumors, including NSCLC, ESCC, HNSCC, CRC, GC, pancreatic cancer, ovarian cancer, melanoma and bladder cancer. For example, KRAS mutation may occur in 25% of NSCLC patients, which may result in over 48,500 new NSCLC incidences in the U.S. and over 190,200 new NSCLC incidences in China in 2019. As a result, SHP2 inhibitors are expected to address the significant unmet medical need globally.

Combination with RTK inhibitors. Due to the important role of SHP2 in regulating the reactivation of the RAS/RAF/MEK/ERK pathway in cancers, the combination of SHP2 inhibitors with other targeted therapy on this pathway are being investigated. The combination therapy for SHP2 inhibitors with agents (e.g. KRAS inhibitors and RTK inhibitors) may overcome drug resistance in patients compared to single agent. For example, Novartis Pharmaceuticals has initiated a study of its SHP2 inhibitor (TNO-155) in combination with dabrafenib (BRAF inhibitor), trametinib (MEK inhibitor), or ribociclib (CDK4/6 inhibitor in 2019 or 2020); furthermore, RMC-4630 in combination with osimertinib was planned to initiate in 2020.

Combination with KRAS inhibitors. Scientific studies indicate that the combination of KRAS inhibitor with SHP2 inhibitor results in increased anti-tumor activity based on their complementary mechanisms of action. Mirati and Novartis have already teamed up to evaluate the combination of KRAS G12C inhibitor and SHP2 inhibitor. It is expected that the combination therapy of SHP2 inhibitor and KRAS inhibitor will be a future trend for SHP2 inhibitor therapy. Furthermore, Jacobio also plans to take advantage of its own SHP2 and KRAS inhibitors in combination trials. Based on Jacobio's internal data and publicly reported data, KRAS inhibitors alone can trigger adaptive resistance mechanisms. Combination of KRAS inhibitors with other downstream inhibitors of the RAS pathway (such as MEK inhibitor) triggers activation of alternative pathways such as PI3K/mTOR, leading to adaptive resistance eventually. The pre-clinical studies have suggested that SHP2 inhibitors (upstream of the KRAS) may potentially be the ideal combination partners for KRAS inhibitors to combat the adaptive drug resistance.

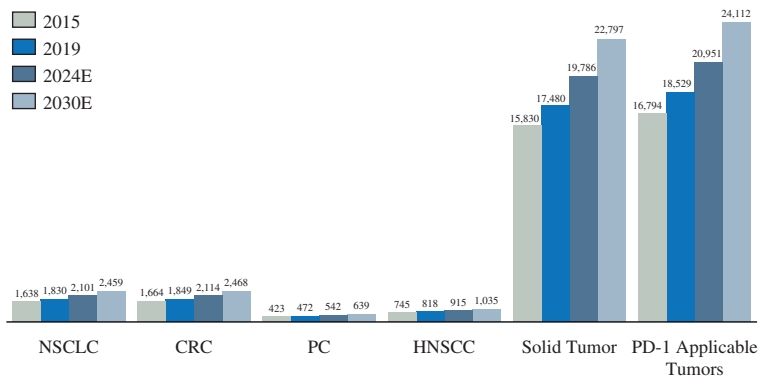
Combination with immune-checkpoint inhibitor. PD-(L)1 pathway suppresses T cell activation and is implicated in immune evasion. Upon PD-L1 binding to PD-1, SHP2 is recruited by PD-1 and subsequently blocks T cell activation. Combining PD-1 antibody with SHP2 inhibitor has resulted in synergistic anti-tumor effect in pre-clinical settings, and this combination is being evaluated in clinical trials. For example, in July 2020, the first patient was dosed in a phase I trial of RMC-4630 in combination with pembrolizumab in patients with advanced malignancies including NSCLC and CRC. Furthermore, Jacobio plans to conduct a Phase I/IIa trial in China to evaluate the combination of JAB-3068 and a PD-1 antibody in China in patients with NSCLC, HNSCC and ESCC in January 2021, and to conduct a global Phase Ib/IIa trial to evaluate the combination of JAB-3312 and a PD-1 antibody in various solid tumor indications.

D. Global and China Incidence of Major Cancer Types

The global annual incidence of solid tumor and PD-1 applicable tumors reached approximately 17.5 million and 18.5 million in 2019, respectively, and is expected to increase to approximately 22.8 million and 24.1 million in 2030, respectively. Furthermore, for certain major cancer types such as NSCLC, CRC, pancreatic cancer and HNSCC, the global annual incidence reached approximately 1.8 million, 1.8 million, 472,000 and 818,000 in 2019, respectively, and is expected to increase to 2.5 million, 2.5 million, 639,000 and 1.0 million in 2030, respectively.

Global Incidence of NSCLC, CRC, Pancreatic Cancer, HNSCC, Solid Tumor and PD-1 applicable Tumors

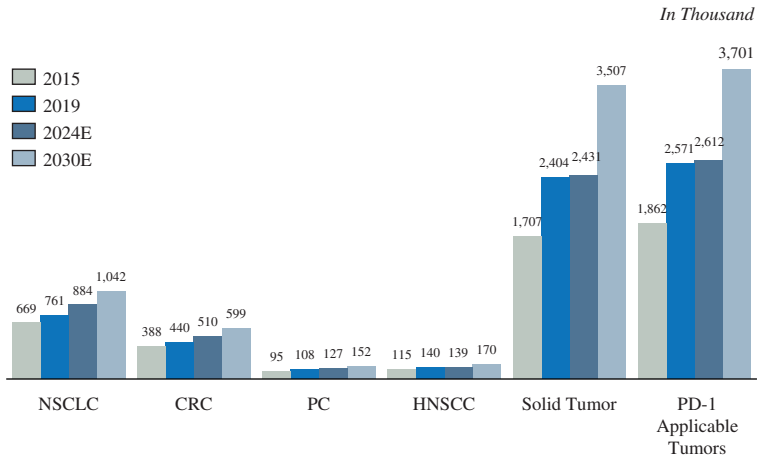
In Thousand



Source: Frost & Sullivan Analysis

The annual incidence of solid tumor and PD-1 applicable tumors in China reached approximately 2.4 million and 2.6 million in 2019, respectively, and is expected to increase to approximately 3.5 million and 3.7 million in 2030, respectively. Furthermore, for certain major cancer types such as NSCLC, CRC, pancreatic cancer and HNSCC, the annual incidence in China reached approximately 761,000, 440,000, 108,000 and 140,000 in 2019, respectively, and is expected to increase to 1.0 million, 599,000, 152,000 and 170,000 in 2030, respectively.

China Incidence of NSCLC, CRC, Pancreatic Cancer, HNSCC, Solid Tumor and PD-1 applicable Tumors



Source: Frost & Sullivan Analysis

2. KRAS G12C Inhibitor

RAS is the most frequently mutated oncogene in human tumors. RAS oncogene encodes a GTP-binding protein that functions as an on-off switch for a number of key signaling pathways, such as RAS pathway that controls cell growth, proliferation and differentiation. RAS gene family contains three different forms, KRAS, NRAS and HRAS. KRAS is the most frequently mutated oncogene in human cancers. KRAS G12C, one single type of KRAS mutations, accounts for about 40% of all KRAS mutations in lung cancer.

A. Addressable Market Globally and in the PRC

KRAS G12C mutations are found in approximately 11.0% of NSCLC patients, 8.0% in ovarian cancer, as well as smaller percentages of several other difficult-to-treat cancers. The following chart illustrates the mutation rate and incidence of KRAS G12C mutation in patients with different types of solid tumor in 2019:

G12C Mutation Rate in Different Types of Cancers, 2019

Key Cancer Types	NSCLC	Ovarian Cancer	CRC	Pancreatic Cancer
Mutation Rate	11.0%	8.0%	3.3%	1.9%
China Incidence	83.7	4.3	14.5	2.1
U.S. Incidence	21.3	1.8	4.8	1.1
Global Incidence	**201.1**	**24.1**	**60.9**	**9.1**

Note:

1. Unit: in thousands

Sources: Frost & Sullivan Analysis

B. KRAS G12C as a Monotherapy

Although KRAS and its role as oncogene were discovered about 30 years ago, therapeutic agent directly targeting KRAS has not been clinically approved despite decades of research. KRAS has long been considered "undruggable" until the recent development of KRAS G12C inhibitors. KRAS has been considered "undruggable" for several reasons. Firstly, it is a very small-sized molecule and has a relatively smooth surface with few deep pockets for drug-binding. Secondly, because of the high picomolar affinity of KRAS towards nucleotide GTP, drugs are generally not potent enough to compete with GTP in binding to the nucleotide binding domain on the protein. To overcome these biological challenges, Jacobio's JAB-21000 is designed to covalently bind to Cys 12 on KRAS G12C and thereby locking the RAS protein in its GDP-bound inactive state. By locking KRAS in inactive state, KRAS inhibitor can block KRAS-dependent oncogenic signaling, and lead to suppression of tumor growth.

To date, there has been no approved and marketed KRAS G12C inhibitor globally. Currently, there are a total of four clinical-stage KRAS G12C inhibitors being developed as monotherapy globally. The table below summarizes the details of clinical-stage KRAS G12C inhibitors being developed as monotherapy:

Drug Name	Target	Company	Indication	Phase Stage	Initiation Date[1]
MRTX849	KRAS G12C inhibitor	Mirati Therapeutics	Advanced Cancer, Metastatic Cancer, Malignant Neoplastic Disease	Phase I/II	Jan 2019
ARS-3248	KRAS G12C inhibitor	Wellspring Biosciences, J&J (Janssen)	Neoplasms, Advanced Solid Tumors, NSCLC, CRC	Phase I	Jul 2019
AMG 510	KRAS G12C inhibitor	Amgen	KRAS G12C Mutated/Advanced Metastatic NSCLC	Phase III	Jun 2020
GDC-6036	KRAS G12C inhibitor	Genentech (Roche)	NSCLC, CRC, Advanced Solid Tumors	Phase I	Jul 2020

Note:

1. Denotes the first patient enrollment date.

Source: ClinicalTrials.gov, Frost & Sullivan analysis

C. Combo Therapy of KRAS G12C Inhibitor with SHP2 Inhibitor

KRAS inhibitor, as monotherapy, has certain limitations such as development of adaptive resistance. Combination of KRAS inhibitors with other downstream inhibitors of the RAS pathway (such as MEK inhibitor) triggers activation of alternative pathways such as PI3K/mTOR. Pre-clinical studies have suggested that SHP2 inhibitors (upstream of the KRAS) may potentially be the best combination partners for KRAS inhibitors to combat the adaptive drug resistance.

Currently, two clinical-stage KRAS G12C inhibitors, namely AMG 510 and MRTX849, are being investigated in combination with SHP2 inhibitor. Amgen has initiated a Phase I clinical trial of AMG 510 in combination with a SHP2 inhibitor (RMC-4630) in December 2019 for the treatment of advanced solid tumors harboring KRAS G12C mutation. Mirati has initiated a Phase I/II clinical trial of MRTX849 in combination with a SHP2 inhibitor (TNO155) in April 2020 for the treatment of advanced cancer, metastatic cancer and malignant neoplastic disease.

D. Analysis of Development Trend of KRAS G12C Inhibitors

Wide application in a variety of indications. As the main subtype of RAS gene family, KRAS mutations promote a variety of human fatal tumors, and they are present in more than 90% of pancreatic cancers, 35% to 45% of colon cancers, and 15% to 20% of lung cancers, mostly NSCLC. KRAS mutations are also found in biliary tract malignancies, endometrial cancer, cervical cancer, bladder cancer, liver cancer, myeloid leukemia and breast cancer. Therefore, it is expected that KRAS inhibitors will be applicable to a large population due to increasingly available sequencing technology.

Development status of KRAS G12C as Monotherapy. There have been a few promising KRAS G12C inhibitors in pipeline that attracted public attention in recent years, such as AMG 510 and MRTX849. KRAS G12C inhibitors have shown promise in KRAS G12C mutant lung cancer. Early results with AMG 510, have been promising with 11 of the first 23 patients with KRAS G12C mutant non-small cell lung cancer achieving a partial response (ORR 48%, DCR 96% with all dose levels). Besides, MRTX849 (Mirati Therapeutics) showed more than 30% ORR in NSCLC, median DOR of 6 months in Phase I/II Protocol based on ASCO 2020 disclosure. A phase III trial (NCT04303780; 2019-003582-18; 20190009; CodeBreak 200) was initiated in 2020, to compare AMG 510 monotherapy with docetaxel in previously treated patients (expected n = 650) with metastatic NSCLC with KRAS G12C mutation.

Combination therapies. The tumor type can dramatically impact the response to the treatment of KRAS inhibitor and other targeted agent. KRAS inhibitors alone are prone to resistance, and therefore, the combination therapy may be the future development trend for KRAS inhibitors. Potentially promising combination partners for KRAS inhibitors include SHP2 inhibitors and PD-1 antibodies.

III. OVERVIEW OF MYC PATHWAY

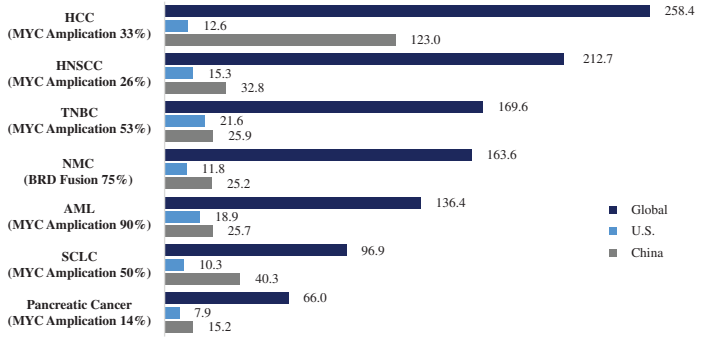
The MYC transcription factor is a master regulator of diverse cellular functions and has been long considered a compelling therapeutic target because of its role in a range of human malignancies. The MYC family oncogene is deregulated in over 50% of human cancers, and such deregulation is frequently associated with poor prognosis and unfavorable patient survival. However, inhibition of MYC function has been challenging mainly due to the following reasons: (i) as a transcription factor, MYC lacks a specific active site for small molecules, making it difficult to be functionally inhibited with strategies similar to those used for kinases; and (ii) MYC is predominantly located in the nucleus, thus targeting nuclear MYC with specific monoclonal antibodies is technically impractical. To date, there has been no approved drug that can directly target MYC pathway. To overcome these obstacles, alternative approaches to indirectly abrogate MYC oncogenic functions have been extensively investigated; for example, the following two MYC pathway indirect targets have been investigated, among other indirect targets: (i) BRD4 (a member of BET family), as one of the targets for MYC transcription, regulates transcription; and (ii) Aurora A, as one of the targets for MYC stability, is a member of the Aurora kinase family. Aurora A contributes to tumorigenesis through interactions with p53 and MYC.

Among all the therapies, BET inhibitors are part of a novel and emerging class of epigenetic regulators that target cancer in a fundamentally different way than most chemotherapeutic drugs and existing targeted therapies. In cancer cells, disruption of BET binding significantly reduces cellular proliferation and induces apoptosis. Therefore, BET inhibitors may lead to selective killing of tumor cells across a broad range of hematologic malignancies and certain targeted solid tumors.

1. Addressable Market of BET Inhibitor Globally and in China

MYC pathway alternation is commonly found in different cancer types. The following chart illustrate the patient population with MYC pathway alternation in major relevant cancer types in 2019.

Incidence with MYC Pathway Alteration in 2019



Note:

1. Unit: in thousands

Sources: Literature research, Frost & Sullivan Analysis

Solid Tumors

The overall annual incidence of patients with HNSCC, NSCLC, SCLC, and pancreatic cancer globally reached 5.4 million in 2019, and is estimated to reach 7.0 million by 2030. In China, the overall annual incidence of patients with HNSCC, NSCLC, SCLC, and pancreatic cancer reached 1.9 million in 2019, and is estimated to reach 2.6 million by 2030.

MF and AML

MF is one of a collection of progressive blood cancers known as myeloproliferative neoplasms. The global incidence of MF reached approximately 115,100 in 2019, and is expected to increase to approximately 127,500 in 2030. In China, the incidence of MF reached approximately 21,000 in 2019, and is expected to increase to approximately 21,500 in 2030.

AML is a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood. The global incidence of AML reached approximately 151,500 in 2019, and is expected to increase to approximately 187,600 in 2030. In China, the incidence of AML reached approximately 28,500 in 2019, and is expected to increase to approximately 33,400 in 2030.

2. BET Inhibitor Drug Candidates in Active Clinical Development

To date, there is no approved and marketed BET inhibitor globally. There are a number of leading clinical-stage BET inhibitors globally, including BMS' BMS-986158, Constellation Pharma's CPI-0610, AbbVie's ABBV-075 and ABBV-744, and Betta Pharma's BPI-23314. Besides these, there are currently around ten other BET inhibitors under active clinical development globally.

3. Analysis of Development Trend of BET Inhibitors

Application to multiple indications including oncology and inflammatory diseases. BET inhibitors can be applied to different kinds of oncology, and currently, most of the clinical studies focus on solid tumors and leukemia. BET inhibitors can block cytokine production by macrophages and reverse septic shock in mice, and further studies have reported broad anti-inflammatory activity of multiple BET inhibitors.

Development status of BET inhibitors. BET inhibitors are part of a novel and emerging class of epigenetic regulators that target cancer in a fundamentally different way than most chemotherapeutic drugs and existing targeted therapies, as advised by Frost & Sullivan. BET inhibitors were discovered by scientists in the early 1990s, however, these molecules experienced several failures and as of date, there has been no marketed BET inhibitors globally. Constellation Pharma's BET inhibitor CPI-0610 shows positive clinical data in myelofibrosis from an open-label Phase II clinical trial, MANIFEST, which evaluates CPI-0610 in patients with MF, a rare type of bone marrow cancer. A global phase III trial of CPI-0610 in combination with ruxolitinib in JAK inhibitor-naïve MF patients has been planned.

Combination therapies. As with the majority of oncology therapeutics, BET inhibitors will likely serve as one component of a multi-drug regimen. Combinations might be expected to expand the therapeutic index of BET inhibitors, to prevent acquired resistance as outlined above, or to open up new indications not targeted by single-agent therapy. For example, BET inhibitors are active in pre-clinical models of CRPC and might potentially prevent the acquisition of resistance to anti-AR therapy; as such, combinations of BET inhibitors with anti-androgens are being tested in trials run by Zenith and Gilead, while combination of BET inhibitors with Zenith's ZEN-3694 with Pembrolizumab for the treatment of CRPC was initiated in August 2020. There are also strong therapeutic rationale to combine BET inhibitor with PARP inhibitor and PD-1 antibody.

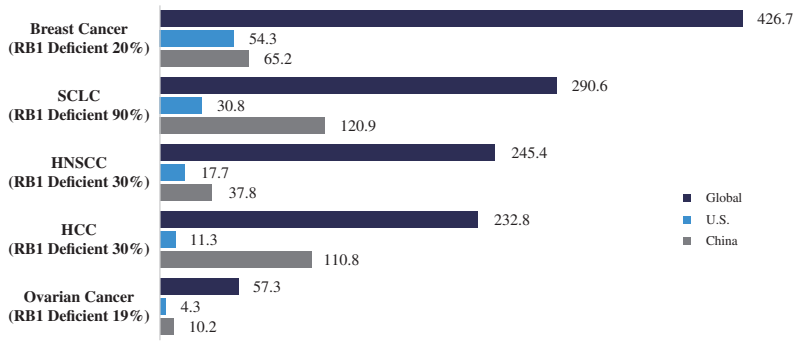
IV. OVERVIEW OF RB PATHWAY

Loss-of-function mutations in the retinoblastoma gene RB1 are common in several treatment-refractory cancers such as SCLC and TNBC. To date, there has been no approved drug that can directly target RB pathway. While loss-of-function mutations (such as in RB1) have historically been untargetable, RB1 loss of function leads to dependency on Aurora kinases for their survival. As a result, when Aurora A kinase is inhibited pharmacologically, cancer cells with RB1 loss-of-function mutation will rapidly undergo apoptosis.

1. Addressable Patient Population Globally and in the PRC

RB1 loss of function is commonly found in a variety of cancer types. The following chart illustrates the patient population with RB1 loss of function in major relevant cancer types in 2019.

Patient Population with RB1 Deficient in 2019



Note:

1. Unit: in thousands

Source: Literature research, Frost & Sullivan Analysis

2. Aurora A Kinase Inhibitor Drug Candidates in Active Clinical Development

To date, there has been no approved and marketed Aurora A kinase inhibitor globally. Eli Lilly has initiated a Phase I/II clinical trial for its Aurora A kinase inhibitor AK-01 in May 2017 for the treatment of SCLC, TNBC, head and neck neoplasms and other types of solid tumors.

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare a market research report on the oncology drug market, among others, globally and in China. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. The contract sum to Frost & Sullivan is RMB600,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other market research report in connection with the Global Offering. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the innovative drug market for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections,

are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain steady growth over the next decade; and (iii) no extreme force majeure or industry regulation will dramatically or fundamentally affect the market. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

DRUG REGULATORY REGIME

Healthcare System

Healthcare System Reform

The PRC government has promulgated a series of healthcare reform policies and regulations in recent years. On March 17, 2009, the Central Committee of the PRC Communist Party and the State Council jointly issued the Guidelines on Strengthening the Reform of Healthcare System (《關於深化醫藥衛生體制改革的意見》). On December 27, 2016, the State Council issued the Notice on the Issuance of the 13th Five-year Plan on Strengthening the Reform of Healthcare System (《關於印發<"十三五"深化醫藥衛生體制改革規劃>的通知》). On May 23, 2019, the General Office of the State Council issued the Key Tasks for Deepening the Reform of Medical and Health Sectors in 2019 (《深化醫藥衛生體制改革2019年重點工作任務》). On July 16,2020, the General Office of the State Council issued the Key Tasks for Deepening the Reform of Medical and Health Sectors in the Second Half of 2020 (《深化醫藥衛生體制改革2020年下半年重點工作任務》). Highlights of these healthcare reform policies and regulations include (1) establishing a basic healthcare system to cover both urban and rural residents and providing the Chinese people with safe, effective, convenient and affordable healthcare services, (2) improving the healthcare system through the reform and development of a graded hierarchical healthcare system, modern hospital management, basic medical insurance, drug supply support and comprehensive supervision, (3) improving the efficiency and quality of the healthcare system to meet the various medical needs of the Chinese population, (4) reinforcing the degree of cancer prevention and treatment, accelerating the registration and approval of anti-cancer new drugs at home and abroad and remaining the temporary channel of imperative anti-cancer drugs importation open, and (5) consolidating and improving the basic medicine system, establishing an incentive and restrictive mechanism for preferential use, and improving the dynamic adjusting mechanism of the National Reimbursement Drug List(the "NRDL") and incorporating the eligible therapeutic drugs listing in the National Essential Drug List into the NRDL first in accordance with the procedure.

Reimbursement under the National Medical Insurance Programme

The national medical insurance programme was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Programme (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance programme and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》), further enlarged the coverage of the basic medical insurance programme, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of

a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

Participants of the national medical insurance programme and their employers, if any, are required to contribute to the payment of insurance premium on monthly basis. Programme participants are eligible for full or partial reimbursement of the cost of medicines included in the NRDL. The Notice Regarding the Tentative Measures for the Administration of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《關於印發城鎮職工基本醫療保險用藥範圍管理暫行辦法的通知》) jointly issued by several authorities including the Ministry of Labour and Social Security and the Ministry of Finance (the "MOF") on 12 May, 1999 provides that a pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: (1) it is set forth in the Pharmacopoeia of the PRC; (2) it meets the standards promulgated by the NMPA; and (3) if imported, it is approved by the NMPA for import.

The Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部, the "MHRSS"), together with other government authorities, has the power to determine the medicines included in the NRDL. In February 2017, the MHRSS released the 2017 NRDL (《2017年國家醫保藥品目錄》), which was amended in 2019 and 2020, respectively. In July 2017, the MHRSS announced that the 2017 NRDL would be expanded to include an additional 36 drugs, classified as Part B medicines. The 2017 NRDL expands its scope and covers 2,535 drugs in total, including 339 drugs that are newly added.

Medicines included in the NRDL are divided into two parts, Part A and Part B. Provincial governments are required to include all Part A medicines listed on the NRDL in their provincial Medical Insurance Catalogue, but have the discretion to adjust upwards or downwards by no more than 15% from the number of Part B medicines listed in the NRDL. As a result, the contents of Part B of the provincial Medical Insurance Catalogues may differ from region to region in the PRC.

Patients purchasing medicines included in Part A of the NRDL are entitled to reimbursement of the entire amount of the purchase price. Patients purchasing medicines included in Part B of the NRDL are required to pay a certain percentage of the purchase price and obtain reimbursement for the rest of the purchase price. The percentage of reimbursement for Part B medicines differs from region to region in the PRC. The total amount of reimbursement for the cost of medicines, in addition to other medical expenses, for an individual participant under the national medical insurance programme in a calendar year is capped at the amounts in such participant's individual account under such programme. The amount in a participant's account varies, depending on the amount of contributions from the participant and his or her employer. In September 2018, the National Healthcare Bureau further announced that 17 oncology drugs would be added to List B drugs of the NRDL.

On 20 August 2019, the MHRSS and the National Healthcare Security Administration (國家醫療保障局) issued The National Drug Catalogue for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), which became effective on 1 January 2020. It regulates that all localities shall strictly implement the drug catalogue, and are not allowed to make a catalogue or add drugs in the catalogue, or adjust the limited payment scope of drugs in the catalogue.

On October 8, 2017, the General Office of the State Council issued the Opinions on Deepening the Reform of the Evaluation and Approval System and Inspiring Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "Opinions"). According to the Opinions, to support the clinical application of new drugs, (1) the dynamic adjustment mechanism applicable to the catalogue of drugs by medical insurance will be improved, (2) the establishment of a negotiation mechanism regarding payment standards for drugs covered by medical insurance will be explored, (3) new drugs will be promptly incorporated according to applicable provisions into the payment scope covered by basic medical insurance, and (4) research and development of new drugs will be supported.

National Essential Drug List

On 18 August 2009, MOH and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the National Essential Drug List (《國家基本藥物目錄管理辦法(暫行)》), which was revised by NHFPC on 13 February 2015, and the Guidelines on the Implementation of the National Essential Drug List System (《關於建立國家基本藥物制度的實施意見》), which aims to promote essential medicines sold to consumers at fair prices in the PRC and ensure that the general public in the PRC has equal access to the drugs contained in the National Essential Drug List. NHC promulgated the National Essential Drug List (2018) (《國家基本藥物目錄(2018年版)》) on 30 September 2018, replacing the National Essential Drug List (2012) (《國家基本藥物目錄(2012年版)》) which was promulgated on 13 March 2013. According to these regulations, basic healthcare institutions funded by government, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall store up and use drugs listed in National Essential Drug List. The drugs listed in National Essential Drug List shall be purchased by centralised tender process and shall be subject to the price control by NDRC. Remedial drugs in the National Essential Drug List are all listed in the Medical Insurance Catalogue and the entire amount of the purchase price of such drugs is entitled to reimbursement.

Multi-level Medical Security System

On 25 October 2016, the State Council and the Communist Party of the PRC jointly issued the Plan for Healthy PRC 2030 (《"健康中國2030"規劃綱要》, the "Plan 2030"). According to the Plan 2030, the country will establish a multi-level medical security system built around basic medical insurance, with other forms of insurance supplementing the basic medical insurance, including serious illness insurance for urban and rural residents, commercial health insurance and medical assistance. Furthermore, the Plan 2030 encourages enterprises and individuals to participate in commercial health insurance and various forms of supplementary insurance.

Pharmaceutical Product Development

In the PRC, the NMPA monitors and supervises the administration of pharmaceutical products, as well as medical devices and equipment. The local provincial medical products administrative authorities are responsible for supervision and administration of drugs within their respective administrative regions. The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) promulgated by the SCNPC in 1984 and most recently amended on August 26, 2019 which became effective on December 1, 2019, and the Implement Measures of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) promulgated by the State Council effective in September 2002 and amended on February 6, 2016 and March 2, 2019, have laid down the legal framework for the administration of pharmaceutical products, including the research, development and manufacturing of new drugs. The Drug Administration Law of the PRC applies to entities and individuals engaged in

the research, production, trade, application, supervision and administration of pharmaceutical products. It regulates and prescribes a framework for the administration of pharmaceutical manufactures, pharmaceutical trading companies, and medicinal preparations of medical institutions and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products. The Implementing Measures of the Drug Administration Law of the PRC serves to provide detailed implementation regulation for the Drug Administration Law of the PRC.

The 12th session of the standing committee of the 13th NPC approved the amendment to the Drug Administration Law on August 26, 2019. The revised Drug Administration Law (the "Revised Drug Administration Law") took effect on December 1, 2019 and brought a series of good changes to the drug supervision and administration system, including but not limited to making it clear what kind of drugs shall be encouraged, changing the clinical trial approval to implied license and prescribing a preferential examination and approval system for certain drugs. According to the Revised Drug Administration Law, drugs refer to articles which are used in the prevention, treatment and diagnosis of human diseases and intended for the regulation of the physiological functions of human beings, for which indications or functions, usage and dosage are specified, including traditional Chinese drugs, chemical drugs and biological products.

Non-Clinical Research and Animal Testing

The NMPA promulgated the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory (《藥物非臨床研究質量管理規範》) in 2003, which were revised on July 27, 2017, and has conducted the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory, or GLP Certification since 2003. On April 16, 2007, the NMPA issued the Circular on Measures for Certification of Good Laboratory Practice and for Non-clinical Laboratory (《藥物非臨床研究質量管理規範認證管理辦法》), or the NMPA Circular 214, which provides that the NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research upon the evaluation of the institution's organizational administration, its research personnel, its equipment and facilities and its operation and management of non-clinical pharmaceutical projects. If all the requirements are met, a GLP Certification will be issued by the NMPA and the result will be published on the NMPA's website.

The State Science and Technology Commission promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) in November, 1988, which were amended by the State Council in January 2011, July 2013 and March 2017. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) in December 1997. The State Science and Technology Commission and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) in December 2001. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing experimentation on animals.

Regulations on the Clinical Trials and Registration of Drugs

Measures for the Administration of Drug Registration

In July 2007, the SFDA promulgated the amended version of the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》) (the "Registration Measures"), which became effective in October 2007. The Registration Measures mainly cover: (1) definitions of drug registration applications and regulatory responsibilities of the drug administration; (2) general requirements for drug registration, including application for registration of new drugs, generic drugs, imported drugs and the supplemental application, as well as the application for re-registration; (3) clinical trials; (4) application, examination and approval of new drugs, generic drugs and imported drugs; (5) supplemental applications and re-registrations of drugs; (6) inspections; (7) registration standards and specifications; (8) time limit; (9) re-examination; and (10) liabilities and other supplementary provisions.

According to the Registration Measures, drug registration applications are divided into three different types, namely Domestic New Drug Application, Domestic Generic Drug Application and Imported Drug Application. Drugs which fall into one of three general types are divided according to the drug's working mechanism, namely whether the drug is classified as a chemical medicine, a biological product, a traditional Chinese medicine or a natural medicine. A NDA refers to an application for registration of a drug that has not yet been marketed for sale in China. In addition, the registration of drugs that change the dosage form of the marketed drugs, change the route of administration and increase the new indications shall be reported in accordance with the application procedures for new drugs. Under the Registration Measures, a Category 1 drug refers to a new drug that has never been marketed in any country, and such drug is eligible for special review or fast track approval by the NMPA.

In January 2020, the SAMR released the amended Measures for the Administration of Drug Registration, or the Amended Registration Measures, which came into effect in July 2020. As compared to the current effective version, the Amended Registration Measures provides detailed procedural and substantive requirements for the key regulatory concepts established by the Drug Administration Law, confirms a number of reform actions that have been taken in the past years, including but not limited to: (i) the full implementation of MAH System and implied approval of the commencement of clinical trial; (ii) implementing associated review of drugs, excipients and packaging materials; and (iii) introducing four procedures for expedited registration of drugs, which are procedures for ground-breaking therapeutic drugs, procedures for conditional approval, procedures for prioritized reviews and approval, and procedures for special examination and approval. Detailed implementing rules for drug classification and requirements for corresponding application materials will be promulgated by the NMPA.

Clinical Trial Process and Good Clinical Practices

According to the Registration Measures, a clinical trial consists of Phases I, II, III and IV. Phase I refers to the initial clinical pharmacology and safety evaluation studies in humans. Phase II refers to the preliminary evaluation of a drug candidate's therapeutic effectiveness and safety for particular indications in patients, to provide evidence and support for the design of Phase III clinical trials and to settle the administrative dose regimen. Phase III refers clinical trials undertaken to confirm the therapeutic effectiveness and safety on patients with target indications, to evaluate the overall benefit-risk relationships of the drug, and ultimately to provide sufficient evidence for the review of drug registration application. Phase IV refers to

a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used, to evaluate the overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose.

To improve the quality of clinical trials, the SFDA promulgated the Good Clinical Trial Practice for Drugs (《藥物臨床試驗質量管理規範》) in August 2003, or the GCP Rules. According to the Good Clinical Trial Practice for Drugs, clinical trial means systematical investigation of drugs conducted on human subjects (patients or healthy volunteers) to prove or reveal the function, adverse reactions and/or absorption, distribution, metabolism and excretion of the drug being investigated. The purpose of a clinical trial is to determine the therapeutic efficacy and safety of the drug.

In April 2020, the NMPA and the NHC promulgated the revised Good Clinical Trial Practice for Drugs (《藥物臨床試驗質量管理規範》), or the Revised GCP Rules, which became effective in July 2020, in order to further ensure the quality of clinical trials and the safety of human subjects. As compared to the current effective version, the Revised GCP Rules provides comprehensive and substantive requirements on the design and conduct of clinical trials in China. In particular, the Revised GCP Rules enhances the protection for study subjects and tightens the control over bio-samples collected under clinical trials.

The Revised GCP Rules also set out the qualifications and requirements for the investigators and centers participating in clinical trial, including: (i) professional certification at a clinical trial center, professional knowledge, training experience and capability of clinical trial, and being able to provide the latest resume and relevant qualification documents per request; (ii) being familiar with the trial protocol, investigator's brochure and relevant information of the trial drug provided by the applicant; (iii) being familiar with and comply with the Revised GCP Rules and relevant laws and regulations relating to clinical trials; (iv) keeping a copy of the authorization form on work allocation signed by investigators; (v) investigators and clinical trial centers shall accept supervision and inspection organized by the applicant and inspection by the drug regulatory authorities; and (vi) in the case of investigators and clinical trial centers authorizing other individual or institution to undertake certain responsibilities and functions relating to clinical trial, they shall ensure such individual or institution are qualified and establish complete procedures to ensure the responsibilities and functions are fully performed and generate reliable data.

According to the *Technical Guidelines for Clinical Trials of Anti-tumor Drug Combination Therapy (the "draft law")* issued by the CDE on July 17 of 2020, there should be reasonable bases for development of the combination therapy before launching exploratory clinical trials of the combination therapy. The reasonable bases usually include as follow:

(1) Reasonable basis of joint development mechanism: applicants should conduct researches on the mechanism of joint development on the basis of in-depth exploration and study of the single-drug' function mechanism before the joint development;

(2) The single-drug clinical data of the proposed combination drugs: in the advance of launching the first combination therapy, a proposed combination drugs' relatively sufficient single-drug clinical pharmacology and safe, effective data should be obtained, which shall include human pharmacokinetics(PK) parameters, safe dose range, dose-exposure-effect relationship, and recommended phase II dose (RP2D), in order to assess the possible risks of drug-drug interaction (DDI) and superimposition of vital organ toxicity. Also needs to pay attention to the dose escalation design and risk control of the combination therapy on the basis of the single-drug clinical trial data.

Clinical value is the general principle of clinical trial design in the joint development of antineoplastic drugs. In terms of research goals and designs, the exploratory and confirmatory trials of combination drugs have different emphasis.

Communication with the CDE

According to the Circular on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of new investigational drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for Communication Session to CDE to discuss with CDE the key technical questions including the design of Phase III clinical trial protocol. Within 60 days after the acceptance of and the fees paid for the IND application, the applicant may conduct the clinical trials for the drug in accordance with the clinical trial protocol submitted, if the applicant has not received any negative or questioning opinion from the CDE.

The NMPA promulgated the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》) in September 2018, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development periods of drugs, mainly including meetings before the IND application, meetings upon the completion of Phase II trials and before the commencement of Phase III trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to meetings not classified as Type I or Type II.

Drug Clinical Trial Registration

According to the Registration Measures, upon obtaining the approval of its IND applications and before conducting a clinical trial, an applicant shall file a registration form with the SFDA containing various details, including the clinical study protocol, the name of the principal researcher of the leading institution, names of participating institutions and researchers, an approval letter from the ethics committee, and a sample of the Informed Consent Form, with a copy sent to the competent provincial administration departments where the trial institutions will be located. The CFDA released the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》) in September 2013, according to which, instead of the aforementioned registration field with the CFDA, all clinical trials approved by the CFDA and conducted in China shall complete a clinical trial registration and publish trial information through the Drug Clinical Trial Information Platform. The applicant shall complete the trial pre-registration within one month after obtaining the approval of the clinical trial approval in order to obtain the trial's unique registration number and complete registration of certain follow-up information before the first subject's enrollment in the trial. If the registration is not completed within one year after the approval of the IND applications, the applicant shall submit an explanation, and if the first submission is not completed within three years, the approval of the IND applications shall automatically expire.

Sampling and Collecting Human Genetic Resources Filing

The Interim Administrative Measures on Human Genetic Resources (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the MOH on June 10, 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. On July 2, 2015, the Ministry of Science and Technology issued the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) (the "Service Guide"). According to the Service Guide, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. On October 26, 2017, the Ministry of Science and Technology promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》), simplifying the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

The Regulations of the People's Republic of China on the Administration of Human Genetic Resources promulgated by the State Council on May 28, 2019 and implemented on July 1, 2019, further stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical institutions without export of human genetic resource materials. However, the two parties shall file the type, quantity and usage of the human genetic resource to be used with the administrative department of science and technology under the State Council before clinical trials.

International Multi-Center Clinical Trials Regulations

According to the International Multi-Center Clinical Trial Guidelines (Trial) (《國際多中心藥物臨床試驗指南(試行)》) (the "Multi-Center Clinical Trial Guidelines"), promulgated by the NMPA on January 30, 2015 and effective from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the International Multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the Drug Administration Law of the PRC, the Implementing Regulations of the Drug Administration Law of the PRC and the Measures for the Administration of Drug Registration, execute the GCP, make reference to universal international principles such as the ICH-GCP, and comply with the laws and regulations of the countries involved in the International Multi-Center clinical trials. Where the applicants plan to use the data derived from the International Multi-Center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and Measures for the Administration of Drug Registration and other related laws and regulations.

New Drug Application

According to the Measures for the Administration of Drug Registration, drug registration applications include domestic new drug application, domestic generic drug application and imported drug application. Drugs are classified as chemical drugs, biological products and traditional Chinese medicine or natural drugs. When Phases I, II and III of clinical trials have

been completed, the applicant may apply to the NMPA for approval of a new drug application. The NMPA then determines whether to approve the application according to the comprehensive evaluation opinion provided by the CDE of the NMPA.

According to the Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovations (《關於鼓勵藥品創新實行優先審評審批的意見》), for new drugs which are developed for severe, life-threatening diseases currently lacking effective treatment and have great significance for meeting clinical needs, if, based on early-stage clinical trial data, the clinical benefits of such drugs can be reasonably predicted or decided and such drugs have distinctive advantages comparing with existing treatments, such new drugs may obtain a conditional approval for marketing before the completion of Phase III clinical trials undertaken to confirm its therapeutic effectiveness.

Special Examination and Fast Track Approval for Antineoplastic Drugs under Current Reform Frame

According to the Provisions on the Administration of Special Examination and Approval of Registration of New Drugs (《新藥註冊特殊審批管理規定》) promulgated by the CFDA on January 7, 2009, special examination and approval for new drugs registration applications applies when (1) the effective constituent of a drug extracted from plants, animals, minerals, etc., as well as the preparations thereof, have never been marketed in China, and the material medicines and the preparations thereof are newly discovered; (2) the chemical raw materials for medicines as well as the preparations thereof and the biological product have not been approved for marketing, either in China or aboard; (3) new drugs with distinctive clinical treatment advantages for diseases such as AIDS, malignant tumor or other rare diseases; or (4) new drugs for diseases that currently lacking effective treatment. Under the circumstances set out in (1) and (2), drug registration applicants may make special approval applications in submitting applications for clinical trials of new drugs; under the circumstances set out in (3) and (4), drug registration applicants may make special approval applications only in applying for production.

According to the Opinions on Reform of the Review & Approval System of Drugs and Medical Devices (《關於改革藥品醫療器械審評審批制度的意見》), a special review & approval system shall be adopted for innovative drugs to accelerate the review & approval of innovative drugs for prevention and treatment of AIDS, cancer, major infectious diseases, rare diseases and other diseases.

According to the Opinions on Encouraging the Priority Review & Approval for Drug Innovations (《關於鼓勵藥品創新實行優先審評審批的意見》), registration applications for cancer-combating drugs with noticeable clinical strength will be included in the scope of priority review & approval.

According to the Announcement on Matters Concerning the Optimization of Drug Registration Review & Approval (《關於優化藥品註冊審評審批有關事宜的公告》) jointly issued by the NMPA and the National Health Commission on May 23, 2018 and effective from the same date, the CDE will prioritize the allocation of resources for review, inspection, examination and approval of registration applications that have been included in the scope of priority review & approval so as to speed up review & approval.

The Reform for Chemical Drugs' Registration Classification

According to the Notice of the CFDA about the Issuing of the Reform Plan for the Registration Classification of the Chemical Drugs (《國家食品藥品監管總局關於發佈化學藥品註冊分類改革工作方案的公告》), which was issued and effected on March 4, 2016, the registration classification of the chemical drugs are adjusted to five categories. Categories 1 and 2 shall follow the registration application procedure for new drugs according to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》); categories 3 and 4 shall follow the procedure for generic drugs; category 5 shall follow the application and regulation requirements for importing drugs. Where there is a discrepancy between this plan and the Measures for the Administration of Drug Registration, this plan shall be complied for certainty.

Marketing Authorization Holder System

Pursuant to the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》) as latest amended in August 2019, the state implements the drug marketing authorization holder system for drug management. The drug marketing authorization holder refers to an enterprise or a drug development institution that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for non-clinical research, clinical trials, production and operation, post-marketing research, adverse reaction monitoring, reporting and processing of drugs in accordance with the provisions of the law. Other units and individuals engaged in drug development, production, operation, storage, transportation, use and other activities shall bear corresponding responsibilities pursuant to the law.

The drug marketing authorization holder shall establish a drug quality assurance system and be equipped with special personnel to take charge of quality management on drugs independently. The drug marketing authorization holder shall regularly review the quality management system of the drug manufacturer and the drug distributor, and supervise its continuous quality assurance and control capabilities. A drug marketing authorization holder who manufactures drugs on its own shall obtain a drug production license in accordance with the law; if it is entrusted with manufacturing, it shall entrust a qualified drug manufacturer. The drug marketing authorization holder and the entrusted manufacturer shall sign the entrustment agreement and quality agreement, and strictly fulfill the obligations stipulated in the agreement. The drug regulatory authority of the State Council has formulated guidelines for the quality of pharmaceuticals entrusted manufacturing, to guide and supervise the drug marketing authorization holder and the entrusted manufacturer to fulfill their drug quality assurance obligations. Blood products, narcotic drugs, psychotropic drugs, medical toxic drugs, and pharmaceutical precursor chemicals shall not be commissioned for manufacturing; except as otherwise provided by the drug regulatory authority of the State Council. Where a drug marketing authorization holder, a drug manufacturer or a drug distributor are entrusted to store or transport drugs, it shall evaluate the trustee's quality assurance capabilities and risk management capabilities, sign a trust agreement with them, agree on drug quality responsibilities and operating procedures, and supervise the trustee.

The drug marketing authorization holder, drug manufacturers, drug distributors and medical institutions shall establish and implement a drug traceability system, provide traceability information in accordance with regulations and ensure that drugs are traceable. The drug marketing authorization holder shall establish an annual reporting system to report the drug production and sales, post-marketing research and risk management to the drug regulatory department of the people's government of the province, autonomous region or municipality in accordance with regulations every year. With the approval of the drug regulatory authority of the State Council, drug marketing authorization holder can transfer drug marketing

authorization. The transferee shall have the capabilities of quality management, risk prevention and control and liability compensation to ensure the safety, effectiveness and quality controllability of the drug and fulfill the obligations of the drug marketing authorization holder.

Administrative Protection and Monitoring Periods for New Drugs

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》) and drug classification reform plan, for the purpose of protecting public health, the NMPA may provide for an administrative monitoring period of five years commencing from the date of approval for Type 1 new drugs that have been approved for production to continuously monitor their safety. During the monitoring period of new drug, the NMPA will not accept applications from other applicants for registration of the same product. The only exception is that the NMPA will continue to handle any application if, prior to the commencement of the monitoring period, the NMPA has already approved the applicant's clinical trial for a similar new drug. If such application conforms to the relevant provisions, the NMPA may approve such applicant to manufacture.

Drug manufacturing

Drug Manufacturing Permit

According to the Administrative Measures for Supervision of Drug Production (《藥品生產監督管理辦法》) promulgated on 22 January 2020, persons engaging in pharmaceutical manufacturing activities shall be subject to approval by the pharmaceuticals administrative authorities of the province, autonomous region or centrally-administered municipality where they are located, obtain a Pharmaceutical Manufacturing Permit pursuant to the law, comply strictly with the pharmaceutical manufacturing quality control norms, and ensure that the manufacturing process complies with statutory requirements at all times. The Pharmaceutical Manufacturing Permit shall indicate the Permit's serial number, category code, enterprise name, unified social credit code, address (business premises), legal representative, person-in-charge of the enterprise, person-in-charge of manufacturing, person-in-charge of quality, quality attorney, manufacturing premises address and scope of manufacturing, permit issuing authorities, date of issue, expiry date etc. The valid term of Pharmaceutical Manufacturing Permit is five years. Upon expiry of the Pharmaceutical Manufacturing Permit, where the Permit holder needs to continue to manufacture pharmaceuticals, it shall apply to the original issuing authorities for reissuance of a Pharmaceutical Manufacturing Permit six months before the expiry date.

Good Manufacturing Practices

The Good Manufacturing Practices For Drugs (《藥品生產質量管理規範》), promulgated by the Ministry of Health of the PRC (the "MOH", now known as the National Health Commission) in January 2011, provided guidance for the quality management, organization and staffing, production premises and facilities, equipments, material and products, recognition and inspection, documentation maintenance, manufacture management, quality control and quality assurance, contractual manufacture and contractual inspection for the products, product delivery and recalls of a manufacturer in a systematical manner.

Prior to December 1, 2019, establishment of a new drug manufacturer, construction of new production premise for a drug manufacturer or production of new dosage form are required to submit application for good manufacturing practice certification (GMP certification) with the drug regulatory authority in accordance with the provisions. If the Good Manufacturing Practices For Drugs are satisfied, a GMP certificate will be issued. Pursuant to the Circular on

the Relevant Issues Concerning the Implementation of the Drug Administration Law of the PRC (《關於貫徹實施<中華人民共和國藥品管理法>有關事項的公告》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》), newly amended in August 2019, since December 1, 2019, the GMP certification has been cancelled, applications for GMP certification are no longer accepted, and GMP certificate is no longer issued. Pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》), one engaged in drug manufacturing activities shall still comply with the GMP and establish a sound GMP management system, to ensure that the entire process of drug manufacturing maintain to meet the statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with this law. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

Other Regulations in relation to the Pharmaceutical Industry

Drug Technology Transfer

Drug technology transfer refers to the transfer of drug production technology by the owner to a drug manufacturer as the transferee and the application for drug registration by the drug manufacturer as the transferee pursuant to the provisions under Technology Transfer Regulations. On August 19, 2009, the NMPA promulgated the Administrative Regulations for Technology Transfer Registration of Drugs (《藥品技術轉讓註冊管理規定》), to standardise the registration process of drug technology transfer, which includes application for, evaluation, review, approval and supervision of drug technology transfer registration. Drug technology transfer includes new drug technology transfer and drug production technology transfer. An application for drug technology transfer must be submitted to the provincial drug regulatory authority, and the SFDA will ultimately make an approval decision based on the comprehensive opinions of the drug review center. Eligible applications will receive a letter of approval and a drug approval number for the supplementary application.

Advertising of Pharmaceutical Products and Insert Sheet, Labels and Packaging of Pharmaceutical Products

Pursuant to the Provisions for Drug Advertisement Examination (《藥品廣告審查辦法》), which came into effect on May 1, 2007 and as latest amended on December 21, 2018, any advertisements published through various medias or formats, which contain the name of the drug, the pharmaceutical indications (attending functions) or other drug-related contents are drugs advertisements, and review shall be conducted on such drug advertisements in accordance with the Provisions for Drug Advertisement Examination. The applicant for an advertisement approval number for pharmaceutical drugs must be a legally qualified drug manufacturer or drug distributor. The validity term of an advertisement approval number for pharmaceutical drugs is one year. The content of an approved advertisement may not be altered when publishing. Where any alteration to the content of the advertisement is needed, a new advertisement approval number shall be obtained by submitting a reapplication.

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品說明書和標籤管理規定》), which came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the NMPA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug

should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer.

Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the food and drug administration or bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs that without packing standards must not be sold or traded (except for drugs for the military).

OTHER PRINCIPLE LAWS AND REGULATIONS IN RELATION TO OUR COMPANY'S BUSINESS

Regulations on Company Establishment and Foreign Investment

The PRC Company Law (《中華人民共和國公司法》), as amended in 2018, applies to the establishment, operation and management of both PRC domestic companies and foreign invested Enterprises. Investment in the PRC by foreign investors are also regulated by the Wholly Foreign-Owned Enterprises Law of the PRC (《中華人民共和國外資企業法》) promulgated on April 12, 1986 and amended on October 31, 2000 and September 3, 2016, Detailed Rules for the Implementation of Wholly Foreign-Owned Enterprises Law of the PRC (《中華人民共和國外資企業法實施細則》) promulgated on December 12, 1990 and amended on April 12, 2001 and February 19, 2014, the Chinese-Foreign Equity Joint Ventures Law of the PRC (《中華人民共和國中外合資經營企業法》), promulgated on July 1, 1979 and amended on April 4, 1990, March 15, 2001 and September 3, 2016, and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated on October 8, 2016 and amended on July 30, 2017 and June 29, 2018. Under these laws and regulations, the establishment of a wholly foreign-owned enterprise is subject to the approval of, or the filing with the MOFCOM or its local counterpart, and such wholly foreign-owned enterprises must register and file with the appropriate administrative bureau of industry and commerce.

On January 1, 2020, Detailed Rules for the Implementation of Wholly Foreign-Owned Enterprises Law of the PRC was terminated and replaced by Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises was terminated and replaced by the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》). According to the laws and regulations currently in effect, the registration of foreign-funded enterprises shall be conducted in accordance with the law by the market regulatory department of the State Council or the market regulatory departments of the local people's governments authorized by it. Foreign investors or foreign-funded enterprises shall report investment information to the commerce departments through the enterprise registration system and the enterprise credit information publicity system.

The Foreign Investment Law of the PRC (the "FIL"), which was promulgated by the National People's Congress On March 15, 2019, and came into effect on January 1, 2020, provides that the "foreign investment" refers to the investment activities in China carried out directly or indirectly by foreign individuals, enterprises or other organizations ("Foreign Investors"),

including the following circumstances: (1) Foreign Investors establishing foreign-invested enterprises in China alone or jointly with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar interest of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or jointly with other investors; and (4) Foreign Investors investing through other ways prescribed by laws or regulations or the State Council.

The PRC government implements the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favourable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for Foreign Investment Access (2020 Revision) (《外商投資准入特別管理措施(負面清單)(2020年版)》) issued by the NDRC and the Ministry of Commerce on June 23, 2020, and effective from July 23, 2020.

According to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules"), jointly promulgated by the MOFCOM, the SASAC, the SAT, the SAIC, the CSRC, and the SAFE on August 8, 2006, which became effective on September 8, 2006 and was amended by MOFCOM on June 22, 2009, a foreign investor (1) acquiring an equity interest in a non-foreign-invested PRC enterprise or subscribing to additional shares in a non-foreign-invested PRC enterprise with the result that such non-foreign-invested PRC enterprise changes into a foreign-invested PRC enterprise, (2) purchasing and operating the assets of non-foreign-invested PRC enterprises through establishment of a foreign-invested enterprise, or (3) purchasing the assets of a non-foreign invested PRC enterprise and operating such assets through establishment of a foreign-invested enterprise with such assets must comply with the PRC laws and regulations and complete registration/filing with relevant departments. Particularly, any PRC company, enterprise or individual who tries to acquire any domestic enterprise affiliated with such company, enterprise or individual through an offshore company established or controlled by such company, enterprise or individual shall comply with relevant foreign investment industry policies and be subject to the approval of the MOFCOM.

Foreign Exchange

The Administrative Regulation on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Administrative Regulations"), promulgated by the State Council on January 29, 1996 and amended on January 14, 1997 and August 5, 2008, constitutes an important legal basis for the PRC governmental authorities to supervise and regulate foreign exchange. On June 20, 1996, PBOC further promulgated the Provisions on the Settlement, Sales of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Provisions"). Pursuant to the Foreign Exchange Administrative Regulations and the Settlement Provisions, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where prior approval from the SAFE and/or its competent local branches is obtained.

On March 30, 2015, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通

知》) (the "SAFE Circular 19"), further expanding the extent of convertibility under direct investment. SAFE Circular 19 stipulates that the use of capital funds and exchange settlement funds by foreign-invested enterprises shall be subject to foreign exchange management regulations, and implement negative list management.

On June 9, 2016, SAFE further promulgated the Notice on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Circular 16"). The SAFE Circular 16 unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange income in the capital account which has been confirmed by the relevant policies subject to the Discretional Foreign Exchange Settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange income is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Regulations of the People's Republic of China on Foreign Exchange Control and relevant provisions. Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the certain purpose.

SAFE promulgated the Circular on Issues Related to Foreign Exchange Administration in Terms of Overseas Investment and Financing via Special Purpose Companies and Return Investment by Domestic Residents (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "SAFE Circular 37") on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under the PRC laws for evasion of foreign exchange controls. On February 13, 2015, SAFE released the Circular on Further Simplifying and Improving the Policies for Foreign Exchange Administration of Direct Investments (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "SAFE Circular 13"), which took effect from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37.

Intellectual Property Rights

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPCSC on March 12, 1984, as amended on September 4, 1992, August 25, 2000 and December 27, 2008, and effective from October 1, 2009 and the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001 and as amended on December 28, 2002 and January 9, 2010, there are three types of patents in the PRC: invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent and 10 years for a utility model patent and a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activities in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the PRC Patent Law, for public health purposes, the State Intellectual Property Office of the PRC may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. In addition, according to the Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in China is required to report to the State Intellectual Property Office for confidentiality examination.

Trademarks

According to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated by the NPCSC on August 23, 1982, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and effective from November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry, if intending to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to law.

Domain Names

Domain names are protected under the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology (the "MIIT"), on August 24, 2017 and effective from November 1, 2017, and the Implementing Rules of China ccTLD Registration (《國家頂級域名註冊實施細則》) issued by China Internet Network Information Center on June 18, 2019, which became effective on June 18, 2019. The MIIT is the main regulatory body responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Copyright

Copyright in the PRC is protected by the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the Standing Committee of the National People's Congress on September 7, 1990 and latest amended on February 26, 2010, and Regulation for the Implementation of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and latest amended on January 30, 2013. These laws and regulations provide provisions on the classification of works and the obtaining and protection of copyright.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the NPCSC in September 2, 1993, as amended in November 4, 2017 and April 23, 2019 respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) Acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) Disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the preceding subparagraph; (3) Disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) Abetting a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the abovementioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Regulations in relation to Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the Standing Committee of the National People's Congress on December 26, 1989 and latest amended on April 24, 2014, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the Standing Committee of the National People's Congress on October 28, 2002 and latest amended on December 29, 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and latest amended on July 16, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment report, assessment form, or registration form on the environmental impact of such projects. The assessment report, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

According to the Administrative Regulations on Precursor Chemicals (《易製毒化學品管理條例》), effected on November 1, 2005 and amended on July 29, 2014 and February 6, 2016 and September 18, 2018, the state applies the classified administration and licensing system to the production, distribution, purchase, transportation and import and export of precursor

chemicals. An entity that is to purchase any precursor chemical in Category II or III shall, prior to the purchase, reports the type and quantity in demand for record, with the public security authority of the local people's government at the county level.

According to the Measures for Pollutant Discharge Permitting Administration (Trial) (《排污許可管理辦法(試行)》), promulgated by the Ministry of Environmental Protection on January 10, 2018 and latest amended on August 22, 2019, enterprises, institutions and other producers and operators (the "pollutant discharge enterprises") that have been included in the Classification Management List for Fixed Source Pollution Permits shall apply for and obtain a discharge permit in accordance with the prescribed time limit. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological drugs and products falls into the classification management scope for fixed source pollution permits.

Regulations in relation to Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the Standing Committee of the National People's Congress on February 22, 1993 and latest amended on December 29, 2018 (the "Product Quality Law"), is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Dividend Distribution

According to the PRC Company Law, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. A foreign-invested enterprise is required to set aside at least 10% of its respective accumulated profits each year to fund certain reserve funds, until the accumulative amount of such fund reaches 50% of its registered capital. These wholly foreign-owned companies may also allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. Amounts allocated to these reserve funds and staff welfare and bonus funds reduce the amount distributable as cash dividends. Upon approval of the competent governmental authorities, foreign investors may utilize RMB dividends to invest or re-invest in enterprises established in China.

According to the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) promulgated by the SAFE on January 26, 2017, (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years' losses

before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Employee Stock Incentive Plan

On February 15, 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals' Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which prescribed that PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year (except for foreign diplomatic personnel in China and representatives of international organizations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity, and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan. Moreover, the SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with local branches of SAFE before exercising rights.

Regulations in relation to Labour Protection

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the National People's Congress on June 29, 2007 became effective on January 1, 2008, latest amended on December 28, 2012 and became effective on July 1, 2013, governs the relationship between employers and employees, and provides for specific provisions in relation to the terms and conditions of an employment contract. The Labour Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and latest amended on December 29, 2018, and the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), which was amended by the State Council on March 24, 2019, employers and/or employees are required to contribute to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國企業所得稅法(2018修正)》)promulgated by the National People's Congress on March 16, 2007, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Regulation on the Implementation Rules of the Enterprise Income Tax Law of the PRC (2019 Amendment) (《中華人民共和國企業所得稅法實施條例(2019修訂)》) promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008, and amended on April 23, 2019, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. Non-resident enterprises refer to entities established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Enterprises that are recognised as high-tech enterprises in accordance with the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. The enterprise can re-apply for such recognition as a high-tech enterprise before or after the previous certificate expires.

Pursuant to the Interim Regulations on Value-Added Tax (hereinafter referred to as VAT) of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, amended on November 10, 2008, February 6, 2016 and November 19, 2017 respectively, and the Detailed Rules for the Implementation of the PRC on VAT (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, amended on December 15, 2008 and October 28, 2011, respectively, the latest amendment of which became effective on November 1, 2011, sale of services or intangible assets within the PRC are subject to VAT and unless stated otherwise, the tax rate for VAT payers who are selling services or intangible assets in the PRC shall be 6%.

According to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "Double Tax Avoidance Arrangement"), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Notice on the Issues concerning the Application of Dividend Clauses of Tax Agreements (《關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a transaction or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment;

and based on the Announcement on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協議中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018 and effective from April 1, 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

LAWS AND REGULATIONS IN RELATION TO NEW DRUG

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the FDCA, its implementing regulations and biologics under the FDCA and the Public Health Service Act (the "PHSA") and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters pre-clinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Pre-clinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the pre-clinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board ("IRB"), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the

protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at **www.clinicaltrials.gov**.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, pre-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA or BLA. Unless deferred or waived, NDAs or BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of an NDA or a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

In the United States, products composed of components that would normally be regulated by different centers at the FDA are known as combination products. Typically, the FDA's Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer. The FDA determines which Center will lead a product's review based upon the product's primary mode of action. Depending on the type of combination product, its approval, clearance or licensure may usually be obtained through the submission of a single marketing application. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, the relevant Centers may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, adverse event reporting and good manufacturing practices, to their combination product.

Expedited Development and Review Programs

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be

measured earlier than irreversible morbidity or mortality ("IMM"), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstance.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or pre-clinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk

evaluation and mitigation strategy ("REMS"), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. We rely on third parties for the production of clinical quantities of our drug candidates in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA/BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;

- fines, warning letters or holds on post-approval clinical trials;

- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or

- injunctions or the imposition of civil or criminal penalties.

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively the "ACA") became law in the United States March 2010, and have driven healthcare reform in the United States by extending health insurance coverage and substantially changing the way healthcare financed by both governmental and private insurers in the United States. With regard to pharmaceutical products specifically, the ACA, among other things, expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare prescription drug benefit. Among other things, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, and mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and there may be additional challenges and amendments to the ACA in the future. Since January 2017, President Trump has signed Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed, for example, the Tax Act enacted by the Congress in 2017 which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurance tax. There may be other efforts to challenge, repeal or replace the ACA. We will continue to evaluate the effect that the ACA and its possible repeal and replacement has on our business.

Patent Term Restoration and Marketing Exclusivity

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of an NDA or a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and NDA/BLA submission, and all of the review phase, which is the time between NDA/BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which an NDA or a BLA has not been submitted.

OVERVIEW

We are a clinical-stage pharmaceutical company focusing on the in-house discovery and development of innovative oncology therapies. Our history traces back to July 2015 when Beijing Jacobio, our principal operating subsidiary, was founded by Dr. Wang and Ms. Wang, and backed by certain institutional and individual investors. Dr. Hu and Ms. Hu joined Beijing Jacobio officially in their capacities as directors in 2017. Dr. Wang, Ms. Wang, Dr. Hu and Ms. Hu are regarded as our Founders. For further details of the background and experience of our Founders, please refer to the section headed "Directors and Senior Management" in this prospectus.

Throughout the years, we have attracted investors who are sophisticated healthcare and biotech funds. Our Company was incorporated in the Cayman Islands on June 1, 2018 and is the holding company of our Group. For details of our historical financing and corporate restructuring, please refer to the paragraphs headed "— Pre-IPO Investments" and "— Reorganization" in this section.

BUSINESS MILESTONES

The following table sets forth certain key business development milestones of our Group:

Year	Milestone
2015	Beijing Jacobio, our principal operating subsidiary, was incorporated in July.
2017	We submitted the IND filing for our Core Product, JAB-3068, with the FDA in December.
2018	We submitted the IND filing for JAB-3068 with the NMPA in January.
	We obtained the IND approval from the FDA for JAB-3068 in January.
	We initiated the Phase I clinical trial for JAB-3068 in the US in April.
	We obtained the IND approval from the NMPA for JAB-3068 in May.
	We initiated the Phase I clinical trial for JAB-3068 in China in November.
	Jacobio US was incorporated in the US in December.
2019	We established our R&D center in Massachusetts in January.
	We received orphan-drug designation from the FDA for JAB-3068 for the treatment of esophageal cancer in February.
	We submitted the IND filing for JAB-3312 with the FDA in June and NMPA in July.
	We obtained the IND approval from the FDA for JAB-3312 in July.
	We initiated the Phase I clinical trial for JAB-3312 in the US in September.

Year	Milestone
	We obtained the IND approval from the NMPA for JAB-3312 in September.
	We initiated the Phase IIa stage of Phase I/IIa clinical trial for JAB-3068 in China in October.
2020	We entered into a license and collaboration agreement with AbbVie in relation to, amongst others, the research, development and commercialization of certain SHP2 inhibitors including JAB-3068 and JAB-3312 in May.
	Our IND application for JAB-8263 for the treatment of solid tumors was approved by the FDA in July. Our IND application for JAB-8263 for the treatment of solid tumors, MF and AML was approved by the NMPA in November.
	We entered IND-enabling studies for JAB-21000 (KRAS G12C) in August.
	We received orphan-drug designation from the FDA for JAB-3312 for the treatment of esophageal cancer in September.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had four wholly-owned subsidiaries. The following sets forth details of our principal subsidiaries through which we conduct our principal businesses:

Name	Date and place of incorporation	Share capital/ Registered capital	Principal business activities
Beijing Jacobio	July 17, 2015; China	RMB210,000,000	Research and development
Jacobio US	December 20, 2018; US	5,000 shares of par value USD1.00	Research and development

CORPORATE DEVELOPMENT

The following sets forth the major corporate history and shareholding changes of our Company and Beijing Jacobio.

Our Company

Incorporation and Initial Issuance of Ordinary Shares

Our Company was incorporated in the Cayman Islands on June 1, 2018 as an exempted company with limited liability. On the same day, (i) the initial subscriber Harneys Fiduciary (Cayman) Limited transferred one Ordinary Share of our Company to Ms. Hu's SPV; and (ii) allotted and issued one Ordinary Share each to Ms. Wang's SPV and Dr. Wang's SPV 1.

Issuance of Shares pursuant to the Reorganization

On July 31, 2018 and April 9, 2019, as part of the Reorganization, our Company allotted and issued a total of 44,939,804 Ordinary Shares, 29,499,000 Series A Preferred Shares, and 18,524,193 Series B Preferred Shares to the following Shareholders, whereas these Shareholders and/or their affiliates transferred the equity interests they then held in Beijing Jacobio to Jacobio HK on the same dates:

Shareholders	Number of Shares	Class of Shares
Dr. Wang's SPV 1	11,359,129	Ordinary
	1,211,870	Series B Preferred
Dr. Hu's SPV	8,601,631	Ordinary
	656,369	Series B Preferred
Ms. Wang's SPV	7,674,589	Ordinary
	329,410	Series B Preferred
Dr. Wang's SPV 2	7,375,000	Ordinary
Ms. Hu's SPV	5,332,372	Ordinary
	491,627	Series B Preferred
Willgenpharma Ltd	4,597,083	Ordinary
	122,917	Series B Preferred
BioEngine Capital Holding Limited ("BioEngine")	19,666,000	Series A Preferred
Wisdom Resources Investment Limited ("Wisdom Resources")	5,555,645	Series A Preferred
Dazzling Dragon Investment Limited ("Dazzling Dragon")	4,277,355	Series A Preferred
LAV Coda Limited ("LAV Coda")	7,512,000	Series B Preferred
Qiming Venture Partners V, L.P. ("QM Venture V")	4,310,267	Series B Preferred
Qiming Managing Directors Fund V, L.P. ("QM Fund V")	133,733	Series B Preferred
LAV Brassicanapus, L.P. ("LAVB")	3,756,000	Series B Preferred

For details of the Reorganization, please refer to the paragraphs headed "— Reorganization" in this section.

Issuance of Shares pursuant to Series C Financing

Pursuant to a share purchase agreement dated August 22, 2018 entered into by and between, the following investors (the "Series C Investors") and our Company, the Series C Investors subscribed for and our Company allotted and issued a total of 1,000,000 Ordinary Shares and 22,000,000 Series C Preferred Shares at a purchase price of US$2.50 per Share for a total consideration of US$57.5 million (the "Series C Financing"). The consideration was determined with reference to the status of development of our Company's drug candidates, especially the Core Product of our Company, and after arm's length negotiation.

Series C Investors	Number of Shares	Class of Shares	Purchase price (USD)
Fangyuan Growth SPC – PCJ Healthcare Fund SP ("Fangyuan")	1,000,000	Ordinary	2,500,000
	2,000,000	Series C Preferred	5,000,000
Qiming Managing Directors Fund VI, L.P. ("QM Fund VI")	209,624	Series C Preferred	524,060
QM Fund V	60,186	Series C Preferred	150,465
Qiming Venture Partners VI, L.P. ("QM Venture VI")	7,790,376	Series C Preferred	19,475,940
QM Venture V	1,939,814	Series C Preferred	4,849,535
HH SPR-III Holdings Limited ("Hillhouse")	10,000,000	Series C Preferred	25,000,000

For details, please refer to the paragraphs headed "— Pre-IPO Investments" in this section.

The shareholding structure of our Company upon completion of the issuance of Shares pursuant to the Reorganization and the Series C Financing (on a fully converted basis) was as set forth below:

Name of Shareholder	Number of Shares	Shareholding (%)
Dr. Wang's SPV 1	12,571,000	10.84
Dr. Wang's SPV 2	7,375,000	6.36
Dr. Hu's SPV	9,258,000	7.98
Ms. Wang's SPV	8,004,000	6.90
Ms. Hu's SPV	5,824,000	5.02
Willgenpharma Ltd	4,720,000	4.07
BioEngine	19,666,000	16.96
Hillhouse	10,000,000	8.62
QM Venture VI	7,790,376	6.72
QM Venture V	6,250,081	5.39
QM Fund VI	209,624	0.18
QM Fund V	193,919	0.17
LAV Coda	7,512,000	6.48

Name of Shareholder	Number of Shares	Shareholding (%)
Wisdom Resources	5,555,645	4.79
Dazzling Dragon	4,277,355	3.69
LAVB	3,756,000	3.24
Fangyuan	3,000,000	2.59
Total	**115,963,000**	**100.00**

Issuance of Shares pursuant to Series C+ Financing

Pursuant to a share purchase agreement dated February 20, 2020 entered into by and between, amongst others, the following investors (the "Series C+ Investors") and our Company, the Series C+ Investors subscribed for and our Company allotted and issued a total of 7,135,556 Series C+ Preferred Shares at a purchase price of US$3.64 per Share for a total consideration of US$26.0 million (the "Series C+ Financing"). The consideration was determined with reference to the status of development of the drug candidates of our Company, especially that of the Core Product and JAB-3312, and after arm's length negotiation.

Series C+ Investors	Number of Series C+ Preferred Shares	Purchase price (USD)
LAV Biosciences Fund V, L.P. ("LAV Biosciences")	1,829,630	6,666,667
LAV Coda	914,815	3,333,333
QM Venture VI	1,870,772	6,816,579
QM Fund VI	50,339	183,421
Hillhouse	1,372,222	5,000,000
Fangyuan	1,097,778	4,000,000

For details, please refer to the paragraphs headed "— Pre-IPO Investments" in this section.

Issuance of Reserved Shares

On February 27, 2020, 1,032,500 and 737,419 Ordinary Shares were allotted and issued to Ms. Wang's SPV and Ms. Hu's SPV, respectively, at par value. Such Shares represent equity interests held by Ms. Wang and Ms. Hu through Beijing Rongxinhui Pharmaceutical Technology Development Centre (Limited Partnership) (北京融鑫匯醫藥科技發展中心(有限合夥)) ("Beijing Rongxinhui") in Beijing Jacobio prior to the Reorganization. For details, please refer to the paragraphs headed "Reorganization — Step 4: Issuance of Share by our Company and purchase of equity interest by Jacobio HK" in this section.

The shareholding structure of our Company upon completion of the Series C+ Financing and the abovementioned issuance of Shares (on a fully converted basis) was as set forth below:

Name of Shareholder	Number of Shares	Shareholding (%)
Dr. Wang's SPV 1	12,571,000	10.07
Dr. Wang's SPV 2	7,375,000	5.91
Dr. Hu's SPV	9,258,000	7.41
Ms. Wang's SPV	9,036,500	7.24
Ms. Hu's SPV	6,561,419	5.25
Willgenpharma Ltd	4,720,000	3.78
BioEngine	19,666,000	15.75
Hillhouse	11,372,222	9.11
QM Venture VI	9,661,148	7.74
QM Venture V	6,250,081	5.01
QM Fund VI	259,963	0.21
QM Fund V	193,919	0.16
LAV Coda	8,426,815	6.75
LAV Biosciences	1,829,630	1.47
Wisdom Resources	5,555,645	4.45
Dazzling Dragon	4,277,355	3.43
LAVB	3,756,000	3.01
Fangyuan	4,097,778	3.28
Total	**124,868,475**	**100.00**

Transfer of Shares by Existing Shareholders

On May 13, 2020, CICC Biomedical Fund L.P. (中金啟德(廈門)創新生物醫藥股權投資基金合夥企業(有限合夥)) ("CICC Fund") purchased 500,000 Ordinary Shares, 500,000 Ordinary Shares and 250,000 Ordinary Shares from Ms. Wang's SPV, Dr. Hu's SPV and Ms. Hu's SPV, respectively, all at a purchase price of US$4 per Share[1]. The consideration was determined after arm's length negotiation and was fully settled on July 1, 2020.

On May 13, 2020, Danqing Biotheus Investment Limited ("Danqing") purchased 750,000 Ordinary Shares, 500,000 Ordinary Shares, 500,000 Ordinary Shares, 500,000 Series A Preferred Shares and 2,000,000 Series A Preferred Shares from Ms. Wang's SPV, Dr. Hu's SPV, Ms. Hu's SPV, Dazzling Dragon and Wisdom Resources, respectively, all at a purchase price of US$4 per Share[1]. The consideration was determined after arm's length negotiation and was fully settled on May 13, 2020.

Issuance of Shares to ESOP Platforms

As part of our Company's employee incentive arrangements, 1,398,000 Ordinary Shares and 4,369,081 Ordinary Shares were allotted and issued at par value to Willgenpharma Ltd and Gloryviewpharma Ltd, respectively, on May 19, 2020, and 1,300,000 Ordinary Shares and 700,000 Ordinary Shares were allotted and issued at par value to Honourpharma Ltd and Blesspharma Ltd, respectively, on August 5, 2020. Each of Willgenpharma Ltd, Gloryviewpharma Ltd, Honourpharma Ltd and Blesspharma Ltd is our ESOP Platforms incorporated in the BVI. For details, please refer to "— Employee Incentive Schemes" in this section.

(1) The then valuation of the Company was approximately US$530 million.

The shareholding structure of our Company upon completion of the abovementioned share transfers and issuance of Shares (on a fully converted basis) was as set forth below:

Name of Shareholder	Number of Shares	Shareholding (%)
Dr. Wang's SPV 1	12,571,000	9.48
Dr. Wang's SPV 2	7,375,000	5.56
Dr. Hu's SPV	8,258,000	6.23
Ms. Wang's SPV	7,786,500	5.87
Ms. Hu's SPV	5,811,419	4.38
Willgenpharma Ltd	6,118,000	4.61
Gloryviewpharma Ltd	4,369,081	3.29
Honourpharma Ltd	1,300,000	0.98
Blesspharma Ltd	700,000	0.53
BioEngine	19,666,000	14.83
Hillhouse	11,372,222	8.57
QM Venture VI	9,661,148	7.28
QM Venture V	6,250,081	4.71
QM Fund VI	259,963	0.20
QM Fund V	193,919	0.15
LAV Coda	8,426,815	6.35
LAV Biosciences	1,829,630	1.38
Danqing	4,250,000	3.20
Fangyuan	4,097,778	3.09
Dazzling Dragon	3,777,355	2.85
LAVB	3,756,000	2.83
Wisdom Resources	3,555,645	2.68
CICC Fund	1,250,000	0.94
Total	**132,635,556**	**100.00**

Beijing Jacobio

Incorporation

Beijing Jacobio was incorporated in the PRC on July 17, 2015 and it was held by Beijing Rongxin Venture Investment Centre (Limited Partnership) (北京融鑫創業投資中心(有限合夥)) ("Beijing Rongxin"), Beijing Jiasike Pharmaceutical Technology Development Co., Ltd. (北京加思科醫藥技術開發有限公司) ("Beijing Jiasike") and Ms. Zhao Wei as to 58.33%, 25.00% and 16.67%, respectively.

Immediately prior to the Reorganization, Beijing Rongxin was held as to 58.02% by Ms. Wang as its general partner and as to 41.98% by Ms. Hu as a limited partner. Immediately prior to the Reorganization, Beijing Jiasike was indirectly held as to 86.00% by Dr. Wang[1] and directly held as to 14.00% by Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company

[1] Immediately prior to the Reorganization, Dr. Wang's interest was held via Beijing Yichu Technology Co., Ltd. (北京亦初科技有限責任公司) ("Beijing Yichu"), which was wholly-owned by a nominee shareholder of Dr. Wang.

listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange stock code: 300558) ("Betta Pharma"). Both Betta Pharma and Ms. Zhao Wei were financial investors and have since exited their investments in our Group.

Capital Increase and Angel Round Financing in 2015

Pursuant to a capital increase agreement dated September 25, 2015, the registered capital of Beijing Jacobio was increased from RMB60,000,000 to RMB80,000,000 and BioEngine subscribed for the increased registered capital of RMB20,000,000 at par value (the "Angel Round Financing"). Upon completion of the increase and subscription of registered capital on October 22, 2015, Beijing Jacobio was held as to 43.75%, 25.00%, 18.75% and 12.50% by Beijing Rongxin, BioEngine, Beijing Jiasike and Ms. Zhao Wei, respectively. BioEngine is a limited company incorporated in Hong Kong and is an indirectly non-wholly owned subsidiary of Center Laboratories, Inc. (晟德大藥廠股份有限公司), a company listed on the Taiwan Stock Exchange (4123.TWO) and a financial investor of our Group.

Capital Increase and Series A Financing in 2016

Pursuant to a capital increase agreement date September 8, 2016, the registered capital of Beijing Jacobio was increased from RMB80,000,000 to RMB160,000,000. Amongst the increased registered capital of RMB80,000,000, Beijing Rongxin subscribed for RMB50,000,000, BioEngine subscribed for RMB20,000,000 and Ms. Zhao Wei subscribed for RMB10,000,000, respectively and at par value (the "Series A Financing"). Upon completion of the increase and subscription of registered capital on October 9, 2016, Beijing Jacobio was held as to 53.13%, 25.00%, 12.50% and 9.38% by Beijing Rongxin, BioEngine, Ms. Zhao Wei and Beijing Jiasike, respectively.

Equity Transfer in 2017

Pursuant to an equity transfer agreement dated April 24, 2017 entered into between Ms. Zhao Wei and Wan Xing Rong Investment Limited (萬興榮投資有限公司) ("Wan Xing Rong"), Ms. Zhao Wei transfer the registered capital of RMB20,000,000 in Beijing Jacobio, representing all equity interest held by her in Beijing Jacobio, to Wan Xing Rong at par value. Wan Xing Rong is a limited company incorporated in Hong Kong and was wholly-owned by Dazzling Dragon at the time of equity transfer, a BVI entity and a financial investor of our Group.

Pursuant to an equity transfer agreement dated June 5, 2017 entered into between Beijing Rongxin and Beijing Rongjia Pharmaceutical Technology Development Co., Ltd. (北京融嘉醫藥技術開發有限公司) ("Beijing Rongjia"), Beijing Rongxin transferred the registered capital of RMB36,800,000 of Beijing Jacobio to Beijing Rongjia at the consideration of RMB5,950,000. Amongst the registered capital of RMB36,800,000, RMB5,950,000 was paid and transferred at par value and the remaining RMB30,850,000 was unpaid. Beijing Rongjia was a holding vehicle of Dr. Wang and Dr. Hu and immediately prior to the Reorganization, it was indirectly held as to 57.59% by Dr. Wang[1] and directly held as to 42.41% by Dr. Hu.

Pursuant to an equity transfer agreement dated June 5, 2017 entered into between Beijing Rongxin and Beijing Rongxinhui, Beijing Rongxin transferred the registered capital of RMB21,380,000 of Beijing Jacobio to Beijing Rongxinhui at the consideration of

[1] Immediately prior to the Reorganization, Dr. Wang's interest was held via Beijing Yichu, which was wholly-owned by a nominee shareholder of Dr. Wang.

RMB3,500,000. Amongst the registered capital of RMB21,380,000, RMB3,500,000 was paid and transferred at par value and the remaining RMB17,880,000 was unpaid. Beijing Rongxinhui was established as a holding vehicle of the employees of our Group and for employee incentive purposes.

Upon completion of the abovementioned equity transfers on July 13, 2017, Beijing Jacobio was held as to 25.00%, 23.00%, 16.76%, 13.36%, 12.50% and 9.38% by BioEngine, Beijing Rongjia, Beijing Rongxin, Beijing Rongxinhui, Wan Xing Rong and Beijing Jiasike, respectively.

Capital Increase and Series B Financing in 2017

Pursuant to a capital increase agreement dated September 5, 2017 entered into between, amongst others, the following investors (the "Series B Investors") and Beijing Jacobio, the registered capital of Beijing Jacobio was increased from RMB160,000,000 to RMB203,400,000 (the "Series B Financing"). The details of subscription for the increased registered capital of RMB43,400,000 are as follows:

Series B Investors	Amount of registered capital subscribed for	Subscription price	Date of full settlement of subscription price
Beijing Rongjia	RMB7,600,000	RMB22,800,000	July 30, 2020[(1)]
Beijing Rongxin	RMB3,340,000	RMB10,020,000	July 30, 2020[(1)]
Beijing Rongxinhui	RMB500,000	RMB1,500,000	July 30, 2020[(1)]
LAV Liberty Hong Kong Limited ("LAV Liberty")	RMB15,280,000	USD equivalent of RMB45,840,000	November 29, 2017
QM80 Limited	RMB9,040,000	USD equivalent of RMB27,120,000	November 8, 2017
Suzhou Lirui Equity Investment Centre (Limited Partnership) (蘇州禮瑞股權投資中心(有限合夥)) ("Suzhou Lirui")	RMB7,640,000	RMB22,920,000	November 2, 2017

Note:

(1) 50% of the subscription price of Beijing Rongjia, Beijing Rongxin and Beijing Rongxinhui was paid on October 23, 2017 and the remaining 50% was paid on July 30, 2020 in accordance with the payment provisions of the shareholders' agreement for Series B Financing.

Upon completion of the increase and subscription of registered capital on November 1, 2017, Beijing Jacobio was held as to 21.83%, 19.67%, 14.83%, 10.76%, 9.83%, 7.51%, 7.38%, 4.44% and 3.76% by Beijing Rongjia, BioEngine, Beijing Rongxin, Beijing Rongxinhui, Wan Xing Rong, LAV Liberty, Beijing Jiasike, QM80 Limited and Suzhou Lirui, respectively.

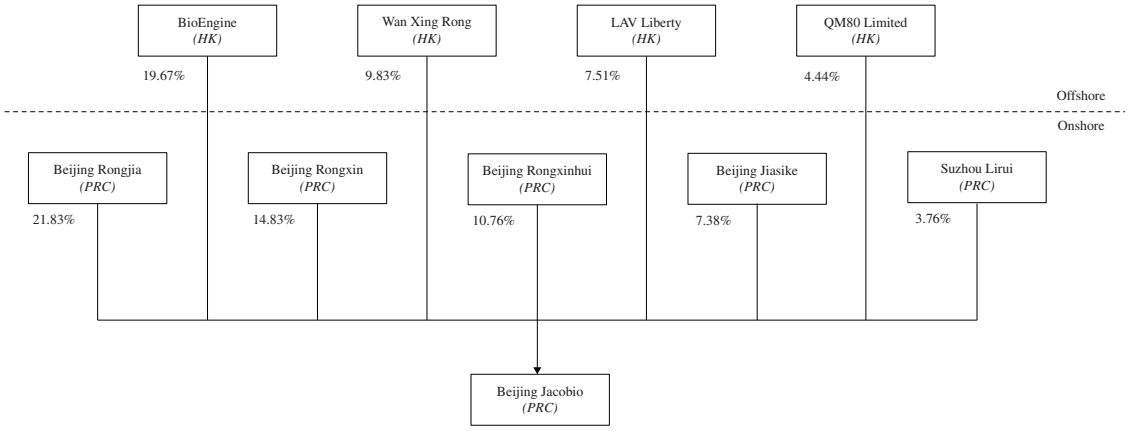
Equity Transfers and Registered Capital Changes pursuant to Reorganization

Certain equity transfers and changes in the registered capital of Beijing Jacobio were conducted subsequently as part of the Reorganization. Upon completion of the Reorganization, Beijing Jacobio became an indirectly wholly-owned subsidiary of our Company. For details, please refer to the paragraphs headed "— Reorganization" in this section.

Our PRC Legal Adviser has confirmed that the increases of registered capital and equity transfers in respect of Beijing Jacobio as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

REORGANIZATION

In preparation for the Listing, we underwent the following steps of Reorganization pursuant to a reorganization agreement dated May 25, 2018 entered into by and amongst Beijing Jacobio, the Founders, and the then existing shareholders of Beijing Jacobio, namely, Beijing Rongxin, Beijing Rongjia, Beijing Rongxinhui, BioEngine, Wan Xing Rong, Beijing Jiasike, Suzhou Lirui, LAV Liberty and QM80 Limited (the "Reorganization Agreement"). The following chart sets forth a simplified shareholding structure immediately prior to the Reorganization:



Step 1: Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 1, 2018. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001. For details on the incorporation and initial issuance of Shares by our Company, please refer to the paragraph headed "Corporate Development — Our Company — Incorporation and Initial Issuance of Ordinary Shares" in this section.

Step 2: Reduction of share capital of Beijing Jacobio

On June 20, 2018, the registered capital of Beijing Jacobio was reduced from RMB203,400,000 to RMB123,540,000. The registered capital held by Beijing Rongxin was reduced from RMB30,160,000 to RMB8,080,000, the registered capital held by Beijing Rongxinhui was reduced from RMB21,880,000 to RMB3,750,000, the registered capital held by Beijing Rongjia was reduced from RMB44,400,000 to RMB9,750,000, and the registered capital held by Beijing Jiasike was reduced from RMB15,000,000 to RMB10,000,000. The reduced portion of the registered capital represented the portion of the registered capital which remained unpaid at the time.

Step 3: Incorporation of Jacobio HK

On July 3, 2018, Jacobio HK was incorporated as a limited company in Hong Kong as a wholly-owned subsidiary of our Company.

Step 4: Issuance of Share by our Company and purchase of equity interest by Jacobio HK

On July 31, 2018, each of the then existing shareholders of Beijing Jacobio (except for Suzhou Lirui) entered into an equity transfer agreement with Jacobio HK pursuant to which each of the then existing shareholders agreed to sell and Jacobio HK agreed to buy from them the equity interests held by each of such shareholders in Beijing Jacobio. Concurrently on the same day, our Company allotted and issued Shares to the then existing shareholders of Beijing Jacobio (except for Suzhou Lirui) or their affiliates roughly in proportion to their respective shareholdings in Beijing Jacobio immediately prior to the Reorganization.

On March 13, 2019, the board of directors of Beijing Jacobio resolved to increase the registered capital of Beijing Jacobio from RMB123,540,000 to RMB203,400,000, the increased registered capital of RMB79,860,000 was subscribed for by Jacobio HK at the consideration of the USD equivalent of RMB79,860,000. The increase and subscription of registered capital was completed on March 13, 2019.

On April 9, 2019, Suzhou Lirui entered into an equity transfer agreement with Jacobio HK pursuant to which Suzhou Lirui agreed to sell and Jacobio HK agreed to buy from Suzhou Lirui the equity interest it held in Beijing Jacobio. Concurrently on the same day, our Company issued 3,756,000 Series B Preferred Shares to LAVB.

The subscription price paid by each of the then existing shareholders of Beijing Jacobio or their affiliates as shown in the table below (the "Subscribers") to our Company was equal to the purchase price paid to them by Jacobio HK for the acquisition of their equity interests in Beijing Jacobio. The purchase price paid by Jacobio HK to each of the then existing shareholders of Beijing Jacobio (except Suzhou Lirui) was determined with reference to the net asset value of Beijing Jacobio as at June 30, 2018. The purchase price paid by Jacobio HK to Suzhou Lirui was determined with reference to the consideration for Series C Financing.

The following table sets forth the number of Shares allotted and issued by our Company to each of the Subscribers and their shareholdings immediately after the subscriptions described in step 4, their or their affiliates' respective ownership in Beijing Jacobio prior to the Reorganization, and the consideration involved in the issuance of Shares:

Subscriber	Number of Shares allotted and issued[1]	Ownership in our Company immediately after the subscriptions described in step 4	Corresponding shareholder of Beijing Jacobio	Ownership in Beijing Jacobio immediately prior to Reorganization	Consideration
		%		%	(RMB)
Dr. Wang's SPV 1	12,570,999	13.52	Beijing Rongjia[2]	21.83	255,515[4]
Dr. Hu's SPV	9,258,000	9.96			
Ms. Wang's SPV	8,003,999	8.61	Beijing Rongxin[3]	14.83	8,472[4]
Ms. Hu's SPV	5,823,999	6.26			
Willgenpharma Ltd[5]	4,720,000	5.08	Beijing Rongxinhui	10.76	3,938[4]
Dr. Wang's SPV 2	7,375,000	7.93	Beijing Jiasike	7.38	261,992[4]
BioEngine	19,666,000	21.15	BioEngine	19.67	41,944,570

Subscriber	Number of Shares allotted and issued[1]	Ownership in our Company immediately after the subscriptions described in step 4	Corresponding shareholder of Beijing Jacobio	Ownership in Beijing Jacobio immediately prior to Reorganization	Consideration
		%		%	(RMB)
Wisdom Resources	5,555,645	5.98	Wan Xing Rong	9.83	20,972,285
Dazzling Dragon	4,277,355	4.60			
LAV Coda	7,512,000	8.08	LAV Liberty	7.51	16,023,914
QM Venture V	4,310,267	4.64	QM80 Limited	4.44	9,482,219
QM Fund V	133,733	0.14			
LAVB	3,756,000	4.04	Suzhou Lirui	3.76	64,194,735
Total	**92,962,997**	**100.00**		**100.00**	**153,147,640**

Notes:

(1) For details of the class of Shares issued to each of the Subscribers, please refer to the paragraphs headed "Corporate Development — Our Company — Issuance of Shares pursuant to the Reorganization".

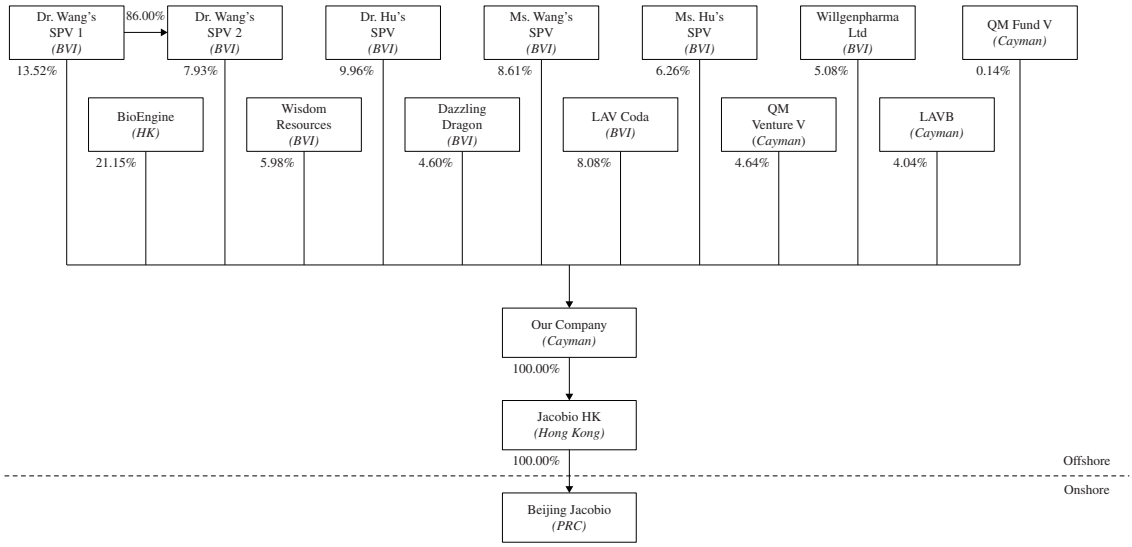
(2) Immediately prior to the Reorganization, Beijing Rongjia was indirectly held by Dr. Wang as to 57.59% and directly held by Dr. Hu as to 42.41%.

(3) Immediately prior to the Reorganization, Beijing Rongxin was held by Ms. Wang and Ms. Hu as to 58.02% and 41.98%, respectively.

(4) The consideration was determined with reference to a discount to the net asset value of Beijing Jacobio as at June 30, 2018.

(5) Except for the shares allotted and issued to Willgenpharma Ltd, certain Shares, representing the remaining interests held by Beijing Rongxinhui as our employee incentive platform and as the platform through which Ms. Wang and Ms. Hu held their equity interests prior to the Reorganization, were reserved and subsequently issued (i) to the ESOP Platforms; and (ii) to Ms. Wang's SPV and Ms. Hu's SPV to reflect Ms. Wang's and Ms. Hu's respective interests.

Upon completion of Step 4, our simplified shareholding structure is as follows:



Note: This simplified shareholding structure is for illustrative purpose and does not reflect the issuance of Shares pursuant to Series C financing which was completed on August 22, 2018.

Our PRC Legal Adviser is of the view that the steps of the Reorganization which were conducted in the PRC were conducted in compliance with applicable laws and regulations of the PRC and has been legally completed and duly registered with local registration authorities of the PRC.

CONCERT PARTY ARRANGEMENT

Pursuant to a concert party agreement dated September 7, 2020 entered into by and amongst Dr. Wang, Dr. Hu, Ms. Wang, Ms. Hu, Dr. Wang's SPV 1, Dr. Wang's SPV 2 , Dr. Hu's SPV, Ms. Wang's SPV, Ms. Hu's SPV and each of the ESOP Platforms (together, the "Concert Parties"), the Concert Parties confirmed that they have acted in concert in the management and operation of our Group since the relevant shareholder became interested in our Company, and they have agreed to continue to act in concert and reach consensus on any proposal related to the daily management and operation of our Group presented to the general meeting of the Shareholders of our Company for voting. As of the Latest Practicable Date, the Concert Parties are entitled to exercise voting rights of approximately 41.78%, including the Shares owned by Wordspharma Ltd, which is wholly-owned by Ms. Zhu Shen, Dr. Wang's wife, and which Shares Dr. Wang is deemed to be interested in.

EMPLOYEE INCENTIVE SCHEMES

In recognition of the contributions of our employees and to incentivize them to further promote our development, Willgenpharma Ltd, Gloryviewpharma Ltd, Honourpharma Ltd and Blesspharma Ltd were established in the BVI as our ESOP Platforms.

Willgenpharma Ltd

Willgenpharma Ltd was incorporated in the BVI as a limited company on May 3, 2018 as an employee incentive platform for our employees who are not PRC residents. Dr. Wang is the sole director of Willgenpharma Ltd and is responsible for the management of Willgenpharma Ltd. As of the Latest Practicable Date, Willgenpharma Ltd had three shareholders, including Dr. Wang and Dr. Hu who are our Directors and Dr. Zhou, who is our senior management member.

Gloryviewpharma Ltd

Gloryviewpharma Ltd was incorporated in the BVI as a limited company on April 28, 2020 as an employee incentive platform for our employees who are PRC residents. Ms. Wang is the sole director of Gloryviewpharma Ltd and is responsible for the management of Gloryviewpharma Ltd. As of the Latest Practicable Date, the sole shareholder of Gloryviewpharma Ltd is Beijing Rongxinhui Technological Development Center (Limited Partnership) (北京榮欣匯科技發展中心(有限合夥)), our onshore incentive platform which is held by Beijing Rongxin Venture Technological Development Co., Ltd. (北京融鑫創業科技發展有限責任公司), a limited company held as to 50% by each of Ms. Wang and Ms. Hu, as the general partner. As of the Latest Practicable date, our onshore incentive platform had 38 limited partners, including 36 employees of our Group, Dr. Long and Beijing Fanyahui Technological Development Centre (Limited Partnership) (北京凡雅匯科技發展中心(有限合夥)), a limited partnership held by seven employees and ex-employees of our Group, including Ms. Wang and Ms. Hu.

Honourpharma Ltd

Honourpharma Ltd was incorporated in the BVI as a limited company on July 27, 2020 as an employee incentive platform for our employees who are not PRC residents. Dr. Wang is the sole director of Honourpharma Ltd and is responsible for the management of Honourpharma Ltd. As of the Latest Practicable Date, Honourpharma Ltd had one shareholder, namely Dr. Wang.

Blesspharma Ltd

Blesspharma Ltd was incorporated in the BVI as a limited company on July 27, 2020 as an employee incentive platform for our employees who are PRC residents. Ms. Wang is the sole director of Blesspharma Ltd and is responsible for the management of Blesspharma Ltd. As of the Latest Practicable Date, Blesspharma Ltd had two shareholders, including Ms. Wang's SPV and Ms. Hu's SPV.

PRE-IPO INVESTMENTS

The Pre-IPO Investments included: (i) Angel Round Financing; (ii) Series A Financing; (iii) Series B Financing; (iv) Series C Financing; and (v) Series C+ Financing. The Angel Round Financing, Series A Financing and Series B Financing were conducted at the level of Beijing Jacobio and the Series C Financing and Series C+ Financing were conducted at the level of our Company.

The basis of determination for the consideration for the Pre-IPO Investments were from arm's length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the status of our business and operating entities.

	Angel Round	Series A	Series B	Series C	Series C+
Date of agreement	September 25, 2015	September 8, 2016	September 5, 2017	August 22, 2018	February 20, 2020
Date of which investment was fully settled	December 15, 2015	December 15, 2016	July 30, 2020[5]	August 22, 2018	February 27, 2020
Cost per Share paid[1]	RMB0.41	RMB0.41	RMB1.41	US$0.52	US$0.73
Discount to the Offer Price[2]	96.29%	96.29%	87.25%	68.99%	56.47%
Amount of consideration paid	RMB20 million	RMB30 million[4]	US$ equivalent of RMB130.2 million	US$57.5 million	US$26.0 million
Post-money valuation of our Company[3]	Approximately RMB80 million	Approximately RMB160 million	Approximately RMB610 million	Approximately US$290 million	Approximately US$455 million

Lock-Up Period	The equity securities of our Company acquired by the Pre-IPO Investors in the Pre-IPO Investments will be subject to a lock-up period of six months from the Listing Date.
Use of proceeds from the Pre-IPO Investments	The proceeds have been used to support the research and development activities of our Group, including the research and development activities conducted for our Core Products, as well as to support the working capital needs of our Group. As of the Latest Practicable Date, approximately 62% of the net proceeds from the Pre-IPO investments by the Pre-IPO Investors were utilized. We intend to utilize the remaining net proceeds from the Pre-IPO Investments after the Global Offering.
Strategic benefits of the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Company and the Pre-IPO Investors' knowledge and experience. Further, our non-executive Directors represent certain of our Pre-IPO Investors and they complement our executive Directors to support good corporate governance.

Notes:

1. The cost per Share paid for the Angel Round Financing, Series A Financing and Series B Financing is calculated based on the subscription price paid by the relevant Pre-IPO Investors and the number of Series A Preferred Shares or Series B Preferred Shares they received pursuant to the Reorganization and upon completion of the Capitalization Issue.

2. The discount to the Offer Price is calculated based on the Offer Price of HK$13.00 per Share, being the mid-point of the offer price range, and the conversion of the Preferred Shares into Ordinary Shares and the Capitalization Issue having completed prior to the Listing.

3. The fluctuations in valuation were due to the general business status of our Group, and in particular, the advancement in research and development of our Core Product, JAB-3068, as well as that of our pipeline product JAB-3312.

4. The subscription by BioEngine and Ms. Zhao Wei as part of the Series A Financing.

5. The subscription amounts of Beijing Rongjia, Beijing Rongxin and Beijing Rongxinhui were fully paid on July 30, 2020 in accordance with the relevant payment provisions in the shareholders' agreement for the Series B Financing.

Rights of the Pre-IPO Investors

All Preferred Shares shall be converted into Shares of our Company immediately before the completion of the Global Offering on a ratio of 1:1. All the shareholders (including the Pre-IPO Investors) of our Company are bound by the second amended and restated shareholders agreement dated February 27, 2020 (as amended from time to time) (the "SHA") and the fourth amended and restated articles of association of our Company which superseded all previous agreements among the contracting parties in respect of the shareholders' rights in our Company.

The principal special rights granted to the Pre-IPO Investors include the customary protective provisions and information rights, etc. Except for the redemption rights granted to the Pre-IPO Investors and the buyback obligation imposed on our Founders which have been waived as described below, all other special rights shall cease to be effective and be discontinued upon Listing.

(a) Redemption Rights

Each Pre-IPO Investor holding Series B Preferred Shares (except for Dr. Wang's SPV 1, Ms. Wang's SPV, Dr. Hu's SPV, Ms. Hu's SPV and Willgenpharma Ltd), Series C Preferred Shares and Series C+ Preferred Shares is given the right to, upon the occurrence of specified redemption events, request that our Company redeem all or a portion of the Preferred Shares it then holds (in accordance with the priority and preference as indicated in the SHA) at a specified redemption price.

(b) Buyback Request Rights

Each Pre-IPO Investor holding Series A Preferred Shares, Series B Preferred Shares (except for Dr. Wang's SPV 1, Ms. Wang's SPV, Dr. Hu's SPV, Ms. Hu's SPV and Willgenpharma Ltd), Series C Preferred Shares and Series C+ Preferred Shares is given a right to, upon the occurrence of specified events, request (i) the holding vehicles of the Founders to repurchase from the Founders and Dr. Zhou (together, the "Key Individuals") the shares held by them in such holding vehicles; and (ii) our Company or other Shareholders (as the case maybe) to repurchase from the holding vehicle of the Founders certain Shares held by them in our Company, at a specified repurchase price.

Each Pre-IPO Investor has executed a waiver undertaking in September 2020 to terminate the above redemption rights and buyback request rights (as applicable) with effect from the date of the waiver undertaking. The redemption rights or buyback request rights (as applicable) are only exercisable if the Listing does not take place and shall be automatically restored only upon the earlier of, among others, (i) withdrawal of the listing application by our Company; (ii) rejection of the listing application by the Stock Exchange; or (iii) a failure on the part of our Company to complete its initial public offering before a specified deadline.

Information about the Pre-IPO Investors

Information of our Pre-IPO Investors are as set out below:

1. **Qiming Venture Partners:** Each of QM Fund V, QM Venture V, QM Fund VI and QM Venture VI is a venture capital fund which are operated under Qiming Venture Partners and registered in the Cayman Islands with 33, 62, 46 and 73 limited partners, respectively, and none of such limited partners hold 30% or more interests as of the Latest Practicable Date. Qiming Venture Partners focuses on investments in companies in the telecommunication, media and technology (TMT) and healthcare sectors. Qiming Venture Partners is a sophisticated investor. Qiming Corporate GP V, Ltd is the general partner of

QM Fund V and the ultimate general partner of QM Venture V, and Qiming Corporate GP VI, Ltd is the general partner of QM Fund VI and the ultimate general partner of QM Venture VI. Voting and investment power of the Shares owned by QM Fund V, QM Venture V, QM Fund VI and QM Venture VI are exercised by Mr. Duane Kuang, Mr. Gary Rieschel and Ms. Nisa Bernice Leung, each of whom will become a substantial shareholder of our Company upon Listing. After due enquiry and to the best knowledge of our Directors, the limited partners of each of QM Fund V, QM Venture V, QM Fund VI and QM Venture VI and their ultimate beneficial owners are Independent Third Parties.

2. **Hillhouse Capital:** Hillhouse Capital Management, Ltd. ("Hillhouse Capital") is a sophisticated investor and an exempted company incorporated under the laws of the Cayman Islands. Hillhouse Capital acts as the sole management company of Hillhouse Fund IV, L.P., which owns HH SPR-III Holdings Limited. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

3. **LAV:** LAV Coda is a limited company incorporated in the BVI and is wholly-owned by LAV Biosciences Fund IV, L.P., a Cayman Islands exempted limited partnership fund. Both LAV Biosciences Fund IV, L.P. and LAV Biosciences are Cayman exempted limited partnership funds. Both LAV Coda and LAV Biosciences are investment arms of the LAV group ("LAV"). LAV is a sophisticated investor and a leading Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services. Founded in 2008, LAV is one of the biomedical venture firms with the longest histories in China. LAV is managed by a team of professionals with substantial biomedical domain expertise, as well as extensive investing experiences.

4. **Center Laboratories, Inc.:** Center Laboratories, Inc. indirectly holds 58.60% of the total issued shares of BioEngine and holds 33.23% shares in Fangyuan. Center Laboratories, Inc., a sophisticated investor, was founded in 1959 in Taiwan and was listed on the Taiwan Stock Exchange on October 7, 2003 (stock code: 4123.TWO). Center Laboratories, Inc. is principally engaged in developing, manufacturing and sales of oral solution pharmaceuticals. In addition to developing generic and innovative new drugs, Center Laboratories, Inc. is also heavily investing in the biotechnology industry chain and establishing a professional biotechnology incubator platform.

5. **Time Sky:** Time Sky Holdings Limited ("Time Sky") is a limited company incorporated in the BVI and is wholly-owned by Dazzling Dragon, a limited company incorporated in the BVI, which is in turn wholly-owned by Ms. Le Ma, an Independent Third Party.

6. **LAVB:** LAVB is a limited partnership established in the Cayman Islands, the general partner of which is LAV Brassicanapus Limited, a limited company incorporated in the Cayman Islands, a wholly-owned subsidiary of Sunflower Light Limited, a limited company incorporated in the BVI. Sunflower Light Limited is in turn wholly-owned by an individual who is an Independent Third Party. LAVB has nine limited partners and only one of which, namely, Mousserena, L.P., a limited partnership established in the Cayman Islands, owns more than 30% of the partnership interests in LAVB. After due enquiry and to the best knowledge of our Directors, the general partner and limited partners of LAVB and their ultimate beneficial owners are Independent Third Parties.

7. **Danqing:** Danqing is a limited company incorporated in the BVI and is an investment arm of Shenzhen Shiyu Investment Management Co., Ltd. (深圳市拾玉投資管理有限公司) ("Shiyu"), Shiyu is a professional equity investment and asset management institution, focusing on equity investment in pharmaceutical and healthcare industry, asset allocation and wealth management.

8. **CICC Fund:** CICC Fund is a private equity fund managed by CICC Capital Management Co., Ltd. as the general partner and is focused on world-leading innovative medicines and technologies. By virtue of its excellent reputation and investment management capabilities, CICC Fund is accredited by a number of well-known fund of funds, listed companies, CICC wealth management clients and other types of institutional investors. CICC Capital Management Co., Ltd. is a wholly-owned subsidiary of China International Capital Corporation Limited, a company listed on the Stock Exchange (stock code: 3908) and Shanghai Stock Exchange (stock code: 601995). China International Capital Corporation Hong Kong Securities Limited is wholly owned by China International Capital Corporation (Hong Kong) Limited, which is a wholly-owned subsidiary of China International Capital Corporation Limited.

9. **Olive Rise Holdings Limited:** Olive Rise Holdings Limited is a BVI limited company and it is wholly-owned by Ms. Yue Wang, wife of Mr. Weidong Lin, one of our directors in the last 12 months.

10. **YueKai Investment Management Limited:** YueKai Investment Management Limited is a limited company incorporated in the BVI and is wholly-owned by Mr. Hao Chen, the supervisor of Beijing Jacobio.

11. **Wordspharma Ltd:** Wordspharma Ltd is a limited company incorporated in the BVI and is wholly-owned by Ms. Zhu Shen, Dr. Wang's wife.

Save as disclosed above, each of the Pre-IPO Investors is an Independent Third Party.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the investments by the Pre-IPO Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

CAPITALIZATION ISSUE

Pursuant to the resolutions passed by our Shareholders on November 30, 2020, subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors shall be authorized to allot and issue a total of 530,542,224 Shares credited as fully paid at par value to the Shareholders of the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becomes unconditional or as it/they may direct in proportion to their respective shareholdings in our Company (as nearly as possible without fractions) by way of capitalization of the sum of US$53,054.22 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares, in each case to be effective on the Listing Date.

The below table is a summary of the capitalization of our Company.

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series C+ Preferred Shares	Ownership percentage as of the date of this prospectus[1]	Number of Ordinary Shares held upon Listing[2]	Ownership percentage as of the Listing Date
Dr. Wang's SPV 1	11,359,130		1,211,870			9.48%	62,855,000	8.27%
Dr. Wang's SPV 2	7,375,000					5.56%	36,875,000	4.85%
Wordspharma Ltd[3][5]		1,130,795				0.85%	5,653,975	0.74%
Willgenpharma Ltd[3]	5,995,083		122,917			4.61%	30,590,000	4.03%
Honourpharma Ltd[3]	1,300,000					0.98%	6,500,000	0.86%
Ms. Wang's SPV	7,457,090		329,410			5.87%	38,932,500	5.13%
Gloryviewpharma Ltd[4]	4,369,081					3.29%	21,845,405	2.88%
Blesspharma Ltd[4]	700,000					0.53%	3,500,000	0.46%
Dr. Hu's SPV	7,601,631		656,369			6.23%	41,290,000	5.44%
Ms. Hu's SPV	5,319,792		491,627			4.38%	29,057,095	3.83%
BioEngine Capital Holding Limited		19,666,000				14.83%	98,330,000	12.94%
Fangyuan Growth SPC — PCJ Healthcare Fund SP	1,000,000			2,000,000	1,097,778	3.09%	20,488,890	2.70%
Qiming Venture Partners V, L.P.			4,310,267	1,939,814		4.71%	31,250,405	4.11%
Qiming Venture Partners VI, L.P.				7,790,376	1,870,772	7.28%	48,305,740	6.36%
Qiming Managing Directors Fund V, L.P.			133,733	60,186		0.15%	969,595	0.13%
Qiming Managing Directors Fund VI, L.P.				209,624	50,339	0.20%	1,299,815	0.17%
HH SPR-III Holdings Limited				10,000,000	1,372,222	8.57%	56,861,110	7.49%
LAV Coda Limited			7,512,000		914,815	6.35%	42,134,075	5.55%
LAV Biosciences Fund V, L.P.					1,829,630	1.38%	9,148,150	1.20%
Danqing Biotheus Investment Limited	1,750,000	2,500,000				3.20%	21,250,000	2.80%
Time Sky Holdings Limited[6]		3,777,355				2.85%	18,886,775	2.49%
LAV Brassicanapus, L.P.			3,756,000			2.83%	18,780,000	2.47%
Olive Rise Holdings Limited[5]		1,933,200				1.46%	9,666,000	1.27%
CICC Biomedical Fund L.P.	1,250,000					0.94%	6,250,000	0.82%
YueKai Investment Management Limited[5]		491,650				0.37%	2,458,250	0.32%
Total	**55,476,807**	**29,499,000**	**18,524,193**	**22,000,000**	**7,135,556**	**100.00%**	**663,177,780**	**87.30%**

Notes:

1. Based on the assumption that each Preferred Share will be converted into one Ordinary Share upon the Global Offering becoming unconditional and all Preferred Shares will automatically be converted into the same number of Ordinary Shares upon Listing.

2. After 1:1 conversion of the Preferred Shares into Ordinary Shares of our Company and the completion of the Capitalization Issue, without taking into account the Shares to be allotted and issued under the Global Offering and the Over-allotment Option.

3. Willgenpharma Ltd and Honourpharma Ltd are our ESOP Platforms for employees who are not PRC residents. Dr. Wang is the sole director of Willgenpharma Ltd and Honourpharma Ltd. Wordspharma Ltd is wholly-owned by Ms. Zhu Shen, Dr. Wang's wife. As such, Dr. Wang controls the voting rights in the Shares held by these entities.

4. Gloryviewpharma Ltd and Blesspharma Ltd are our ESOP Platforms for employees who are PRC residents. Ms. Wang is the sole director of Gloryviewpharma Ltd and Blesspharma Ltd and as such, she controls the voting rights in the Shares held by these entities.

5. Wisdom Resources Investment Limited transferred its Shares to its shareholders in proportion to their shareholdings in Wisdom Resources Investment Limited by way of a distribution in specie on August 20, 2020. Pursuant to such distribution and further share transfer by such shareholder to its affiliate, Wordspharma Ltd, Olive Rise Holdings Limited and YueKai Investment Management Limited became directly interested in 1,130,795 Series A Preferred Shares, 1,933,200 Series A Preferred Shares and 491,650 Series A Preferred Shares, respectively.

6. Dazzling Dragon transferred its Shares to its wholly-owned subsidiary, Time Sky Holdings Limited, on August 26, 2020.

PUBLIC FLOAT

Upon completion of the Global Offering (assuming that no Shares will be allotted and issued under the Over-allotment Option), the Shares held by our core connected persons will not count towards the public float.

The Concert Parties will become our Controlling Shareholders upon Listing. As such, the approximately 36.48% of the total issued Shares held or controlled by them will not count towards public float.

In addition, Center Laboratories, Inc. and Qiming Venture Partners will become our substantial shareholders upon Listing. As such, the approximately 12.94% and 2.70% Shares held by BioEngine and Fangyuan, both of which are controlled by Center Laboratories, Inc., will not count towards the public float. Further, the 10.77% Shares held in aggregate by QM Fund V, QM Fund VI, QM Venture Fund V, QM Venture Fund VI will also not count towards public float.

Save as disclosed above, to the best of our Directors knowledge, all other Shareholders of our Company are not core connected persons of our Company. As a result, our other existing Shareholders will aggregately hold a total of approximately 24.41% of the Shares (upon completion of the Global Offering without taking into account the Shares which may be allotted and issued under the Over-allotment Option) with a market capitalization of approximately HK$2,411 million (based on the Offer Price of HK$13.00, being the mid-point of the offer price range), which will count towards the public float. Assuming the Offer Shares are allotted and issued to public shareholders, over 25% of our Company's total issued Shares

and our issued Shares with a market capitalization of at least HK$375 million will be held by the public upon completion of the Global Offering in accordance with 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

PRC LEGAL COMPLIANCE

M&A Rules

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定) (the "M&A Rules"), which were jointly promulgated by the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAMR, the CSRC and the SAFE on August 8, 2006, came into effect on September 8, 2006 and subsequently amended on June 22, 2009, require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Article 11 of the M&A Rules stipulates that an offshore special purpose vehicle established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval from the MOFCOM prior to the acquisition of any domestic enterprise related to such company, enterprise or natural person. The M&A Rules, amongst others, also require that an offshore special purpose vehicle, or a SPV, formed for overseas listing purposes and through purchasing shares or equity interest in PRC domestic companies in exchange for the shares of offshore companies, and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

The Manual of Guidance on Administration for Foreign Investment Access (2008 Edition) (《外商投資准入管理指引手冊(2008年版)) (the "Manual"), which was promulgated by the Foreign Investment Administration of the Ministry of Commerce, came into effect on December 18, 2018.The Manual stipulates that the transfer of equity of a Chinese party in an established foreign-invested enterprise to a foreign party shall not refer to the M&A Rules. No matter whether there is any associated relationship between the Chinese party and foreign party, and no matter whether the foreign party is the original shareholders or new investors. The target company of merger and acquisition shall include domestic capital enterprise only.

As advised by our PRC Legal Adviser, the proposed Listing is not subject to approval from the MOFCOM under the M&A Rules and our listing on the Stock Exchange is not subject to a prior approval from the CSRC under the M&A Rules.

Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "SAFE Circular 37") on July 14, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or other material event. In the event that a PRC shareholder holding interests in a

special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle maybe restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

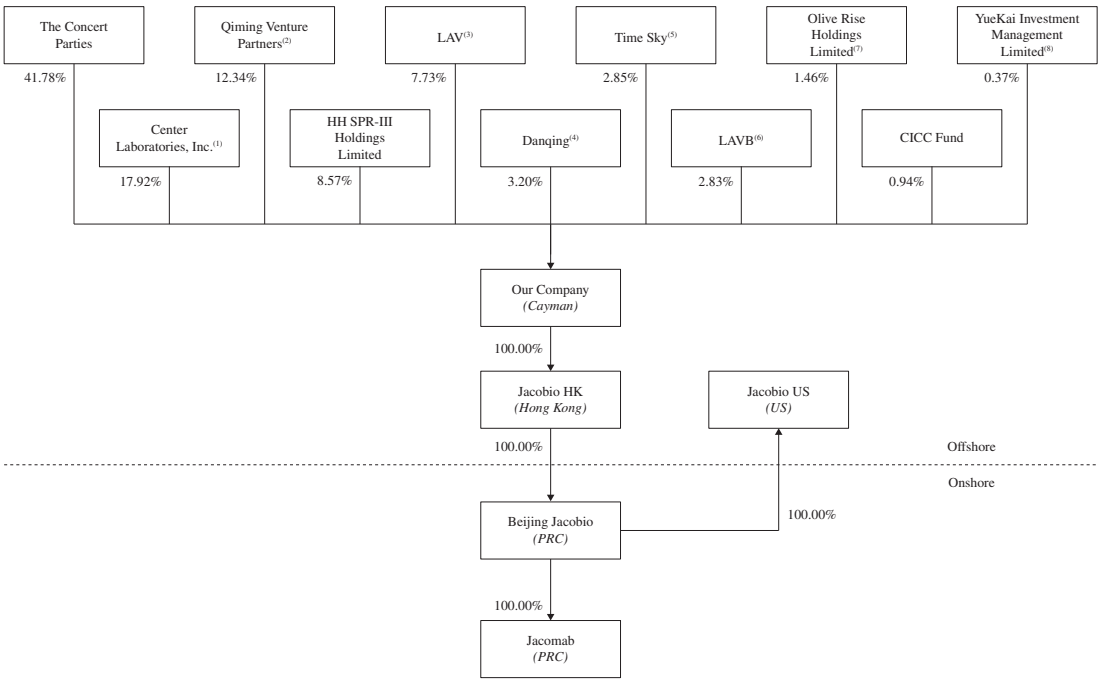
On February 13, 2015, SAFE released the Notice on Further Simplifying the Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "SAFE Circular 13"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exists uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

As advised by our PRC Legal Adviser, each of Dr. Wang and Dr. Hu is not required to make registration for their respective investments in our Company under SAFE Circular 37 or SAFE Circular 13, and each of Ms. Wang and Ms. Hu has completed the registration for their respective investments in our Company under SAFE Circular 37 on March 29, 2018.

Our PRC Legal Adviser have confirmed that all relevant material registrations, approvals and permits required under PRC laws and regulations in relation to the establishment, increases of registered capital, equity transfers in respect of the PRC subsidiaries of our Group as described above have been completed and obtained.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Global Offering:



Notes:

1. Center Laboratories, Inc. is a company listed on the Taiwan Stock Exchange (4123.TWO) and is indirectly interested in 58.60% of the total issue shares of BioEngine and holds 33.23% shares in Fangyuan. As of the Latest Practicable Date, BioEngine held 14.83% and Fangyuan held 3.09% of the total issued shares of our Company.

2. As of the Latest Practicable Date, QM Fund V, QM Venture V, QM Fund VI and QM Venture VI held 0.15%, 4.71%, 0.20% and 7.28% of the total issued shares of our Company, respectively.

3. As of the Latest Practicable Date, LAV Coda and LAV Biosciences held 6.35% and 1.38% of the total issued shares of our Company, respectively.

4. Danqing is a limited company incorporated in the BVI and is wholly-owned by Shanghai Ranyu Medical Science and Technology Development Center L.P. (上海然玉醫藥科技發展中心(有限合夥)), which is in turn owned as to 99.9% by Suzhou Danqing Phase II Innovative Pharmaceutical Industry Investment Partnership (Limited Partnership) (蘇州丹青二期創新醫藥產業投資合夥企業(有限合夥)) as a limited partner, and 0.1% by Tibet Shiyu Investment Management Co., Ltd. (西藏拾玉投資管理有限公司) as a general partner, which is in turn wholly-owned by Shenzhen Shiyu Investment Management Co., Ltd. (深圳市拾玉投資管理有限公司).

5. Time Sky is a BVI limited company and its ultimate sole shareholder is Ms. Le Ma, an Independent Third Party.

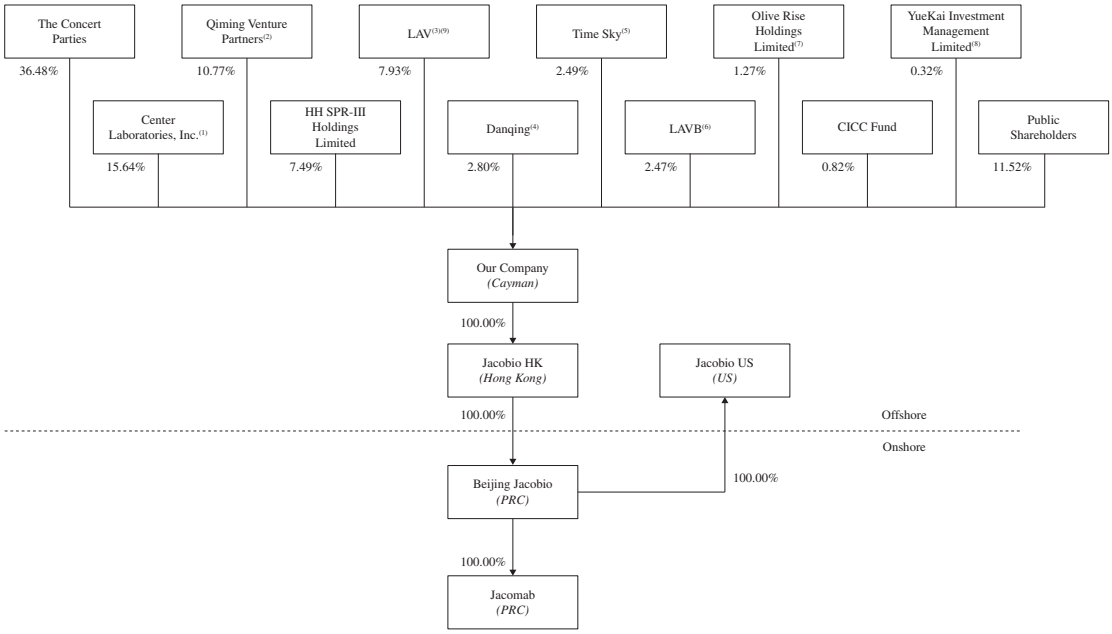
6. LAVB is indirectly wholly-owned by an Independent Third Party.

7. Olive Rise Holdings Limited is a limited company incorporated in BVI and is wholly-owned by Ms. Yue Wang, wife of Mr. Weidong Lin, one of our directors in the last 12 months.

8. YueKai Investment Management Limited is a limited company incorporated in the BVI and is wholly-owned by Mr. Hao Chen, the supervisor of Beijing Jacobio.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$13.00, the mid-point of the indicative Offer Price range):



Note: Please refer to the notes to "Our Structure Immediately Prior to the Global Offering" in this section.

(9) Taking into account the subscription of Offer Shares by LAV Amber Limited and LAV Prime Limited for a total consideration of US$15,000,000 pursuant to the cornerstone investment agreement as further described under the section headed "Cornerstone Placing" in this prospectus.

OVERVIEW

We are a clinical-stage pharmaceutical company focusing on the in-house discovery and development of innovative oncology therapies. We are an explorer in developing clinical-stage small-molecule drug candidates to modulate enzymes by binding to their allosteric sites, i.e., sites other than the binding site that catalyzes the chemical reaction, in order to address previously "undruggable" targets such as protein tyrosine phosphatases (PTPs) and KRAS. We intend to proactively explore and enter into strategic and synergistic partnerships with leading MNCs, as exemplified by the collaboration with AbbVie for our innovative, allosteric SHP2 phosphatase inhibitors. Such partnerships pool complementary expertise and resources to increase the chances of success for our drug candidates and ensure maximization of their clinical and commercial value on a global scale.

Tremendous progress in cancer biology in the past several decades has elucidated several critical cellular pathways involved in cancer, including KRAS, MYC and RB, as well as certain immune checkpoints such as PD-(L)1 checkpoint, that are implicated in more than 50% of total cancer incidence, according to Frost & Sullivan. However, many known targets in these pathways including protein tyrosine phosphatases like SHP2 and GTPases like KRAS, among others, that play crucial roles in tumorigenesis, have until recently been deemed "undruggable", owing to a variety of drug discovery challenges.

Leveraging our proprietary technologies and know-how in drug discovery and development, we have discovered and developed an innovative pipeline of drug candidates. These drug candidates may have broad applicability across various tumor types and demonstrate combinatorial potential among themselves.

- Our lead drug development programs include two clinical-stage, allosteric SHP2 inhibitors (JAB-3068 and JAB-3312). Our JAB-3068 is the second SHP2 inhibitor drug candidate received IND approval from the U.S. FDA to enter clinical development. We have completed Phase I dose finding portion in the Phase I/IIa trial of JAB-3068 in China and patient enrollment of dose escalation cohorts in our Phase I trial in the U.S. We are currently evaluating the clinical efficacy of JAB-3068 in three solid tumor types in the Phase IIa stage in China. We are also evaluating JAB-3312 in Phase I trials in both China and the U.S. We plan to initiate multi-regional Phase IIa trials to evaluate our SHP2 inhibitors either as monotherapy or in combination with each of a PD-1 antibody, a MEK inhibitor and a KRAS G12C inhibitor in the U.S. and China for a variety of solid tumors. In the U.S., JAB-3068 and JAB-3312 have received an orphan drug designation (ODD) from the U.S. FDA for the treatment of esophageal cancer (including ESCC). We have entered into a global strategic collaboration with AbbVie to develop and commercialize our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. Under the agreement, subject to our option (the "PRC Option") to exclusively develop and commercialize our SHP2 inhibitors in mainland China, Hong Kong and Macau (the "Territory"), which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. For more details of our collaboration with AbbVie, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie" in this prospectus.

- Our innovative, allosteric KRAS inhibitor JAB-21000 is designed to target KRAS G12C mutation. We expect to file an IND application for JAB-21000 with the U.S. FDA and the NMPA in the first half of 2021. In our internal head-to-head pre-clinical animal studies, JAB-21000 has shown a superior PK profile and favorable tolerability as well as potential for a superior dosing profile in comparison with Amgen's and Mirati's KRAS G12C inhibitors in clinical development (which we internally synthesized based on published molecular structures).

- In addition to the SHP2 and KRAS inhibitors, our pipeline includes JAB-8263, a clinical-stage BET inhibitor, and several early-stage drug candidates that target a variety of major and critical cancer pathways (including RB, immuno-oncology and tumor metabolic pathways) and have demonstrated potential to be among the first few market entrants in their respective drug classes globally.

We believe there is significant combination therapy potential among our in-house pipeline assets. For instance, KRAS inhibitors alone can trigger adaptive resistance mechanisms. Based on our pre-clinical studies and other publications, SHP2 inhibitors (upstream of the RAS pathway) may potentially be the best combination therapy partners for KRAS inhibitors to address the adaptive drug resistance. We plan to explore the development of our SHP2 and KRAS inhibitors in combination therapy trials.

The following chart summarizes the development status of our clinical-stage drug candidates and IND-enabling stage candidates as of the Latest Practicable Date:

	Asset	Target	Regimen	Indications	IND	Phase I	Phase IIa	Pivotal Phase IIb/III	Upcoming Milestone (expected)	Global Partner (if applicable)	Commercial Rights
Clinical	JAB-3068 (our Core Product)	SHP2 Phosphatase	Mono	Solid tumors	US trial						China, Hong Kong and Macau
			Mono	ESCC, HNSCC, NSCLC	China trial		*		Global Ph IIb (2021 2H)	abbvie	
			Combo w/ PD-1 mAb	ESCC, HNSCC, NSCLC	China trial				IND approval (Dec 2020)		
	JAB-3312	SHP2 Phosphatase	Mono	Solid tumors	US trial					abbvie	China, Hong Kong and Macau
			Mono	Solid tumors	China trial						
			Mono	KRAS G12X-mutant, KRAS amp, BRAF Class 3/NF1 LOF mutant solid tumors	**	Global trial			Global Ph IIa (2021 Q1)		
			Combo w/ PD-1 mAb	NSCLC, HNSCC, ESCC	+	Global trial			Global Ph Ib/IIa (2021 Q1)		
			Combo w/ MEKi	KRAS mut + NSCLC, CRC, Pancreatic cancer	+	Global trial			Global Ph Ib/IIa (2021 Q1)		
			Combo w/ KRAS G12Ci	KRAS G12C mut + NSCLC, CRC	+	Global trial			Global Ph Ib/IIa (2021 Q3)		
	JAB-8263	BET	Mono	Solid tumors	US trial						Global
			Mono	Solid tumors	China trial						
			Mono	MF and AML	China trial						
IND-Enabling	JAB-21000	KRAS G12C	/	NSCLC, CRC		Global trial			IND approval (2021 1H)		Global
	JAB-2000	Aurora A	/	RB1-deficient tumors		Global trial			IND approval (2021 2H)		Global
	JAB-BX100	mAb, CD73	/	PD-(L)1 resistant CRC, melanoma and CRPC		Global trial			IND approval (2021 1H)		Global
	JAB-6000	FGFR4	/	HCC		Global trial			IND approval (2021 2H)		Global

Abbreviations: Mono = monotherapy; Combo = combination therapy; mAb = monoclonal antibody; ESCC = esophageal squamous cell carcinoma; HNSCC = head and neck squamous cell carcinoma; NSCLC = non-small cell lung cancer; KRAS amp = KRAS amplification; LOF = loss-of-function; CRC = colorectal cancer; MF = myelofibrosis; AML = acute myeloid leukemia; CRPC = castration-resistant prostate cancer; HCC = hepatocellular carcinoma; IND = investigational new drug or investigational new drug application; 1H = first half; 2H = second half; Q1 = first quarter; Q3 = third quarter

Notes:

* While JAB-3068 went a step ahead and advanced into the Phase IIa stage in China for the treatment of ESCC, HNSCC and NSCLC, we obtained orphan drug designation for JAB-3068 from the U.S. FDA for the treatment of esophageal cancer (including ESCC) in February 2019, and we expect to push the U.S. trial forward.

** We will initiate Phase IIa study directly once receive IND approval. In addition, we obtained orphan drug designation for JAB-3312 from the U.S. FDA for the treatment of esophageal cancer (including ESCC) in September 2020.

\+ We will initiate Phase Ib/IIa studies directly once receive IND approval.

OUR STRENGTHS

An explorer in discovering and developing small-molecule oncology therapies with innovative mechanisms

Cancer is a leading cause of human death. Tremendous progress in cancer biology in the past several decades has elucidated several critical cellular pathways involved in cancer, including KRAS, MYC and RB, as well as certain immune checkpoints such as PD-(L)1 checkpoint, that are implicated in more than 50% of total cancer incidence, according to Frost & Sullivan. Despite the advances in the understanding of cancer pathology, effective targeted treatment for a variety of cancer types remains a significant unmet need and a substantial untapped market globally.

We have built an integrated small molecule cancer drug discovery platform. Our platform features proprietary innovative drug discovery and design techniques, as well as know-how on drugging targets in those critical cellular pathways particularly binding allosteric sites of targets. Several of the drug candidates from our discovery platform display promising potential, including our SHP2 and KRAS inhibitors which address targets that are lack of easy-to-drug pockets where drugs can bind. To date, there were no approved or marketed SHP2 inhibitors or KRAS inhibitors globally, and we believe they are well-positioned to capture a substantial share of the global oncology market that has been underserved by a long history of inadequate cancer drug development.

We have always aimed at addressing unmet patient needs and discovering novel, "first-in-class" therapies. Our drug candidates are designed to either address cancer patient populations currently without cure, or function via a differentiated mechanism-of-action compared to products on the market or under development. We believe in focusing on the basic science of tumorigenesis, truly understanding the chemical and biological properties of potential drug targets, including traditionally "undruggable" targets, and tackling difficult drug development challenges head-on.

We have an established track record of successfully selecting important yet often overlooked or passed-over targets, efficiently executing research programs, and strategically managing and balancing our pipeline. We have discovered several drug candidates with potential to be among the first few market entrants in their respective drug classes globally. For instance, we set our sights on SHP2 at the inception of our company. Leveraging our proprietary drug design platform focused on allosteric binding sites, we have developed the second SHP2 inhibitor to receive IND approval from the U.S. FDA and enter clinical development in the U.S.

Expertise in designing innovative therapies targeting allosteric binding sites of traditionally "undruggable" targets

We stand at the forefront of the nascent success of "drugging the undruggable".

Many known targets in several critical cellular pathways, including PTPs like SHP2, GTPases like KRAS, and others, that play critical roles in tumorigenesis, have until recently been deemed "undruggable", owing to a variety of drug discovery challenges.

RAS is the most frequently mutated gene family in human cancers and therefore has been intensely studied. For more than three decades, however, development of effective therapeutics to directly inhibit RAS has been unsuccessful in generating any promising drug candidates. Although some potential binding sites have been identified using computational approaches, there do not seem to be any deep hydrophobic pockets on the surface of RAS that would allow for tight binding of small molecules. There have been several failed attempts to discover small molecule RAS inhibitors, and RAS was thought to be "undruggable" not long ago. Nevertheless, efforts to tackle the challenge carry on, due to the substantial unmet medical need and the market potential of targeting these previously undruggable targets (for example, KRAS-mutant cancers account for approximately 25% of NSCLC, 40% of CRC and 95% of pancreatic cancer).

In recent years, a new drug discovery paradigm has emerged as a potential powerful answer to the challenge. It is based on the understanding of allosteric regulation, which is the regulation of an enzyme (such as RAS) by binding of a small molecule at a site (an allosteric site) on the enzyme that is not directly involved in its enzymatic activity. This binding often results in a conformational change to the enzyme that then alters its enzymatic activity, generating a therapeutic effect. We possess integrated, proprietary drug discovery capabilities focused on allosteric regulation of enzymes that involve important multi-disciplinary expertise, techniques, know-how and experience.

We independently applied structure- and crystallography-based drug design and optimization that led to the discovery of our allosteric KRAS inhibitors. Our JAB-21000, JAB-22000 and JAB-23000 target KRAS with G12C, G12D, and G12V mutations, respectively.

An alternative, potentially more effective approach to achieve RAS inhibition has been to target RAS indirectly. SHP2, a protein tyrosine phosphatase required for the full activation of the RAS pathway, has emerged as an important target for indirect RAS blockade. SHP2 is also believed to be implicated in the PD-(L)1 pathway and functions in tumor-associated macrophages (TAM). It is worth noting that SHP2 itself has been thought to be "undruggable", because its active (orthosteric) site is positively charged and genetically conserved. Compounds designed to target SHP2's active site need to be negatively charged and therefore often struggle to cross cell membranes (to reach SHP2), and also lack appropriate selectivity to avoid undesired interactions with phosphatases other than SHP2. We have set our sights on SHP2 since the inception of our company and, we have developed our lead drug development programs include two clinical-stage, allosteric SHP2 inhibitors (JAB-3068 and JAB-3312).

The sustained innovation and expansion of our allostery-focused drug pipeline is rooted in our senior management team's exceptional, multi-disciplinary expertise in medicinal chemistry, molecular biology, epigenetics, structural biology, and pharmacology. Spanning the full spectrum from target identification and validation through pre-clinical and clinical development, our in-house drug discovery and development platform deploys a suite of powerful and specialized techniques and know-how.

Multi-strategy portfolio of SHP2 inhibitors in global partnership with AbbVie

SHP2 is a key modulator in the RAS pathway functioning at the downstream of RTK signaling and the upstream of RAS in tumor cells. SHP2 is also believed to be implicated in the PD-(L)1 pathway in T-cells. We have developed potent and selective SHP2 inhibitors (JAB-3068 and JAB-3312), and we have adopted a multi-strategy approach to the maximization of our SHP2 inhibitors' tremendous clinical and commercial potential. We have entered into a global strategic collaboration with AbbVie to develop and commercialize our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. Under the agreement, subject to our PRC Option, which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. We will continue to conduct early global clinical trials of JAB-3068 and JAB-3312 with AbbVie covering the R&D expenses. Upon completion of the early global clinical trials, AbbVie will assume development and commercialization responsibilities for these two drug candidates in the world (other than in the Territory). For more details, please refer to the paragraphs headed "— III. Collaboration with AbbVie" in this section. The collaboration provides strong validation of our internally discovered SHP2 programs and ensures maximization of their medical and commercial value on a global scale.

Monotherapy Development

We are focusing our SHP2 monotherapy development plan on cancers with RAS pathway mutations. RAS pathway mutations generally rely on SHP2 signaling, and drive a number of cancer types, including (i) constitutively active RAS pathway signaling, such as KRAS G12C/D/V mutations in NSCLC, ESCC, CRC, GC, pancreatic cancer, ovarian cancer, and BRAF Class 3 or NF1 LOF mutations in NSCLC, melanoma, ovarian cancer, and bladder cancer, and (ii) RTK alterations and fusions, such as EGFR mutations and amplification in NSCLC, ESCC, HNSCC, and HER2 amplification in breast cancer, as well as ALK, RET or ROS1 mutations in NSCLC.

We have completed Phase I dose finding portion in Phase I/IIa trial of JAB-3068 in China and patient enrollment of dose escalation cohorts in our Phase I trial in the U.S. We are currently evaluating JAB-3068 in the Phase IIa stage of the Phase I/IIa clinical trial in China for the treatment of NSCLC, HNSCC and ESCC. We have advanced JAB-3312 into clinical trials in both China and the U.S. We initiated Phase I dose-escalation trials of JAB-3312 in the U.S. and China in September 2019 and July 2020, respectively. After the completion of the Phase I trials, we plan to further evaluate JAB-3312 as monotherapy in a multi-regional Phase Ib/IIa trial in the U.S. and China.

Combination Therapy Development

We believe that our SHP2 inhibitors have synergistic effects when combined with various other targeted cancer therapies, and are well-positioned as a backbone drug in combination regimens for the treatment of cancers bearing RAS pathway mutations and RTK alterations as well as PD-(L)1 non-responsive cancers. We apply our in-depth understanding of cancer biology and our experience in translational medicine in determining and implementing combination therapy strategies for our SHP2 inhibitors.

We plan to explore our SHP2 and KRAS inhibitors as combination therapy in clinical trials. Since SHP2 mediates signal transduction upstream of RAS, a combination strategy that co-targets SHP2 and other RAS pathway components provides opportunity to overcome adaptive resistance and achieve deeper suppression of oncogenic signaling. Subject to results from initial combination trials, we plan to expand our clinical research to evaluate our SHP2 inhibitors in other combination strategies, such as in combination with upstream inhibitors (RTK inhibitors) of the RAS pathway to combat RTK inhibitor resistance frequently associated with RTK inhibitor monotherapies such as EGFR inhibitors. For further details, please refer to the paragraphs headed "— I. Our Drug Candidates — 1. Our Clinical-Stage SHP2 Portfolio Drug Candidates — JAB-3068 and JAB-3312 — v. Clinical Development Plan."

In addition to its role in the RAS signaling pathway, SHP2 is also a critical downstream effector for the PD-(L)1 and B- and T-lymphocyte attenuator (BTLA) immune checkpoint pathways. It has been suggested that inhibition of SHP2 may inhibit PD-(L)1 signaling, activate downstream signaling of T-cell receptors and/or CD28, and facilitate CD8+ cytotoxic activity and infiltration (similar to PD-1 inhibition). Studies also found that SHP2 inhibition may induce the reduction of tumor-associated macrophages (TAM) and stimulate innate immune response in tumor microenvironment. With the potential to modulate both innate and adaptive immune responses, SHP2 has been recognized as a critical target for immuno-oncology therapy and a potential combination therapy with PD-1 that could help address the huge medical need and market potential presented by PD-(L)1 non-responders as well as PD-(L)1 refractory patients. According to Frost & Sullivan, the addressable patients for PD-1-based therapy globally and in China reached 18.5 million and 2.6 million in 2019, respectively. It is estimated that over 60% of cancer patients for all major types of cancer including gastric cancer, HCC, SCLC, HNSCC, cervical cancer, melanoma, urothelial carcinoma, and RCC are PD-(L)1 non-responders based on published research papers, indicating significant market opportunities for SHP2 inhibitors either alone or in combination with PD-1 antibodies. Based on our pre-clinical data, we plan to conduct a Phase I/IIa trial in China to evaluate the combination of JAB-3068 and a PD-1 antibody in China in patients with NSCLC, HNSCC and ESCC in January 2021, and to conduct a multi-regional Phase Ib/IIa trial in China and U.S. to evaluate the combination of JAB-3312 and a PD-1 antibody in various solid tumor indications.

Leading KRAS inhibitor programs

We are developing three KRAS inhibitor programs (JAB-21000, JAB-22000 and JAB-23000) for the inhibition of KRAS with G12C, G12D and G12V mutations, respectively. We believe that our KRAS inhibitors will be well-positioned to address the significant unmet medical need and commercial potential resulting from the high incidence of KRAS mutations in various cancer types. For instance, KRAS-mutant cancers account for approximately 25% of NSCLC, 40% of CRC and 95% of pancreatic cancer, which indicate a large patient population globally.

We leveraged our proprietary allosteric inhibitor discovery platform to target a binding pocket on KRAS using crystallographic structural analysis, and developed JAB-21000, a KRAS G12C inhibitor. Since then, we have conducted pre-clinical studies, including animal studies, to compare our JAB-21000 against competing drug candidates (which we synthesized based on published molecular structures) including Amgen's AMG 510 and Mirati Therapeutics' MRTX849. JAB-21000 shows a superior PK profile against these other KRAS inhibitors in these head-to-head studies and as compared to publicly reported results, displaying great binding affinity for KRAS G12C, effective inhibition of the RAS pathway and cell growth across a broad cell line types *in vitro*, and strong potency with lower half maximal inhibitory concentrations (IC_{50}). These pre-clinical data suggest good efficacy/safety profile and substantial combination therapy potential (e.g. with our SHP2 inhibitors) for JAB-21000.

We plan to take advantage of our SHP2 and KRAS inhibitors in combination trials. Based on our internal data and publicly reported data, KRAS inhibitors alone can trigger adaptive resistance mechanisms. Combination of KRAS inhibitors with other downstream inhibitors of the RAS pathway (such as MEK inhibitor) triggers activation of alternative pathways such as PI3K/mTOR. Publications and our pre-clinical studies have suggested that SHP2 inhibitors (upstream of the KRAS) may potentially be the best combination partners for KRAS inhibitors to combat the adaptive drug resistance.

Additional pipeline drug candidates targeting multiple other promising pathways

We have an established track record of successfully selecting important yet often overlooked or passed-over cancer targets. In addition to our SHP2 and KRAS inhibitors, our rich pipeline also includes several early-stage drug candidates that target a variety of other major and critical pathways including MYC pathway, RB pathway, immuno-oncology pathway and tumor metabolic pathway, and may be among the first few market entrants in their respective drug classes globally:

MYC

The MYC transcription factor is a master regulator of diverse cellular functions and has been long considered a compelling therapeutic target because of its role in a wide range of human malignancies. However, inhibition of MYC function has been challenging because of both the diverse mechanisms for its aberrant expression and the difficulty in disrupting protein-DNA interactions. Small molecule inhibitors of the BET family chromatin modifier have been shown to achieve rapid and potent abrogation of MYC gene transcription, as BET proteins are required for MYC transcription. Our JAB-8263 is a innovative, selective and potent small molecule inhibitor of BET family proteins. We are evaluating JAB-8263 for the treatment of various cancer types associated with elevated MYC expression including both solid tumors (such as NMC, NSCLC, SCLC, CRPC, ESCC and ovarian cancer) and blood cancers such as myelofibrosis (MF) and acute myeloid leukemia (AML).

In July 2020, we received IND approval for JAB-8263 in the U.S. from the U.S. FDA for the treatment of solid tumors. We also received IND approval from the NMPA for JAB-8263 for the treatment of solid tumors, MF and AML in November 2020.

RB

Loss-of-function mutations in the retinoblastoma gene RB1 are common in several treatment-refractory cancers such as small-cell lung cancer (SCLC) and triple-negative breast cancer (TNBC). While loss-of-function mutations (such as in RB1) have historically been untargetable, RB1 loss of function leads to dependency on Aurora kinases for their survival. As a result, when Aurora A kinase is inhibited pharmacologically, cancer cells with RB1 loss-of-function mutation will rapidly undergo apoptosis. We are developing JAB-2000, an Aurora A kinase inhibitor, for the treatment of various RB1-deficient tumors such as SCLC, and we expect to file an IND application for JAB-2000 with the U.S. FDA and the NMPA in the second half of 2021.

Immuno-oncology

While we are primarily focused on small molecule cancer drugs, we may opportunistically develop large molecule biologics where we can leverage our existing expertise in cancer biology to treat diseases with unmet need. Immuno-oncology (I/O) is a validated and promising field of cancer drug discovery, and we are developing a number of monoclonal antibodies

against novel I/O targets such as CD39 (JAB-BX200) and CD73 (JAB-BX100), two enzymes in the ATP-adenosine pathway that plays a critical role in immunosuppression in the tumor microenvironment. Such monoclonal antibodies against novel I/O targets, including JAB-BX 100 and JAB-BX200, can also be used in combination with PD-1 antibodies or SHP2 inhibitors.

Tumor metabolism

Tumor metabolism has emerged as a promising new field for cancer drug discovery. Through genetic mutations that alter fundamental metabolic pathways, tumor cells can acquire the ability to grow in an uncontrolled manner, but they also acquire dependencies that can differentiate them from normal cells. Targeting these dependencies by inhibiting specific metabolic pathways in tumor cells is a novel therapeutic approach. We are developing a number of small molecule inhibitors for these novel tumor metabolic targets, including JAB-24000 and JAB-25000 (with undisclosed targets). Such small molecule inhibitors addressing novel tumor metabolic targets, including JAB-24000 and JAB-25000, can also be used in combination with SHP2 inhibitors or KRAS inhibitors.

Visionary founder supported by a proven entrepreneurial management team with global vision, in-depth know-how, and a track record of efficient execution

Having co-founded and co-led Betta Pharma, a successful business in the pharmaceutical industry in China, our senior management team has shared successful entrepreneurial experience, strong and complementary skillsets, and aligned aspirations to address large unmet medical needs. Our Founders have worked together for over 10 years, and has developed strong synergies in their management and working style.

Dr. Yinxiang Wang, our visionary founder, Chairman and CEO, has over 20 years of successful experience in the pharmaceutical industry. Prior to founding our company in 2015, Dr. Wang co-founded Betta Pharma, a company listed on the Shenzhen Stock Exchange (Shenzhen Stock Exchange stock code: 300558), in 2003 and served as its director and president (總裁) after he returned to China from the U.S. Dr. Wang led Betta Pharma's research and development functions and is experienced in the development and commercialization of icotinib hydrochloride (Conmana), the first small molecule anticancer drug that was completely developed in China and approved by the NMPA in 2011. Dr. Wang, Betta Pharma and other team members received the Zhejiang Province Science and Technology First Class Award in 2012 (2012年度浙江省科學技術獎一等獎) for the successful development of Conmana. Dr. Wang, with other co-inventors, also received the WIPO-SIPO Award for Chinese Outstanding Patented Invention (世界知識產權組織及國家知識產權局中國專利金獎) in 2014. Dr. Wang served as Chairman on the New Drug R&D Committee of China for the Pharmaceutical Innovation and Research Development Association (PHIRDA) between 2017 and 2019, and currently serves as Associate Chairman on the Anti-tumor Drug Professional Committee of Chinese Pharmaceutical Association.

Our management team possesses in-depth technological know-how, a global vision coupled with local knowledge, and a proven track record of building successful businesses and executing cutting-edge drug discovery and development programs. Our senior management team has an average of over 15 years of experience in the pharmaceutical industry in the United States and China, having pharmaceutical industry experience at leading international and domestic pharmaceutical companies and academic institutions.

Our shareholders consist of global and domestic institutional investors and biotech-focused investment funds, including Qiming Venture Partners, Hillhouse Capital, Lilly Asia Ventures, and BioEngine.

OUR STRATEGIES

We are an explorer in selecting, discovering and developing therapies with innovative mechanisms for oncology treatment. Our mission is to provide compelling innovations for creating a pipeline of life-changing medicines. Our vision is to become a leader recognized for our impact in drug R&D together with our partners. We strive to deploy our innovation engine in the fight against cancer for the benefits of patients around the world.

By continuing to strengthen our drug discovery platform and to advance and enhance our pipeline, we endeavor to capture opportunities in the global oncology market with a number of blockbuster therapies and expect to potentially benefit cancer patients significantly. In addition, we also plan to add world-class manufacturing and commercialization capabilities to our integrated discovery and development platform as we achieve clinical progress and anticipate regulatory approvals.

In the near term, we plan to focus on pursuing the following significant opportunities and execute the following strategies:

Enhance our proprietary R&D platforms to develop innovative cancer treatment and capture global market opportunities through collaboration with leading multinational pharmaceutical companies, such as AbbVie

We endeavor to develop innovative cancer therapies to capture global market opportunities and treat cancer patients globally. The development of innovative cancer therapeutics requires industry-leading technologies and know-how that are rapidly upgrading and evolving. Therefore, we will continue to strengthen and optimize our drug discovery and development platforms that integrate cutting-edge experimental and computational technologies, deep know-how in allosteric and other structure-based drug design, as well as biomarker identification and validation. These platforms serve as the engine that drives our continuous endeavor to drug traditionally "undruggable" targets.

To date, there were no approved or marketed products for certain of our drug candidates, including our SHP2 inhibitors and KRAS inhibitors. We intend to further explore and capture the opportunities in the global market by leveraging our unique capability and experience with drugging "undruggable" targets. We will also continue to utilize the superior early-stage drug discovery and clinical development expertise in the U.S., and the complementary clinical resources in both China and the U.S. including those offered by our academic and industry collaborators.

We believe that these efforts will enhance our competitive advantages in the race to discover, develop and commercialize innovative cancer therapies with blockbuster potential to become one of the first three or first five candidates in the same class to advance into commercialization in China, the U.S. and potentially other major overseas markets.

Develop SHP2 inhibitors as backbone drug in both monotherapy and combination regimens for the treatment of patients with RAS-dependent tumors and PD-1 inhibitor non-responsive and refractory tumors

As SHP2 is a critical convergent node in the RAS pathway and also a regulator of both innate and adaptive immunity, SHP2 inhibitors may have synergistic effects with other targeted therapies, for the treatment of a wide array of cancer types and to maximize the potency and duration of antitumor activity. This hypothesis was supported in our pre-clinical studies evaluating our SHP2 inhibitors, JAB-3068 and JAB-3312, in combination with each of a PD-1 antibody, a KRAS inhibitor and a MEK inhibitor, as well as the studies results in other published research papers.

Based on our internal data, we plan to initiate multiple multi-regional clinical trials of our SHP2 inhibitors in collaboration with AbbVie. In December 2020, we expect to receive IND approval for a Phase I/IIa trial of JAB-3068 in China to evaluate the combination of JAB-3068 and a PD-1 antibody in patients with NSCLC, ESCC and HNSCC. In 2021, we plan to open three Phase Ib/IIa trials, with trial sites in both the U.S. and China, to investigate the safety and efficacy of JAB-3312 in combination with each of a KRAS G12C inhibitor, a MEK inhibitor and a PD-1 antibody. Similar to the combination trial for JAB-3068, the combination trial for JAB-3312 with a PD-1 antibody will be conducted in selected patients with NSCLC, ESCC and HNSCC. Meanwhile, the combination trials for JAB-3312 with KRAS or MEK inhibitors will focus on NSCLC, CRC and, in the case of MEK inhibitor, also pancreatic cancer. By carrying out this global clinical development plan in an efficient and timely manner, we believe that we can establish our SHP2 inhibitors as the backbone drugs in combination therapies for various solid tumors.

Advance the pre-clinical study and clinical development of our KRAS inhibitor programs

We have developed a portfolio of innovative KRAS inhibitors targeting several most prevalent types of KRAS mutations. Our lead KRAS inhibitor candidate, JAB-21000, is a potent, selective and bioavailable small molecule targeting mutant KRAS G12C protein, and it has demonstrated encouraging *in vivo* antitumor effects either as a single agent or in combination with a SHP2 inhibitor. We plan to further conduct pre-clinical studies and submit the IND application for JAB-21000 with the U.S. FDA and the NMPA in the first half of 2021. As these programs have promising clinical and market potential globally, given that there are currently no approved or marketed KRAS inhibitors globally, we will continue to proactively communicate with regulatory authorities in the respective major markets, and pursue opportunities for expedited track of regulatory approval or designations with preferential treatment, such as orphan drug or breakthrough therapy. In addition, we will also actively explore synergistic opportunities to work with potential, value-adding collaborators, and to maximize the clinical and commercial value of our drug candidates on a global scale.

Continue to progress and expand the pipeline of our clinical and pre-clinical assets that feature innovative mechanisms of action

We have also developed a diverse pipeline of assets targeting various other major and critical pathways. These include innovative drug candidates against novel or validated targets. We will continue to advance the drug discovery and development of these portfolio assets in both China and the U.S. in parallel, and actively explore possible combinations amongst our own pipeline drug candidates.

In July 2020, we received IND approval of JAB-8263, our innovative BET inhibitor, for the treatment of solid tumors in the U.S., and have initiated its first-in-human trial in the U.S. in November 2020. We also received IND approval for JAB-8263 in China from the NMPA for the treatment of solid tumors, MF and AML in November 2020, and we plan to enroll the first patient in the Phase I trial in China in the first half of 2021. In addition, we expect to submit IND applications for JAB-21000 (our KRAS G12C inhibitor), JAB-2000 (our Aurora A kinase inhibitor), JAB-BX100 (our CD73 antibody) and JAB-6000 (our FGFR4 inhibitor) in China and the U.S. in 2021.

Explore and execute collaborations to unlock the value of our innovative therapies in major markets

On the coattails of our landmark collaboration with AbbVie for our SHP2 portfolio inhibitors, we plan to continue exploring partnerships with multinational pharmaceutical companies through out-licensing, co-development and/or co-commercialization arrangements. We intend to find the most suitable and resourceful partners for collaboration to maximize the value of development and commercialization of our drug candidates in China, the U.S. and potentially other major overseas markets. We believe that such collaborations not only provide us with technical, regulatory and financial support for the implementation of global clinical development plans, but also enable us to partially monetize global market opportunities at an earlier stage.

Build manufacturing and commercialization capabilities in China

We exercised the PRC Option under the AbbVie Agreement in September 2020 to exclusively develop and commercialize our SHP2 inhibitors in mainland China, Hong Kong, and Macau. To prepare for late-stage clinical development as well as the commercialization of our SHP2 inhibitors, we plan to build our in-house GMP-compliant manufacturing and commercialization capabilities. We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China. The commercial-scale manufacturing facilities are currently under construction. It is estimated that the construction and fit-out of the manufacturing facilities will be completed by the end of 2023. These facilities are designed in compliance with PRC and international GMP standards, and are expected to house four production lines for small molecule oral solid dose products. We expect that the manufacturing capacity of these facilities can provide sufficient supply for our clinical trials and meet part of the commercial sales demands. We will also need to supplement our CMC team with more professionals and other technicians, as we expand our manufacturing facilities. In addition, we plan to recruit an internal sales force specialized in targeted oncology therapeutics ideally one year before the estimated launch of our lead products.

Boost our talent pool and multi-regional presence to continuously fuel innovation

To execute our global development strategy, we have established dual R&D centers in both Beijing, China and Massachusetts, the U.S. Located in the two main R&D hubs, our R&D centers help us to tap the talent pool of well-trained scientists and physicians across the world. We have developed a cohesive and vibrant corporate culture that inspires and encourages innovation, which we believe helps us to attract, retain and motivate an aspiring team to drive our fast growth. We intend to continue to approach and attract top talent in various aspects of our operations, including drug discovery and R&D, CMC, clinical development, and sales and marketing. We will continue to provide our employees with various internal training programs

to help them stay abreast of industry developments and further improve their technical skills. In addition, we will continue to utilize and optimize our employee incentive schemes to attract and retain highly talented professionals with a passion for building a career in the biopharmaceutical industry.

I. OUR DRUG CANDIDATES

Leveraging our proprietary technologies and know-how in drug discovery and development, we have built an innovative pipeline of drug assets. These assets have broad applicability across various tumor types, demonstrating combinatorial potential among themselves, and thus allowing us to further de-escalate the inherent risk of developing innovative drug candidates.

- Our lead drug development programs include two clinical-stage, allosteric SHP2 inhibitors (JAB-3068 and JAB-3312). Our SHP2 inhibitor JAB-3068 is the second drug candidate received IND approval from the U.S. FDA to enter clinical development. We have completed Phase I dose finding portion in Phase I/IIa trial of JAB-3068 in China and patient enrollment of dose escalation cohorts in our Phase I trial in the U.S. We are currently evaluating the clinical efficacy of JAB-3068 in three solid tumor types in Phase IIa stage in China. We are also evaluating JAB-3312 in Phase I trials in both China and the U.S. We plan to initiate multi-regional Phase I/IIa trials to evaluate our SHP2 inhibitors either as monotherapy or in combination with each of a PD-1 antibody, a MEK inhibitor and a KRAS G12C inhibitor in the U.S. and China for a variety of solid tumors. In the U.S., JAB-3068 and JAB-3312 have received an orphan drug designation (ODD) from the U.S. FDA for the treatment of esophageal cancer (including ESCC).

- Our innovative, allosteric KRAS inhibitor JAB-21000 is designed to target KRAS G12C mutation. We expect to file an IND application for JAB-21000 with the U.S. FDA and the NMPA in the first half of 2021. In our internal head-to-head pre-clinical animal studies, JAB-21000 has shown a superior PK profile and favorable tolerability as well as potential for a superior dosing profile in comparison with Amgen's and Mirati's KRAS G12C inhibitors in clinical development (which we internally synthesized based on published molecular structures).

- In addition to the SHP2 and KRAS inhibitors, our pipeline includes JAB-8263, a clinical-stage BET inhibitor, and several early-stage drug candidates that target a variety of major and critical pathways involved in cancer (including RB, immuno-oncology and tumor metabolic pathways) and have demonstrated potential to be among the first few market entrants in their drug class globally.

The following chart summarizes the development status of our clinical-stage drug candidates and IND-enabling stage candidates as of the Latest Practicable Date:

	Asset	Target	Regimen	Indications	IND	Phase I	Phase IIa	Pivotal Phase IIb/III	Upcoming Milestone (expected)	Global Partner (if applicable)	Commercial Rights
Clinical	JAB-3068 (our Core Product)	SHP2 Phosphatase	Mono	Solid tumors	*US trial*						China, Hong Kong and Macau
			Mono	ESCC, HNSCC, NSCLC	*China trial*		*		Global Ph IIb (2021 2H)	abbvie	
			Combo w/ PD-1 mAb	ESCC, HNSCC, NSCLC	*China trial*				IND approval (Dec 2020)		
	JAB-3312	SHP2 Phosphatase	Mono	Solid tumors	*US trial*					abbvie	China, Hong Kong and Macau
			Mono	Solid tumors	*China trial*						
			Mono	KRAS G12X-mutant, KRAS amp, BRAF Class 3/NF1 LOF mutant solid tumors	**	*Global trial*			Global Ph IIa (2021 Q1)		
			Combo w/ PD-1 mAb	NSCLC, HNSCC, ESCC	+	*Global trial*			Global Ph Ib/IIa (2021 Q1)		
			Combo w/ MEKi	KRAS mut + NSCLC, CRC, Pancreatic cancer	+	*Global trial*			Global Ph Ib/IIa (2021 Q1)		
			Combo w/ KRAS G12Ci	KRAS G12C mut + NSCLC, CRC	+	*Global trial*			Global Ph Ib/IIa (2021 Q3)		
	JAB-8263	BET	Mono	Solid tumors	*US trial*						Global
			Mono	Solid tumors	*China trial*						
			Mono	MF and AML	*China trial*						
IND-Enabling	JAB-21000	KRAS G12C	/	NSCLC, CRC		*Global trial*			IND approval (2021 1H)		Global
	JAB-2000	Aurora A	/	RB1-deficient tumors		*Global trial*			IND approval (2021 2H)		Global
	JAB-BX100	mAb, CD73	/	PD-(L)1 resistant CRC, melanoma and CRPC		*Global trial*			IND approval (2021 1H)		Global
	JAB-6000	FGFR4	/	HCC		*Global trial*			IND approval (2021 2H)		Global

Abbreviations: Mono = monotherapy; Combo = combination therapy; mAb = monoclonal antibody; ESCC = esophageal squamous cell carcinoma; HNSCC = head and neck squamous cell carcinoma; NSCLC = non-small cell lung cancer; KRAS amp = KRAS amplification; LOF = loss-of-function; CRC = colorectal cancer; MF = myelofibrosis; AML = acute myeloid leukemia; CRPC = castration-resistant prostate cancer; HCC = hepatocellular carcinoma; IND = investigational new drug or investigational new drug application; 1H = first half; 2H = second half; Q1 = first quarter; Q3 = third quarter

Notes:

* While JAB-3068 went a step ahead and advanced into the Phase IIa stage in China for the treatment of ESCC, HNSCC and NSCLC, we obtained orphan drug designation for JAB-3068 from the U.S. FDA for the treatment of esophageal cancer (including ESCC) in February 2019, and we expect to push the U.S. trial forward.

** We will initiate Phase IIa study directly once receive IND approval. In addition, we obtained orphan drug designation for JAB-3312 from the U.S. FDA for the treatment of esophageal cancer (including ESCC) in September 2020.

\+ We will initiate Phase Ib/IIa studies directly once receive IND approval.

1. Our Clinical-Stage SHP2 Portfolio Drug Candidates — JAB-3068 and JAB-3312

JAB-3068 and JAB-3312 are both designed as oral, small-molecule inhibitor of Src homology region 2 domain-containing phosphatase-2 (SHP2), a protein tyrosine phosphatase, for the potential treatment of cancers driven by RAS signaling pathway and PD-(L)1 pathway.

In light of highly polar and conserved nature of the active site of PTP enzymes, such as SHP2 phosphatase, many compounds targeting the active sites of PTPs are either highly charged anionic phosphate mimetics that do not cross the cell membrane, or lack of appropriate selectivity to avoid affecting other PTPs with close homology that, if inhibited, would have adverse effect.

Based on our pre-clinical studies, JAB-3068 and JAB-3312 are potent and highly selective allosteric inhibitors of SHP2. Under our strategic collaboration with AbbVie, we are currently evaluating our two SHP2 assets in multi-regional clinical trials as monotherapy and in combination with other agents.

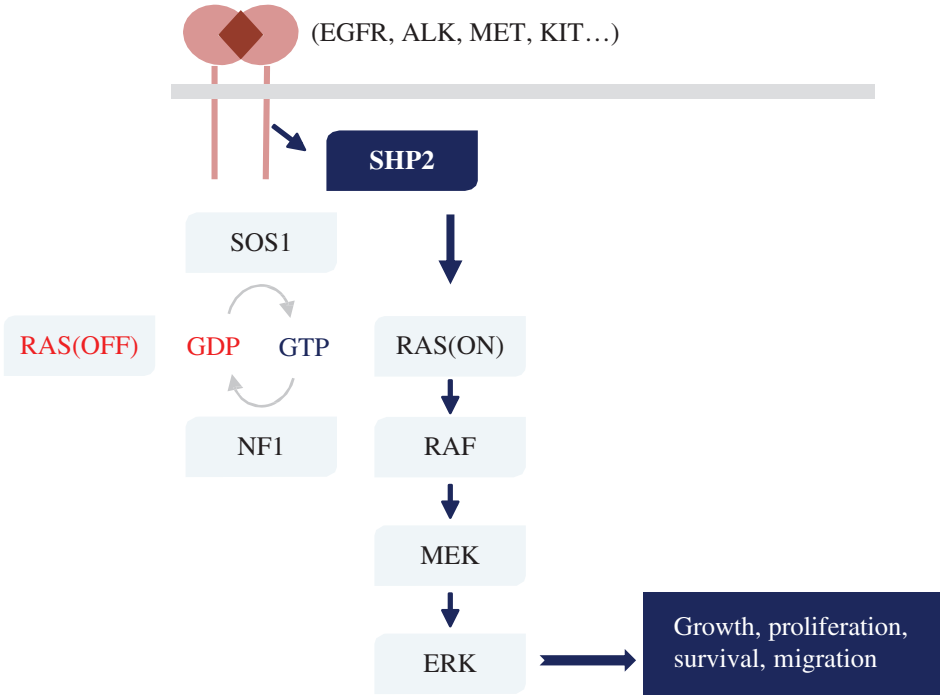
- JAB-3068, our core product, is the second SHP2 inhibitor that received IND approval from the U.S. FDA to enter clinical development. We initiated Phase I dose-escalation studies of JAB-3068 in solid tumors in both the U.S. and China in 2018, and the Phase IIa dose-expansion study in NSCLC, HNSCC and ESCC in China in October 2019. JAB-3068 was granted orphan drug designation by the U.S. FDA for the treatment of esophageal cancer (including ESCC) in February 2019. We plan to initiate and enroll patients in a Phase I/IIa trial to evaluate the combination therapy of JAB-3068 and PD-1 antibody in patients with NSCLC, HNSCC and ESCC in January 2021.

- Leveraging our experience from the development of JAB-3068, we designed JAB-3312, a second SHP2 inhibitor with potent anti-tumor activity in tumors with RAS pathway mutations, and subsequently advanced it to clinical development stage in both China and the U.S. We initiated the Phase I dose-escalation trials in the U.S. and China in September 2019 and July 2020 respectively. JAB-3312 was granted orphan drug designation by the U.S. FDA for the treatment of esophageal cancer (including ESCC) in September 2020. After the completion of the Phase I trials, we plan to further evaluate JAB-3312 either as monotherapy or in combination with a PD-1 antibody, or a MEK inhibitor or a KRAS G12C inhibitor in multi-regional Phase Ib/IIa trials in the U.S. and China.

i. Mechanism-of-Action

SHP2 is a protein tyrosine phosphatase (PTP) encoded by PTPN11, which has long been regarded as a proto-oncogene. PTPs are a family of enzymes that are essential for numerous cellular processes. PTP and protein tyrosine kinases (PTK) act synergistically to control intercellular phosphorylation of tyrosine and thus regulate a range of cellular activities including survival, growth, migration, differentiation and metabolism. Abnormal activity of PTPs and PTKs can result in aberrant tyrosine phosphorylation and cause a variety of cancers. SHP2, as a PTP, is an important regulator in growth factor signaling pathways and immune checkpoint pathways.

SHP2 acts as an important regulator of growth and survival for cancer cells. It exerts regulatory functions primarily through the activation of RAS/RAF/MEK/ERK signaling pathway (RAS pathway) by transducing intracellular signals from multiple upstream receptor tyrosine kinases (RTKs) to RAS. The figure below illustrates how SHP2 regulates the growth signals in the RAS pathway.

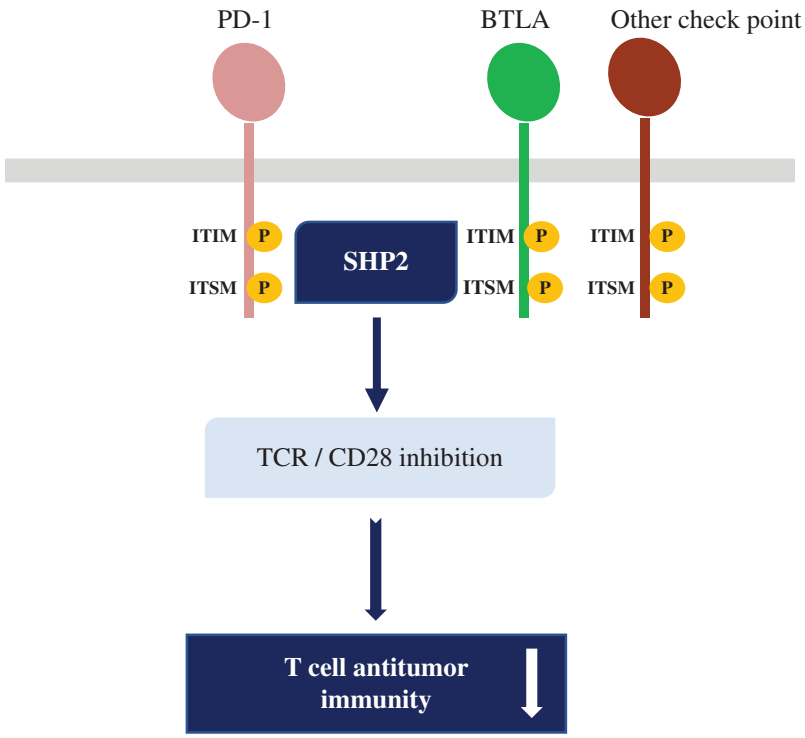


Source: Frost & Sullivan Analysis

Hyperactive RTK signaling has been implicated as a major driver in multiple cancer types, often associated with highly prevalent oncogenic mutations. Studies also found that specific mutations in certain oncogenes or tumor suppressor genes rely upon upstream signaling from SHP2 for their oncogenic or tumor suppressing activity. These include, for example, specific mutations of RAS (KRAS G12C and KRAS G12A), Class 3 mutations in BRAF (BRAF Class 3) and loss-of-function mutations in NF1 (NF1 LOF). Given the central role of SHP2 in signaling pathway, inhibiting SHP2 may suppress tumor growth driven by excess RTK signaling and/or specific KRAS, NF1 and BRAF mutations, in multiple cancer types such as NSCLC, HNSCC and CRC.

The ability of SHP2 to regulate the activity of multiple RTKs renders it a more effective target for RTK-driven cancers. The efficacy of therapies targeting a specific RTK or its downstream node (such as RAF or MEK) is often limited by bypass resistance of tumor cells, which means the tumor cells bypass the targeted RTK and activate alternative RTKs for growth factor signaling. Because SHP2 acts as a central node in transmitting growth factor signals that arise from multiple RTKs, inhibition of SHP2 may help overcome bypass resistance. This may also indicate a promising therapeutic strategy to combine SHP2 inhibitor with various therapies targeting RTKs, such as EGFR and ALK, and downstream nodes in RAS pathway, such as KRAS, MEK and ERK, to enhance the sensitivity of tumors to the targeted therapies.

In addition, SHP2 is a key mediator in the programmed cell death 1 (PD-1) and B- and T-lymphocyte attenuator (BTLA) immune checkpoint pathways. There is evidence to suggest that inhibition of SHP2 may inhibit PD-(L)1 signaling, activate downstream signaling of T-cell receptors and/or CD28 and then increase the function of $CD8^+$ T cells. Studies also found that inhibiting SHP2 may inhibit the function of tumor-associated macrophages (TAM) and relieve immunosuppression in the tumor microenvironment. Hence, SHP2 inhibitor has the potential to be broadly used in antitumor immunotherapy, augmenting or substituting other agents to block immune checkpoints and promote anti-tumor microenvironment.



Source: Frost & Sullivan Analysis

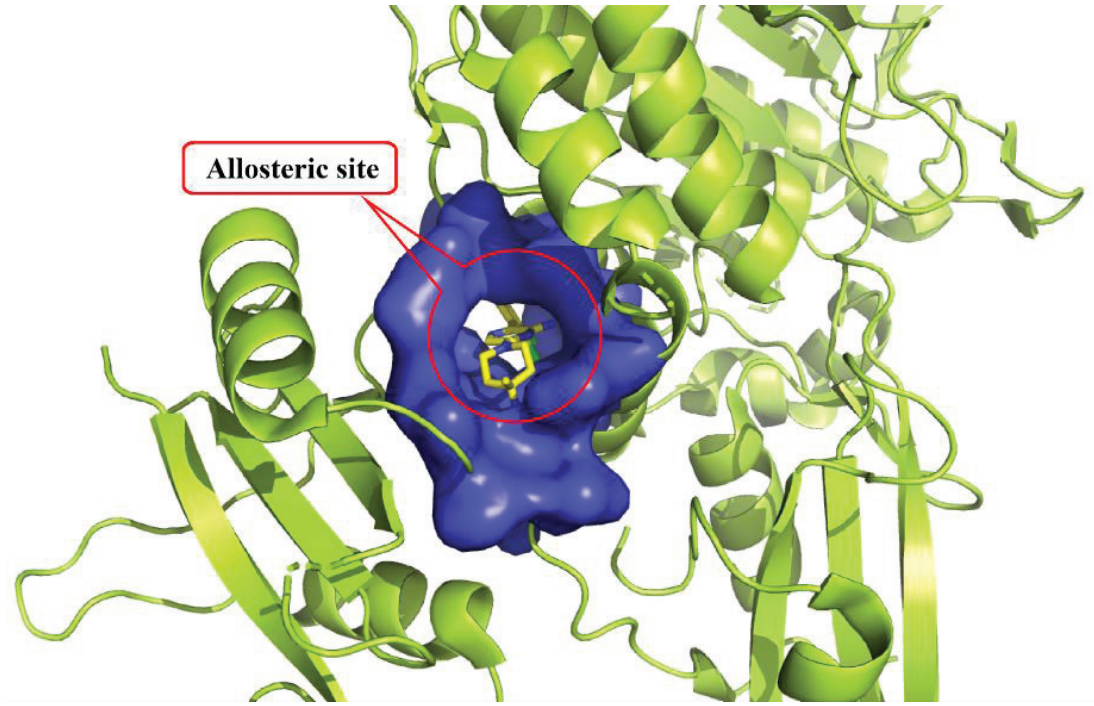
Although PTPs, such as SHP2, have been validated as potential therapeutic targets for cancer treatment, the development of drugs based on PTP inhibition has been challenging, primarily due to highly conserved and positively charged nature of "active site" on PTPs.

Unlike active sites, allosteric sites are often significantly less conserved and more divergent across species of closely related proteins as compared to active sites. Based on the molecular evolution analysis of allosteric and catalytic sites in 56 enzyme structures selected from the Allosteric Database, a study (Yang et al.) reported that residues of allosteric sites (average conservation score = 0.58) are significantly less conserved than residues of catalytic sites (average conservation score = 0.94, $P = 1.3 \times 10^{-67}$). Given the unique characteristics of allosteric sites, allosteric drugs binding to allosteric sites can be used to selectively tune cellular responses in tissues, especially for selectively targeting subtypes of proteins or proteins with highly similar structure, such as members in PTP family. On the other hand, those characteristics also impose great technological challenges for the development of allosteric drugs. Comparing to orthosteric (catalytic) drugs that dock into a known active site, allosteric drugs target allosteric sites that are often unknown, and its modulatory effects are difficult to predict. Due to the structural divergence of allosteric sites, allosteric inhibitors that have minor

variations in design or interact with allosteric sites via subtly altered mechanisms may lead to substantially different downstream effects. Therefore, it is challenging for drug developers to work on a same allosteric site, even a known one.

Due to the intramolecular interaction between the N-SH2 domain and PTP domain, SHP2 is in an auto-inhibition state with low catalytic activity. Once the phosphotyrosyl-containing proteins bind to SHP2 at separate sites on the N-SH2 and C-SH2 domains, the auto-inhibitory interaction between N-SH2 and PTP domains will be disrupted. Due to the change of conformation, the N-SH2 domain will be released from the PTP domain, and the active (catalytic) sites located on the PTP domain will be exposed to the substrate more easily, which can lead to the increased activity of the SHP2 protein. Therefore, the key to design an effective SHP2 inhibitor is to stabilize the SHP2 protein in its inactive conformation to inhibit its activity.

The figure below illustrates the 3D structure of SHP2 protein, showing one of the most important allosteric sites at the tunnel-like region formed between the PTP, N-SH2 and C-SH2 domains.



Source: Company data (PDB code: 5EHR)

Leveraging our proprietary drug design platform focused on allosteric binding sites, we designed JAB-3068 and JAB-3312 to be small-molecule allosteric inhibitors of SHP2 that bind and stabilize SHP2 in its inactive conformation. Through the inhibitory effect on SHP2, these drug candidates have the potential to suppress tumor growth promoted by abnormal activation of RAS pathway and restore anti-tumor immunologic responses that have been silenced by the cancer cells.

ii. Market Opportunities and Competition

Because of its involvement in aberrant activation of RAS pathway and PD-(L)1 pathway that drive the growth and survival of many cancers, we believe SHP2 inhibition is a promising novel therapeutic approach either as a monotherapy or in combination with other targeted therapies for treating multiple cancer types.

Patient population for SHP2 inhibitor monotherapy

According to Frost & Sullivan, it is estimated that in 2019, across all solid tumor types, the overall annual incidence of late-line patients who might benefit from a SHP2-targeted inhibitor as a monotherapy reached approximately 1.2 million and approximately 394,700 globally and in China, respectively. The following chart illustrates the addressable market of SHP2 inhibitor as a monotherapy in selective late-line solid tumors:

Advanced Solid Tumor Patients in 2019 (New Cases)

Area	Global	China
EGFR Amplification	519.2	235.2
KRAS Amplification	157.3	38.0
KRAS G12C Mutation	178.3	43.0
KRAS G12A Mutation	52.4	12.7
BRAF Class 3 Mutation	42.0	10.1
NF1 LOF Mutation	230.7	55.7
Total	**1,179.9**	**394.7**

Note:

1. Unit: in thousands

Source: Frost & Sullivan

Patient population for combination therapy of SHP2 inhibitor and other targeted therapies

SHP2 inhibitors have shown synergistic effects with various targeted therapies, such as therapies targeting KRAS, EGFR, ALK, MET, HER2 etc. Taking NSCLC as an example, it is estimated that approximately 502,000 and 202,800 late-line patients with NSCLC may benefit from combinations of SHP2 inhibitor and other targeted therapies globally and in China in 2019, respectively.

Locally Advanced or Metastatic NSCLC Patients at Initial Diagnosis in 2019 (New Cases)

Area	Global	China
KRAS G12C Mutation	140.8	56.9
EGFR Mutation	180.6	73.0
ALK Alteration	37.1	15.0
MET Alteration	32.0	12.9
HER2 Alteration	29.5	11.9
PI3K Alteration	82.0	33.1
Total	**502.0**	**202.8**

Note:

1. Unit: in thousands

Source: Frost & Sullivan Analysis

Mutations in RAS protein are commonly found in many different cancer types. RAS mutations are in three different RAS isoforms, i.e. KRAS, NRAS and HRAS, among which KRAS mutations occurred in 85% of cancers with RAS alterations. Approximately 78.9% of pancreatic cancer incidence, 26.0% of CRC incidence and 20.5% of NSCLC incidence are driven by KRAS G12C/D/V mutation. In particular, there are very limited effective treatment options for patients with pancreatic cancer, evidenced by the fact that only 7.2% of patients with pancreatic cancer have 5-year overall survival in China. The following table illustrates the overall annual incidence of patients with pancreatic cancer, CRC and NSCLC bearing KRAS G12C/D/V mutation in 2019:

Incidence of NSCLC, CRC, Pancreatic Cancer bearing KRAS 12C/D/V Mutation in 2019

Indication	Area	Total Incidence	KRAS Mutation	KRAS G12C/D/V Mutation
			(% of total incidence)	*(% of KRAS mutation)*
NSCLC	Global	1,830.0	457.5 (25%)	375.0 (82%)
	China	761.0	190.0 (25%)	156.0 (82%)
CRC	Global	1,849.1	739.6 (40%)	481.0 (65%)
	China	440.0	176.0 (40%)	114.4 (65%)
Pancreatic Cancer	Global	471.5	448.0 (95%)	372.0 (83%)
	China	108.4	103.0 (95%)	85.5 (83%)

Note:

1. Unit: in thousands

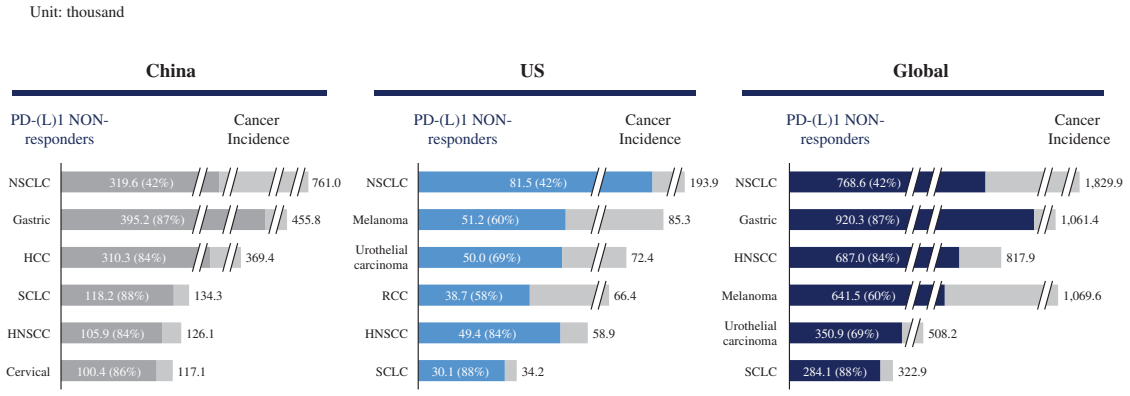
Source: Frost & Sullivan Analysis

While in China the standard of care for these cancer types remains to be systemic chemotherapy, a key trend in the oncology care in the U.S. is that targeted therapies and/or immuno-therapy which are more effective with less side effects have gradually become dominant. Targeted therapies directed against RAS pathway mutant cancers mainly include drugs that inhibit RTKs, RAF and MEK, which have been approved by the U.S. FDA for use in lung cancer, melanoma, thyroid cancer and colorectal cancer. However, the depth and durability of responses of these current targeted therapies are not satisfactory in part due to adaptive resistance mechanisms. The combination of SHP2 inhibition with KRAS or MEK inhibitor would be beneficial to circumvent adaptive resistance by modulating multiple RTK signaling in the pathway.

Population of PD-(L)1 non-responsive and refractory patients

As SHP2 is a validated target of cancer immunotherapy, combining anti-PD-1 therapy with SHP2 inhibitor may appears to be an effective therapeutic strategy to increase the response rate to anti-PD-1 therapy and reduce risks to treatment resistance, especially for those who have oncogenic mutations sensitive to SHP2 inhibitor intrinsically.

While PD-1 inhibitors have been successfully used in immune-oncology clinics for many cancer indications, over 60% of cancer patients for all major types of cancer including gastric cancer, HCC, SCLC, HNSCC, cervical cancer, melanoma, urothelial carcinoma, and RCC are PD-(L)1 non-responders based on published research papers, and thus anti-PD-1 therapy remains to be suboptimal for majority of cancer patients. The charts below show the number of PD-(L)1 non-responders in major cancer types in 2019.



Source: Frost & Sullivan Analysis

In addition, there are many cancer patients that are initially responsive to PD-(L)1 antibody monotherapy and yet relapse after such treatment due to various reasons including low expression of PD-L1 on cancer cells. It is estimated that the number of patients refractory to anti-PD-1 therapy is expected to continue to rise sharply in the future along with the increase of market penetration of anti-PD-1 therapy, which are patient population that may benefit from rapid adoption of the combination of SHP2 inhibitor and anti-PD-1 therapy.

Based on our research, we plan to develop the combination of our SHP2 and PD-1 antibody initially for NSCLC, ESCC and HNSCC which not only have genetic features rendering sensitivity to SHP2, but also are known to derive clinical benefit from PD-1 inhibitors. According to Frost & Sullivan, the total incidence of patients with these three indications that may be addressed by the combination therapy of SHP2 inhibitor and PD-1 antibody is estimated to reach 160,100 and 57,500 in China and the U.S. in 2030, respectively, indicating a large patient population with unmet medical needs.

We believe our SHP2 inhibitors are well-positioned to fill the treatment gaps for RAS pathway mutant cancers and PD-(L)1 non-responsive or relapsed cancers, and to address the unmet medical needs either as a single agent or in combination with other agents. As of the Latest Practicable Date, there are a total of five clinical-stage SHP2 inhibitors globally, including our JAB-3068 and JAB-3312. The table below summarizes the development status of our SHP portfolio and its major global competitors in clinical stage as of the Latest Practicable Date.

Drug Name	Target	Company	Indications	Phase Stage	Initiation Date[1]
TNO-155	SHP2	Novartis	Advanced solid tumors	Phase I (Mono)	May 2017 (U.S.)
			Maglignancies	Phase Ib (Combo)	Jul 2019 (U.S.)
			Advanced solid tumors	Phase I/II (Combo)	Apr 2020 (U.S.)
			Solid tumors	Phase I (Combo)	May 2020 (China)
JAB-3068	SHP2	Jacobio/AbbVie	Solid Tumors	Phase I (Mono)	Apr 2018 (U.S.)
			Solid Tumors	Phase I (Mono)	Nov 2018 (China)
			NSCLC, ESCC, HNSCC	Phase IIa (Mono)	Oct 2019 (China)
RMC-4630	SHP2	Revolution Medicines/ Sanofi	Solid tumors	Phase I (Mono)	Sep 2018 (U.S.)
				Phase I/II (Combo)	Jul 2019 (U.S.)
JAB-3312	SHP2	Jacobio/AbbVie	Solid Tumors	Phase I (Mono)	Sep 2019 (U.S.)
			Solid Tumors	Phase I (Mono)	Jul 2020 (China)
RLY-1971	SHP2	Relay Therapeutics	Solid Tumors	Phase I (Mono)	Jan 2020 (U.S.)

Note:

1. Denotes the first patient enrollment date of the trial.

Source: ClinicalTrials.gov, Frost & Sullivan analysis, company data

Limited patent opportunities for small molecules, such as SHP2 inhibitor, result in high barriers to entry for newcomers. In contrast to large molecule biologics, the design of small molecule drugs is by nature more difficult because of the limited availability of binding pockets and druggable structures. For the development of SHP2 inhibitors, one of the most important allosteric site sits at the tunnel-like region formed between the PTP, N-SH2, and C-SH2 domains. Because of its specific features in stabilizing inactive conformation of SHP2 protein and decreasing performance of active site on PTP domain, this tunnel site is now considered as the most promising binding pocket in SHP2 for allosteric inhibitors. According to public information of Novartis' TNO155, many scaffolds of TNO155 share common pharmacophore in this tunnel site. This suggests that there is not rich patent space for the development of SHP2 allosteric inhibitors. According to Frost & Sullivan, the current issued patents and published patent applications have already provided a broad scope of protection for SHP2 inhibitors, as the established players in this field have built a wall of patent that is hard for any newcomers to circumvent, and therefore enlarged their first-mover advantages in the market.

iii. Competitive Advantages of our SHP2 Portfolio Drug Candidates

We believe the key competitive advantages of our JAB-3068 and JAB-3312 are:

(1) Highly potent and selective inhibition of SHP2 function

Leveraging cutting-edge technologies in structure-based and computer-aided lead structure design and optimization, we discovered allosteric small-molecule SHP2 inhibitors, JAB-3068 and JAB-3312, which are able to stabilize SHP2 in an inactive conformation and thereby inhibit SHP2 function. The structure-based design of allosteric modulator allows our compounds to selectively bind and inhibit SHP2 phosphatase as shown in our pre-clinical studies. The development of direct PTP inhibitors faced two major medicinal chemistry challenges: selectivity and cell permeability. Since the PTP family is a very closely related family sharing a highly conserved active site among family members, many compounds targeting the active sites of PTPs resulted in the inhibition of other family members, which may lead to significant adverse effects. In addition, as the active site of PTP enzymes has highly polar nature, phosphotyrosine mimetic small molecules used to target the active site were challenged by the fact that these molecules were positively charged with a high charge density, which restricted their cellular permeability and rendered the molecule unsuitable for oral dosing.

Instead of binding to the active site of SHP2, a member of PTP family, our allosteric inhibitors are designed to interact with three domains of SHP2 simultaneously to lock it in its closed, inactive conformation. Our SHP2 drug candidates demonstrated highly potent and selective inhibition on SHP2 in *in vitro* pharmacology studies.

- In SHP2 enzyme activity assay, JAB-3068 showed potency against SHP2 with an IC_{50} of 36.9 nM. JAB-3312 showed much higher potency against SHP2 *in vitro* with an IC_{50} of 1.49 nM.

- In cellular pathway assays, JAB-3068 and JAB-3312 exhibited significant inhibitory effect against SHP2, as measured by inhibition of ERK phosphorylation. In SHP2-dependent EGFR-amplified esophageal cancer cells (KYSE-520), JAB-3068 inhibited ERK phosphorylation in a concentration-dependent manner with an IC_{50} of 33 nM. In SHP2-dependent KRAS G12C mutant lung cancer cells (NCI-H358) and EGFR-amplified

esophageal cancer cells (KYSE-520), JAB-3312 inhibited ERK phosphorylation in a concentration-dependent manner with an IC_{50} of 3.64 nM and 0.32 nM, respectively, being a much potent drug compared with RMC-4550 in the pre-clinical setting.

- JAB-3068 and JAB-3312 selectively inhibited SHP2 phosphatase, with no activity against other 21 phosphatases, as demonstrated in phosphatase screening assays.

Assay	JAB-3068	JAB-3312	RMC-4550
SHP2 Biochemical IC_{50} (nM)	36.9	1.49	1.55 (Ref 1)
KYSE-520[1] p-ERK IC_{50} (nM)	33	0.32	9.1 (Ref 1)
NCI-H358[2] p-ERK IC_{50} (nM)	N.A.	3.64	28 (Ref 2)

Notes:

1. KYSE-520 is an ESCC cell line that harbors EGFR amplification.

2. NCI-H358 is a NSCLC cell line that harbors KRAS G12C mutation.

Source: JAB-3068 and JAB-3312: Company data. RMC-4550: Ref 1: AACR; 2018. Abstract 4878. Ref 2: Nichols, R.J., Haderk, F., Stahlhut, C. et al. RAS nucleotide cycling underlies the SHP2 phosphatase dependence of mutant BRAF-, NF1- and RAS-driven cancers. Nat Cell Biol 20, 1064–1073 (2018).

(2) Strong antitumor activity against tumors with RTK alterations or RAS pathway mutations in pre-clinical studies

As SHP2 is a central node in the transmission of RTK signals through the RAS pathway, inhibition of SHP2 function is a promising therapeutic approach for the treatment of tumors driven by aberrant RTK signaling or mutations of nodes in RAS pathway. Being consistent with our therapeutic hypothesis, JAB-3068, JAB-3312 and RMC-4550 (control compound) inhibited the proliferation of tumor cells driven by RTK alterations or KRAS mutations that require signals transmitted by SHP2 (mainly KRAS G12C mutations) as shown in the table below. Both our internal studies and public data supported that JAB-3312 was more potent than RMC-4550 in these cell proliferation experiments.

			JAB-3068	JAB-3312	RMC-4550 (a)[2]	RMC-4550 (b)
Cancer Type	Cell Line	Gene Alteration	IC_{50} (μM)	IC_{50} (μM)	IC_{50} (μM)	IC_{50} (μM)
Leukemia	EOL-1	PDGFRA	0.15	0.0002	0.007	N.A.
	MV-4-11	FLT3 ITD	2.9	0.001	0.046	N.A.
Esophageal cancer	KYSE-520	EGFR amp.	1.85	0.003	0.114	N.A.
Head & Neck	SCC-25	EGFR R521K	4.7	0.05	N.A.	N.A.
	CAL-27	NRAS D92N, R68T	6.95	0.023	N.A.	N.A.
Esophageal cancer	KYSE-410	KRAS G12C	11.4	0.13	>10	3D: 0.1
Lung	NCI-H358	KRAS G12C	2.1	0.02	0.58	3D: 0.1
	NCI-H1792	KRAS G12C	N.A.	0.06	1.9	3D: 1.2
	NCI-H1573	KRAS G12A	N.A.	3D[1]: 0.003	3D: 0.192	3D: 0.2
	NCI-H441	KRAS G12V	N.A.	3D: 0.012	N.A.	3D: 0.1
Pancreas	MIA PaCa-2	KRAS G12C	N.A.	3D: 0.007	3D: 0.149	3D: 0.3
Colon Cancer	LS513	KRAS G12D	N.A.	0.14	2.7	3D: 0.1
	SW837	KRAS G12C	N.A.	0.04	1.44	3D: 0.3
	NCI-H508	BRAF G596R	1.51	0.002	0.21	3D: 0.019
Melanoma	MeWo	NF1 LOF	N.A.	3D: 0.007	N.A.	3D: 0.05

Note: CTG assays.

1. 3D: The cells were cultured in 3D format.

2. In our internal pre-clinical studies, we used RMC-4550 molecules which were internally synthesized based on published molecular structures. The molecule used in the study may not be the same as the original drug candidate, and hence the comparison data may not be indicative.

Source: JAB-3068, JAB-3312 and RMC-4550 (a): Company data. RMC-4550 (b): Nichols, R.J., Haderk, F., Stahlhut, C. et al. RAS nucleotide cycling underlies the SHP2 phosphatase dependence of mutant BRAF-, NF1- and RAS-driven cancers. Nat Cell Biol 20, 1064–1073 (2018).

Our pre-clinical studies suggested that JAB-3068 primarily targets RTK-driven cancer types, including NSCLC, ESCC, and HNSCC. JAB-3068 demonstrated the ability to suppress tumor growth in multiple pre-clinical models of tumors with EGFR amplifications, a common type of RTK alteration, such as in a KYSE-520 cell line-derived xenografts (CDX) mouse model (*Figure 1 below*), and a patient-derived xenograft (PDX) model with EGFR-amplified esophageal cancer (*Figure 2*).

Antitumor Activity of JAB-3068 in RTK-Driven Tumor Models

Figure 1: KYSE-520 Esophageal Cancer Xenograft

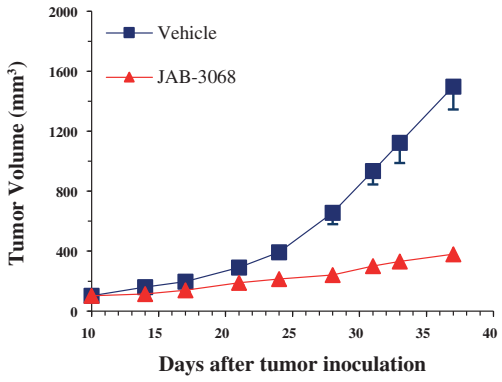
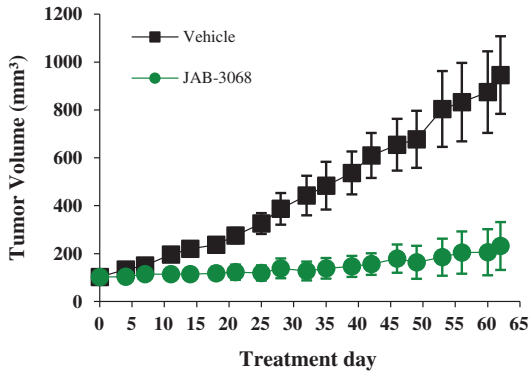


Figure 2: ES0191 Esophageal Cancer PDX



Source: Company data

JAB-3312 shows anti-tumor activity against tumors bearing RTK alterations or KRAS G12, BRAF Class 3, and NF1 mutations, such as NSCLC, CRC, and pancreatic cancer in pre-clinical models. JAB-3312 showed significant antitumor activity in KYSE-520 CDX and ES0191 PDX models (*Figure 1 and 2*). In the KYSE-520 CDX, JAB-3312 resulted in comparable antitumor activity with RMC-4550, while the dose of JAB-3312 was one-tenth of that of RMC-4550 (*Figure 1*). In NCI-H358 xenograft model (*Figure 3*), JAB-3312 significantly suppressed the tumor growth in mice with KRAS G12C-mutant lung cancer. In a PDX model for KRAS G12C-mutant lung cancer (*Figure 4*), JAB-3312 had significant inhibition on tumor growth, and caused tumor regression in four of six mice in the experiment.

Antitumor Activity of JAB-3312 in KRAS-Mutant and RTK-Driven Tumor Models

Figure 1: KYSE-520 Esophageal Cancer (EGFR Amp) Xenograft

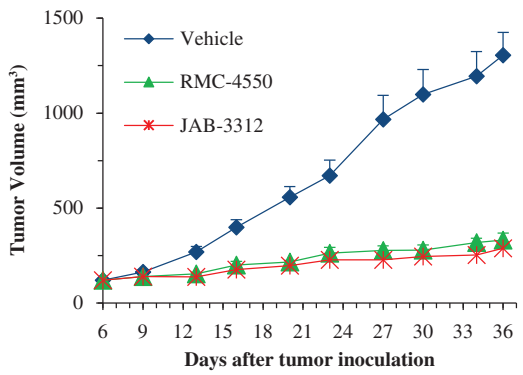


Figure 2: ES0191 Esophageal Cancer (EGFR Amp) PDX

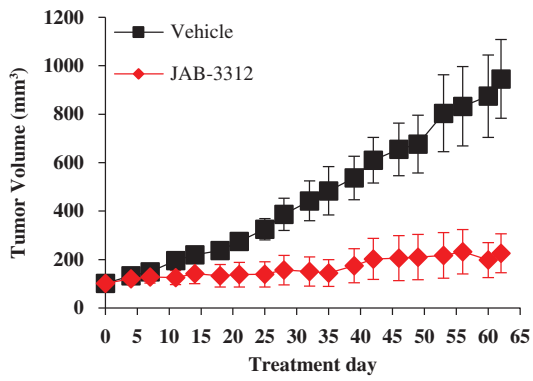


Figure 3: NCI-H358 Lung Cancer (KRAS G12C) Xenograft

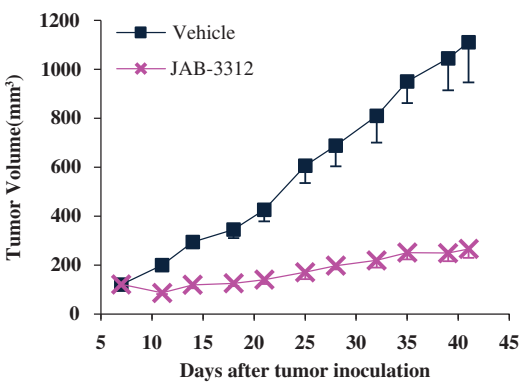
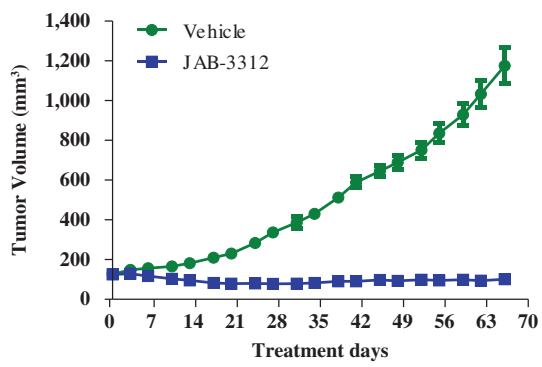


Figure 4: LUN156 Lung Cancer (KRAS G12C) PDX



Source: Company data

(3) Activity in restoring antitumor immunity in pre-clinical studies

In addition to its central role in mediating RAS signaling pathway, SHP2 also acts as a key signal molecule downstream of the PD-(L)1 pathway that suppresses T cell stimulation and a regulator of tumor-associated macrophages (TAM), particularly pro-oncogenic (M2) macrophages. Therefore, SHP2 has been increasingly recognized as a critical target for immune-oncology therapy.

In cellular assays, we observed that JAB-3068, similar to PD-(L)1 antibodies, was able to promote peripheral blood mononuclear cell (PBMC) to secret IL-2, a cytokine that drives T-cell growth and induces the differentiation of regulatory T cells. Moreover, JAB-3068 was shown to inhibit the proliferation of bone marrow-derived macrophages (BMDM) by reducing signal transductions in CSF1R pathway *in vitro*. The results also demonstrated a synergistic effect between JAB-3068 and pexidartinib, a CSF1R inhibitor, to reduce the number of BMDM cells. In tumor microenvironment (TME) *in vivo*, treatment of JAB-3068 not only decreased PD-1 expression on $CD8^+$ T cells, but also reduced TAM infiltrating and inhibited M2 macrophage differentiation, leading to relief of the immunosuppression in TME.

We further tested the anti-tumor activity of JAB-3068 in well-established animal models for immune-oncology research and observed encouraging pre-clinical activities. In a colon cancer (MC38) syngeneic model (*Figure 1*) and the LLC model (*Figure 2*), the results showed that JAB-3068 significantly suppressed tumor growth.

Figure 1: MC38 Colon Cancer Syngeneic Model

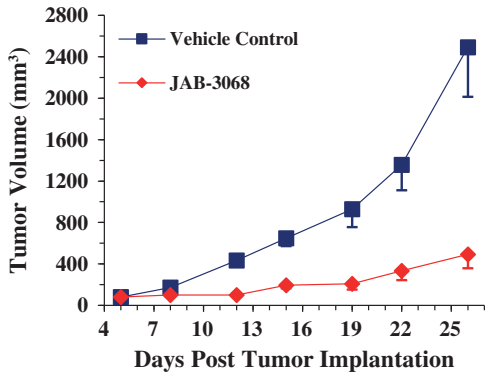
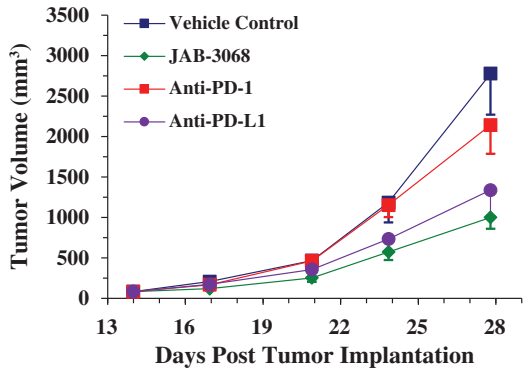


Figure 2: LLC Lung Cancer Syngeneic Model



Source: Company data

JAB-3312 showed similar effects in restoring both innate and adaptive mechanisms and restore antitumor immunity *in vitro* and *in vivo*. As shown in the Figure 1 below, JAB-3312 had significant antitumor activity against the bladder cancer cells in MBT-2 syngeneic model. We also evaluated JAB-3312's anti-tumor activity *in vivo* using the EMT6 murine breast cancer syngeneic mouse model. As shown in the Figure 2 below, significant antitumor activity was observed in group treated with JAB-3312. In an EMT6 model, treatment with JAB-3312 led to a meaningful increase of T cells, especially $CD8^+$ T cells, and also induced depletion of M2 macrophage with remarkably increased antitumor M1 macrophage population and M1/M2 ratio (*Figure 3*).

Figure 1: MBT-2 Bladder Cancer Syngeneic Model

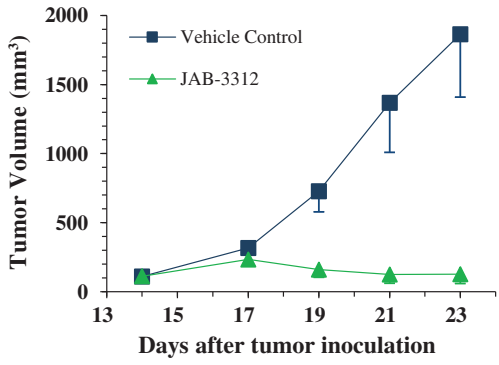


Figure 2: EMT6 Breast Cancer Syngeneic Model

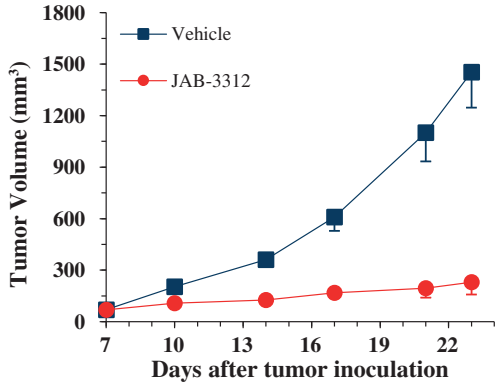
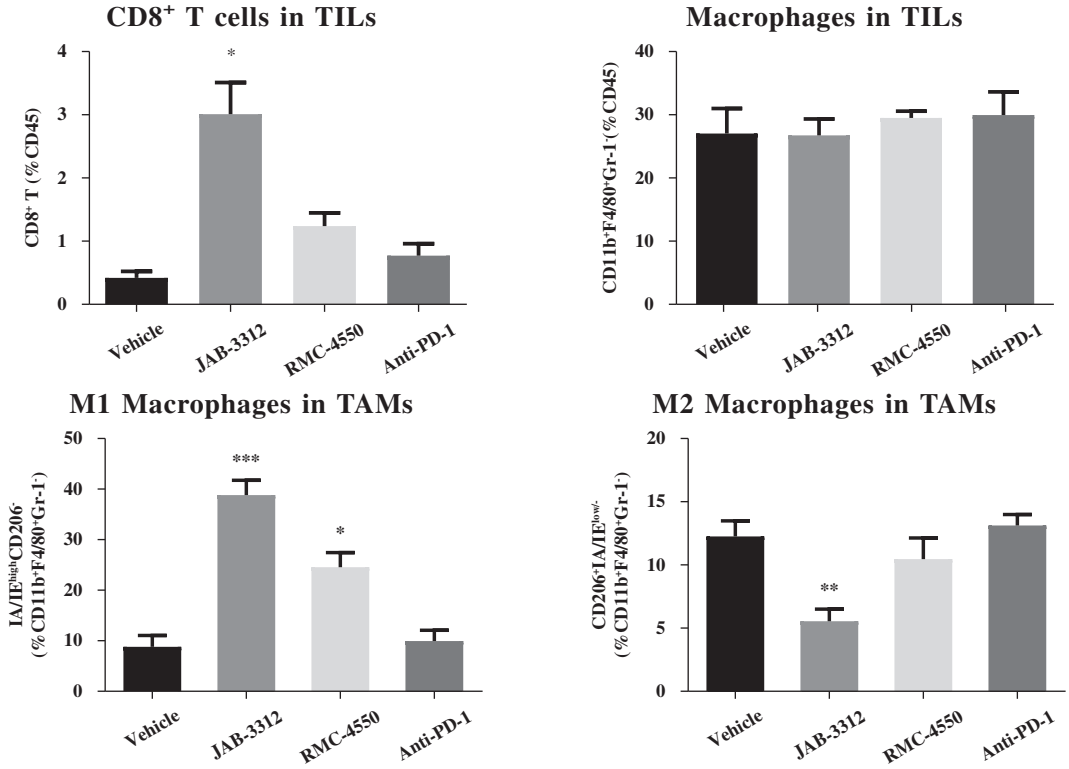


Figure 3: Immunological changes of short-term JAB-3312 treatment in tumor microenvironment in EMT6 model



Source: Company data

(4) Potential to be a backbone drug in compelling combination therapies

Based on our pre-clinical data, we believe our SHP2 inhibitors can have synergistic effects with various targeted cancer therapies and are well-positioned to become the backbone in combination therapies for the treatment of cancers bearing RTK alterations or RAS pathway mutations and for PD-(L)1 non-responsive and refractory patients.

Combination Strategies for RAS Pathway Mutant Cancer

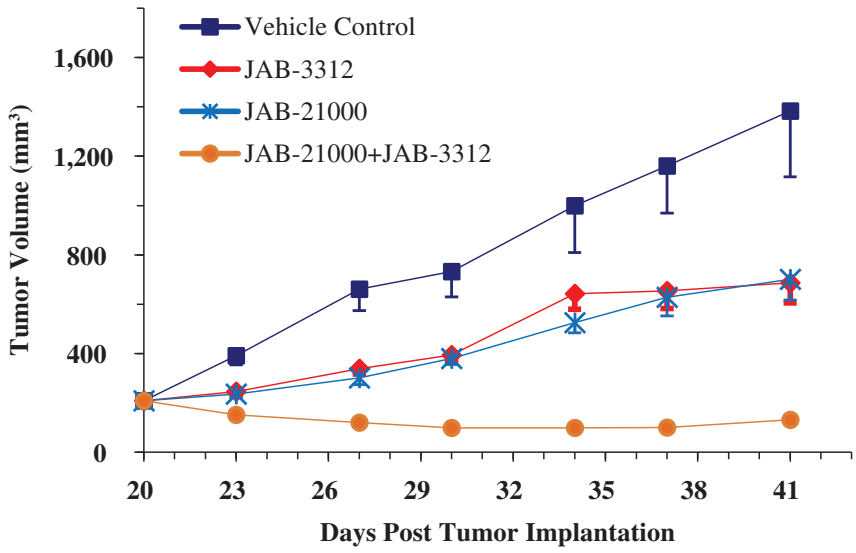
For cancers with oncogenic mutations in the RAS pathway, certain inhibitors targeting key mediators in the RAS pathway, such as RTK, RAS, MEK and ERK, often have limited and transient clinical effectiveness due to the rapid development of adaptive resistance. Studies have revealed that RAS pathway inhibitors, such as RAS or MEK inhibitors, cause relief of negative feedback in multiple RAS-dependent tumor contexts, and promote upregulation of multiple RTKs, which, in turn, activate RAS, resulting in rebound of ERK activity and development of adaptive resistance of the tumor to those inhibitors. Since SHP2 mediates signal transduction upstream of RAS, a combinatorial strategy that co-targets SHP2 and other RAS pathway components can provide an opportunity to overcome adaptive resistance and achieve deeper suppression of oncogenic signaling.

In the pre-clinical studies, our SHP2 inhibitors showed synergistic activity when combined with other RAS pathway inhibitors, such as MEK or KRAS inhibitors, in RAS pathway mutant models. Based on our internal data and publicly reported data, we plan to evaluate the combination of our JAB-3312 with KRAS inhibitor and MEK inhibitor initially, and expand our clinical research to evaluate our SHP2 inhibitors in other rational combination strategies, such as combo therapy with RTK inhibitors. For further details, please refer to the paragraphs headed "— v. Clinical Development Plan."

KRAS inhibitors target specific mutated types of KRAS, such as KRAS G12C, KRAS G12V, KRAS G12A, etc. Pre-clinical data reported by Mirati in its August 2019 corporate presentation showed that the response rate and durability of a KRAS G12C inhibitor combined with a SHP2 inhibitor were significantly improved compared with either compound alone *in vivo*. This is likely because its combination with the SHP2 inhibitor combat upstream reactivation of the RAS pathway caused by the hyperactivation of RTKs in response to KRAS inhibition.

In our pre-clinical studies, the combination of JAB-3312 and JAB-21000, our KRAS G12C inhibitor demonstrated encouraging synergistic antitumor activity. In the MIA PaCa-2 KRAS G12C mutant pancreatic ductal adenocarcinoma cancer (PDAC) xenograft model, after 21 days on treatment, the combination resulted in a significant increase in antitumor activity versus either compounds alone, as shown in the figure below.

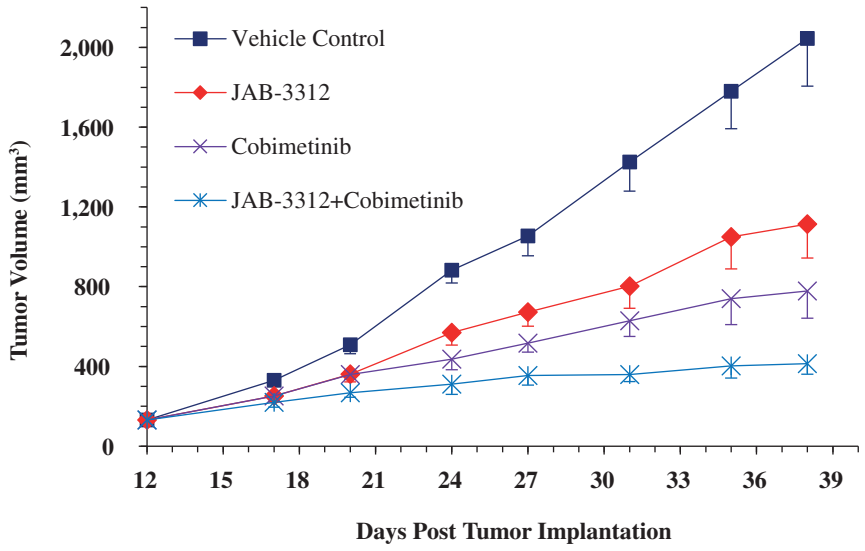
MIA PaCa-2 (KRAS G12C) PDAC Xenograft



Source: Company data

MEK inhibitors bind to MEK in the RAS pathway and thus inhibiting aberrant upstream cell signaling through MEK to downstream nodes in the pathway. Clinical effect of MEK inhibitor monotherapy in cancers with RAS pathway mutations is often limited by adaptive resistance mechanisms. MEK inhibitors, such as trametinib and cobimetinib, are approved by the U.S. FDA for the treatment of BRAF-mutant melanoma and NSCLC but only in combination therapy. In terms of KRAS G12D/V-mutated cancers, there is no approved drugs that can directly target KRAS G12D/V protein given the technical challenges. In our pre-clinical studies, the combination of JAB-3312 and cobimetinib demonstrated significant synergistic antitumor activity in the SW620 KRAS G12V mutant colon cancer xenograft model after 27 days on treatment, as shown in the figure below.

SW620 (KRAS G12V) Colon Cancer Xenograft



Source: Company data

Combination Strategy for PD-(L)1 Non-Responders

PD-(L)1 antibodies are one of the most successful type of immune-oncology therapies and are approved for the treatment of a wide range of cancer indications. However, anti-PD-1 therapy still has several limitations, such as inadequate response rate, development of treatment resistance, and the lack of optimal biomarkers to predict response and toxicity.

As SHP2 is a downstream regulator in PD-(L)1 pathway, the inhibition of SHP2 is a rational complement with PD-1 blockade to enhance T cell-mediated immune response. PD-(L)1 pathway suppresses T cell activation and is implicated in immune evasion. Upon PD-L1 binding to PD-1, SHP2 is recruited by PD-1 and subsequently blocks T cell activation. Combining PD-1 antibody with SHP2 inhibitor has resulted in synergistic anti-tumor effect in pre-clinical settings, and this combination is being evaluated in clinical trials. Moreover, SHP2 inhibition can induce the reduction of M2 pro-tumorigenic macrophage and stimulate innate immune response in tumor microenvironment. These mechanisms collectively contribute to restoring antitumor immune responses that control tumor growth.

Our scientific hypothesis was supported by the observations in pre-clinical studies that our SHP2 inhibitors could enhance the tumor response to anti-PD-1 immunotherapy. In a MC38 (colon cancer) model (*Figure 1*), the results showed that, whereas JAB-3068 PD-1 antibody, each as monotherapy, had minimal antitumor activity on mice bearing colon cancer, the combination therapy of JAB-3068 and PD-1 antibody at same dose achieved a significant tumor growth inhibition (TGI) rate at 65.2% ($P < 0.05$). In an EMT6 breast cancer model, the combination of JAB-3312 and PD-1 antibody also showed considerably higher antitumor activity as compared to either compound alone. Based on our pre-clinical data, we plan to initiate clinical trials to evaluate each of JAB-3068 and JAB-3312 in combination with a PD-1 antibody. For further details, please refer to the paragraphs headed "— v. Clinical Development Plan."

Figure 1: JAB-3068 — MC38 Colon Cancer Syngeneic Model

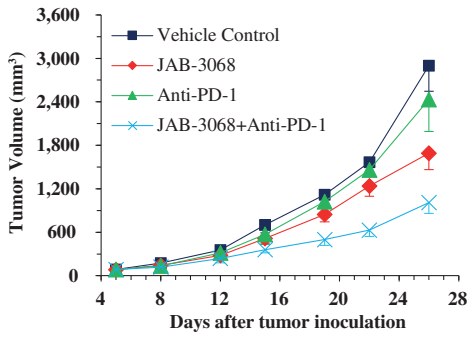
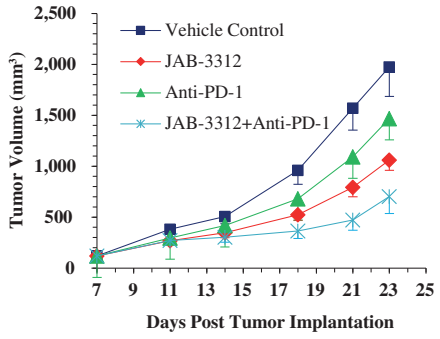


Figure 2: JAB-3312 — EMT6 Breast Cancer Syngeneic Model



Source: Company data

iv. Summary of Clinical Trial Results

JAB-3068

As of the Latest Practicable Date, we had evaluated the safety and efficacy profiles of JAB-3068 as monotherapy in two ongoing clinical trials in advanced solid tumor, including a Phase I trial in the U.S and a Phase I/IIa trial in China. In China, we had completed Phase I dose finding portion in Phase I/IIa trial of JAB-3068 in patients with solid tumors. Based on the encouraging data of the dose escalation study, we have advanced the trial to Phase IIa study to further evaluate its clinical activity in patients with NSCLC, ESCC and HNSCC.

Phase I Trial in the U.S. (NCT03518554)

Trial Design: This trial is an open-label, multi-center, dose escalation Phase I study in the U.S. designed to evaluate the safety, tolerability, PK profile and preliminary evidence of antitumor activity of JAB-3068 in adult patients with refractory solid tumors. The patients are assigned into seven cohorts, receiving either 50mg to 450mg orally once daily (QD), or 150 mg or 200mg twice daily (BID) in 28-day treatment cycles. The primary endpoints of this trial are to assess dose limiting toxicities (DLT) of JAB-3068 as single agent when administered orally in patients with refractory solid tumors and determine the maximum tolerated dose (MTD) and/or recommended phase II dose (RP2D). Other study endpoints include safety and tolerability of JAB-3068, PK profile, efficacy measures and molecular biomarkers.

Trial Status: First patient for this trial was enrolled in April 2018. The enrollment of this trial has been completed and the primary objectives have been achieved. The trial is ongoing as there are patients actively receiving treatment. The data cut off at July 24, 2020 was used for below analyses.

Demographic and baseline characteristics: As of July 24, 2020, we have enrolled 32 patients with 13 types of advanced solid tumors and completed the patient enrollment in QD and BID cohorts. A majority of patients (29 out of 32) enrolled in the dose escalation cohorts had received at least two prior lines of systemic treatment. Demographic and baseline characteristics is shown in the following table:

Characteristics	**Total (N=32)**
Age (years)	
Median (range)	62.0 (40-82)
Gender (%)	
Male	13 (40.6%)
Female	19 (59.4%)
Baseline ECOG performance status (%)	
0	12 (37.5%)
1	20 (62.5%)
Previous lines of systemic treatment (%)	
0	2 (6.3%)
1	1 (3.1%)
2	10 (31.3%)
3	5 (15.6%)
>3	14 (43.8%)

Source: Company data

Safety Data: As of the data cut-off date, most common treatment-related adverse events (TRAEs) (≥ 10%) in dose escalation cohorts included: edema (31.3%), thrombocytopenia (28.1%), AST increased (21.9%), ALT increased (15.6%), diarrhea (15.6%), anemia (12.5%), vomiting (12.5%), pruritus (12.5%), and rash (12.5%). Three patients experienced dose-limiting toxicities (DLTs), of whom two were in 450 mg QD cohort and one was in 200 mg BID cohort. Eleven patient(s) (34.4%) had Grade 3 TRAE, and no patients had Grade 4 or 5 TRAE. Eight patients (25.0%) discontinued the treatment due to TRAEs. Generally, the rates of Grade 3+ TRAEs observed increased with higher dose levels. The table below summarized the common TRAEs observed in the dose escalation study.

Summary of Common TRAEs (≥10%) in the U.S. Dose Escalation Study of JAB-3068

	Patients (N=32)		
TRAE Term	**Any Grade**	**Grade 3**	**≥ Grade 4**
Edema	10 (31.3%)	0	0
Thrombocytopenia	9 (28.1%)	3 (9.4%)	0
AST increased	7 (21.9%)	1 (3.1%)	0
ALT increased	5 (15.6%)	1 (3.1%)	0
Diarrhea	5 (15.6%)	0	0
Anaemia	4 (12.5%)	1 (3.1%)	0
Pruritus	4 (12.5%)	0	0
Rash	4 (12.5%)	2 (6.3%)	0
Vomiting	4 (12.5%)	0	0

Source: Company data

Efficacy Data: As of the data cut-off date, 23 patients had at least once post treatment efficacy assessment in all dose levels. Among 23 patients in all doses, nine (39.1%) achieved SD. Among 11 patients received 300 mg daily (300 mg QD or 150 mg BID), seven (63.6%) achieved SD. Interestingly, there were 11 evaluable patients in all doses who had received PD-(L)1 therapy, and six (54.5%) achieved SD with the treatment of single agent JAB-3068. Moreover, eight patients in 300 mg daily dose had received PD-(L)1 therapy in the past and five (62.5%) of them had SD. Two patients are actively being treated with JAB-3068 with one on treatment for 78 weeks and another patient remained on treatment for 28 weeks without receiving other anti-cancer therapies (as shown in the swimmer plot below). Although it is an exploratory analysis, the efficacy signal of single agent JAB-3068 in PD-(L)1 resistant setting is rather encouraging. The interim efficacy data were summarized in the table below.

	Efficacy population			Efficacy subpopulation – PD-(L)1 treated*		
Dose level	**Total**	**Patients with SD**	**DCR**	**Total (PD-(L)1 treated)**	**Patients with SD**	**DCR**
All doses	23	9	39.1%	11	6	54.5%
300 mg/day	11	7	63.6%	8	5+	62.5%

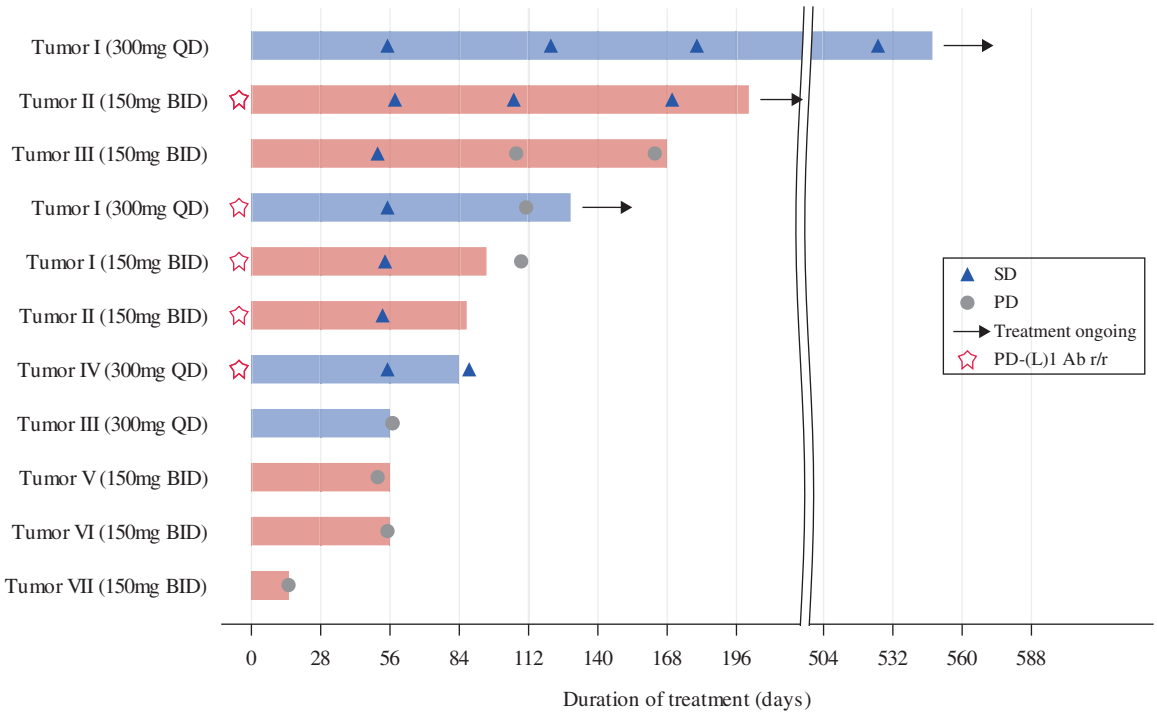
Abbreviation: DCR = disease control rate

Notes:

* includes PD-(L)1 nonresponsive, intolerant, and refractory patients.

\+ indicates PD-(L)1 refractory patients.

The swimmer plot below shows the treatment duration and response in each visit of each evaluable patient at 300mg QD or 150mg BID.



Abbreviations: PD = progressive disease; PD-(L)1 Ab = PD-(L)1 antibody; r/r = relapsed/refractory; SD = stable disease

Note: Data presented for efficacy evaluable population (N=11), defined as patients with baseline and at least one post-baseline scan.

Source: Company data

Pharmacokinetics: JAB-3068 was absorbed quickly after oral administration. The systemic exposure (both AUC and C_{max}) of JAB-3068 and the active metabolite JAB-3071 increased in an approximately proportional manner with the dose increase. The concentration of JAB-3071 achieved steady state after 12 days of repeated QD dosing. There was no accumulation for JAB-3068 and moderate accumulation for JAB-3071. The mean $t_{1/2}$ for JAB-3068 and JAB-3071 were 2.14-6.15 hours and 49.8 hours.

Conclusion: In this trial, the interim results showed no significant adverse events in treatment groups receiving JAB-3068 up to 300 mg daily dose (150 mg BID or 300 mg QD). JAB-3068 and the active metabolite JAB-3071 also showed linear pharmacokinetics for the full dose range in this study. The exposure of JAB-3068 at 300 mg daily dose reached efficacious concentration comparing with our observations in the pre-clinical efficacy model. Seven out of 11 patients in 300 mg daily dose group achieved SD, and the DCR is 63.6%. One patient in 300 mg QD group and one patient in 150 mg BID group who achieved SD and remained on treatment for 78 weeks and 28 weeks, respectively. Durable treatment benefit was seen in patients in 300 mg daily dose group, even though those patients were heavily treated previously and tumor types of those patients were not selected for this dose escalation study. Out of eight patients at 300 mg daily dose who had received PD-(L)1 therapy in the past, five (62.5%) achieved SD and all of those 5 patients had progressed on prior PD-(L)1 treatment. This observation has provided a preliminary clinical validation on SHP2's anti-tumor activity in the PD-(L)1 resistant setting.

Phase I/IIa Trial in China (NCT03565003) – Phase I Part in Patients with Advanced Solid Tumors

Trial Design: Leveraging the clinical data of our Phase I trial in the U.S., we designed this dose escalation study in China similarly to the U.S. trial. The patients were assigned into four cohorts, receiving either 100 mg or 300 mg orally once daily (QD), or 100 mg or 150 mg twice daily (BID) in 28-day treatment cycles.

Trial Status: First patient in this study was enrolled in November 2018. The patient enrollment of this trial was completed. The Phase I dose finding portion in China has been completed and we had investigator meeting on September 16, 2019. Based on the acceptable safety and tolerability data from this Phase I portion and the Phase I trial in the U.S., the Central Ethic Committee agreed that the study can enter into the Phase II stage on October 16, 2019. The data cut off at July 24, 2020 was used for the below analyses. Based on the IND approval and our ongoing communications with the NMPA, the NMPA has not indicated any objection to, and has not raised any concern for, our commencement of the Phase IIa portion in accordance with the submitted and approved development plan and trial protocol.

Demographic and baseline characteristics: As of July 24, 2020, we enrolled a total of 21 patients in the dose escalation study. Patients in the dose-escalation cohorts had eight types of solid tumors, and a majority of them (16 out of 21) received at least two lines of previous systemic treatment. Demographic and baseline characteristics are shown in the following table:

Characteristics	**Total (N=21)**
Age (years)	
Median (range)	54.0 (29-65)
Gender (%)	
Male	15 (71.4%)
Female	6 (28.6%)
Baseline ECOG performance status (%)	
0	7 (33.3%)
1	14 (66.7%)
Previous lines of systemic treatment (%)	
0	2 (9.5%)
1	3 (14.3%)
2	6 (28.6%)
3	1 (4.8%)
>3	9 (42.9%)

Source: Company data

Safety Data: As of the data cut-off date, most common treatment-related adverse events (TRAEs) (≥ 10%) included: AST increased (71.4%), ALT increased (66.7%), WBC decreased (61.9%), anemia (61.9%), ANC decreased (42.9%), PLT decreased (42.9%), blood creatinine increased (33.3%), rash (23.8%), γ-GGT elevation (19.0%), blood CPK increased (14.3%), etc. One patient in 300 mg QD cohort experienced DLT, which was a Grade 3 ALT/AST increase. Nine patient(s) (42.9%) had Grade 3 TRAE, and no patients had Grade 4 or 5 TRAE. One patient (4.8%) discontinued the treatment due to TRAEs. The table below summarized the common TRAEs observed in the dose escalation study.

Summary of Common TRAEs (≥ 10%) in the China Dose Escalation Study of JAB-3068

	Patients (N=21)		
TRAE Term	**Any Grade**	**Grade 3**	**≥ Grade 4**
AST increased	15 (71.4%)	1 (4.8%)	0
ALT increased	14 (66.7%)	2 (9.5%)	0
Anaemia	13 (61.9%)	3 (14.3%)	0
WBC decreased	13 (61.9%)	4 (19.0%)	0
ANC decreased	9 (42.9%)	2 (9.5%)	0
Platelet count decreased	9 (42.9%)	2 (9.5%)	0
Blood creatinine increased	7 (33.3%)	0	0
Rash	5 (23.8%)	0	0
γ-GGT increased	4 (19.0%)	0	0
Blood bilirubin increased	3 (14.3%)	0	0
Blood creatine phosphokinase increased	3 (14.3%)	0	0
Creatinine renal clearance decreased	3 (14.3%)	0	0

Source: Company data

Efficacy Data: As of the data cut-off date, 18 out of 21 patients had at least once post treatment efficacy assessment. Among 18 evaluable patients, six patients (33.3%) achieved stable disease (SD). Four out of nine patients in 300 mg daily dose group achieved SD, so the DCR is 44.4%. Two patients at all doses received PD-(L)1 treatment, and they both achieved SD (100%). One patient in 100 mg BID group achieved SD and remained on treatment for 36 weeks. The efficacy data are summarized in the table below.

	Efficacy population			Efficacy subpopulation – PD-(L)1 treated*		
Dose level	**Total**	**Patients with SD**	**DCR**	**Total (PD-(L)1 treated)**	**Patients with SD**	**DCR**
All doses	18	6	33.3%	2	2	100%
300 mg/day	9	4	44.4%	1	1	100%

Abbreviation: DCR = disease control rate

Note:

* includes PD-(L)1 nonresponsive, intolerant, and refractory patients.

Conclusion: The dose escalation study of JAB-3068 monotherapy in China showed similar safety profile to the U.S. study. One DLT was observed in 300 mg QD but no Grade 4 or above TRAEs occurred in the overall dose escalation population in China. Both of two PD-1 pre-treated patients achieved SD, which may suggest a potential clinical benefit of using JAB-3068 in the post PD-(L)1 setting. Positive safety results from this study supported the further development of JAB-3068. Therefore, we initiated the Phase IIa stage of this trial to evaluate the clinical efficacy and safety of JAB-3068 as monotherapy in three cancer types, including NSCLC, ESCC and HNSCC.

Phase I/IIa Trial in China (NCT03565003) – Phase IIa Part in Patients with ESCC, HNSCC and NSCLC

Trial Design: The study in this phase was designed to evaluate the objective response rate (ORR) and duration of response (DOR) of JAB-3068 in patients with NSCLC, ESCC and HNSCC. We plan to enroll a total of 30-90 patients in this phase, including 10-30 patients with each of NSCLC, ESCC and HNSCC, and the patients will receive JAB-3068 monotherapy either 100 mg or 150 mg twice daily (BID) in 28-day treatment cycle.

The primary endpoints of this Phase IIa study are the ORR and DOR in patients with NSCLC, ESCC and HNSCC. Other endpoints, including DCR and PFS, are also being assessed.

Trial Status: First patient in this study was enrolled in October 2019. As of July 24, 2020, 34 patients have been enrolled in 100 mg BID. More patients are expected to be enrolled in 150mg BID group to further assess the safety and efficacy of JAB-3068 at the higher dose. The data cut off at July 24, 2020 was used for the below analyses.

Demographic and baseline characteristics: As of July 24, 2020, 34 patients enrolled in 100 mg BID with three tumor types, including ESCC, NSCLC and HNSCC. Among these patients, no patients were naïve of systemic treatment, and 79.4% patients had at least two previous lines of systemic treatment. Demographic and baseline characteristics is shown in the following table:

Characteristics	**Total (N=34)**	**Tumor A (N=16)**	**Tumor B (N=7)**	**Tumor C (N=11)**
Age (years)				
Median (range)	58.0 (45-75)	58.0 (47-75)	59.0 (45-67)	56.0 (49-66)
Gender (%)				
Male	29 (85.3%)	15 (93.8%)	5 (71.4%)	9 (81.8%)
Female	5 (14.7%)	1 (6.3%)	2 (28.6%)	2 (18.2%)
Baseline ECOG performance status (%)				
0	4 (11.8%)	1 (6.3%)	1 (14.3%)	2 (18.2%)
1	30 (88.2%)	15 (93.8%)	6 (85.7%)	9 (81.8%)
Previous lines of systemic treatment (%)				
0	0	0	0	0
1	7 (20.6%)	2 (12.5%)	4 (57.1%)	1 (9.1%)
2	11 (32.4%)	9 (56.3%)	0	2 (18.2%)
3	12 (35.3%)	4 (25.0%)	3 (42.9%)	5 (45.5%)
>3	4 (11.8%)	1 (6.3%)	0	3 (27.3%)
Patients with previous radiotherapy (%)	18 (52.9%)	10 (62.5%)	5 (71.4%)	3 (27.3%)
Patients with previous surgery (%)	17 (50.0%)	8 (50.0%)	5 (71.4%)	4 (36.4%)

Source: Company data

Safety Data: Common AE observed in this study were similar to the results of the Phase I trial in the U.S. and dose escalation Phase I study in China. As of the data cut-off date, most common TRAEs (≥ 10%) included: Anemia (44.1%), PLT decreased (41.2%), WBC decreased (35.3%), ANC decreased (20.6%), AST increased (20.6%), ALT increased (14.7%), etc. Ten patient(s) (29.4%) had Grade 3 or above TRAEs. Two patients (5.9%) discontinued the treatment due to the TRAEs. The table below summarized the common TRAEs observed in the dose escalation study.

Summary of Common TRAEs (≥ 10%) in the China Phase IIa Study of JAB-3068

	Patients (N=34)		
TRAE Term	**Any grade**	**Grade 3**	**≥ Grade 4**
Anaemia	15 (44.1%)	4 (11.8%)	0
PLT decreased	14 (41.2%)	3 (8.8%)	0
WBC decreased	12 (35.3%)	1 (2.9%)	0
AST increased	7 (20.6%)	0	0
ANC decreased	7 (20.6%)	0	1 (2.9%)
ALT increased	5 (14.7%)	1 (2.9%)	0
Bilirubin urine present	5 (14.7%)	0	0
Blood creatinine increased	4 (11.8%)	0	0
γ-GGT increased	4 (11.8%)	0	0
Hypoalbuminaemia	4 (11.8%)	0	0
Urobilinogen urine increased	4 (11.8%)	0	0

Source: Company data

Efficacy Data: As of the data cut-off date, 26 patients had at least once post treatment assessment result in the 100 mg BID cohort. Among the 26 patients, one patient achieved unconfirmed partial response (PR) and eight patients achieved stable disease (SD). The disease control rate (DCR), including partial response and stable disease cases for evaluable patients, achieved 34.6%. Among the 11 patients who were PD-(L)1 treated, four patients achieved SD (36.4%). The preliminary efficacy data are summarized in the table below.

	Efficacy population			Efficacy subpopulation – PD-(L)1 treated		
Tumor type	**Total**	**Patients with SD**	**DCR**	**Total (PD-(L)1 treated)***	**Patients with SD**	**DCR**
All tumor types	26	9	34.6%	11	4	36.4%
Tumor A	13	4**	30.8%	3	1	33.3%
Tumor B	4	2	50%	2	1	50%
Tumor C	9	3	33.3%	6	2	33.3%

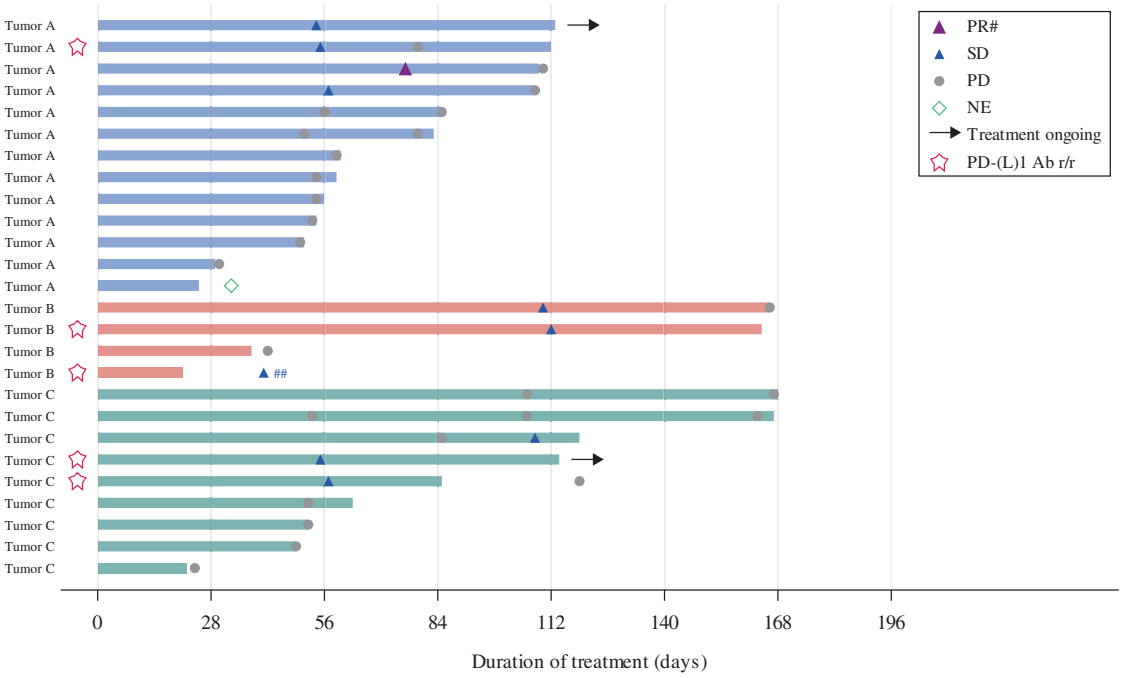
Abbreviation: DCR = disease control rate

Note:

* Includes PD-(L)1 nonresponsive, intolerant, and refractory patients.

** Includes one unconfirmed PR.

The swimmer plot below shows the treatment duration and response in each visit of each evaluable patient.



Abbreviations: PD = progressive disease; PD-(L)1 Ab = PD-(L)1 antibody; r/r = relapsed/refractory; SD = stable disease

Note: Data presented for efficacy evaluable population (N=26), defined as patients with baseline and at least one post-baseline scan.

An unconfirmed PR was assessed in patient with tumor A.

Minimum criteria for SD duration not met.

Source: Company data

Pharmacokinetics: The pharmacokinetics profile of JAB-3068 showed in this trial appears to be very similar with the Phase I trial in the U.S. JAB-3068 was absorbed quickly after oral administration. The systemic exposure (both AUC and C_{max}) of JAB-3068 and the active metabolite JAB-3071 increased in an approximately proportional manner with the dose increase. The concentration of JAB-3071 achieved steady state after 12 days of repeated QD dosing. There was no accumulation for JAB-3068 and moderate accumulation for JAB-3071. The mean $t_{1/2}$ for JAB-3068 and JAB-3071 were 2.71-7.02 hours and 49.8 hours.

Conclusion: In this study, the safety profile of JAB-3068 was generally similar with our observations in the Phase I trial in the U.S. and the Phase I part of Phase I/IIa trial in China. Among the 26 evaluable patients, nine patients achieved SD, and the DCR reached 34.6%, as of the data cutoff date. We collected the patients' archival tissues and blood samples to retrospectively explore the correlation of a panel of biomarkers with treatment response. The predictive biomarkers are expected to help identify patients who may respond to SHP2 inhibitors and exclude patients who would not benefit from this class of drug. In addition, patients who were refractory to PD-(L)1 treatment have demonstrated the potential clinical benefit from SHP2 inhibitor, suggesting the need of exploring SHP2 in post PD-(L)1 setting. Based on the preliminary results of this trial, we plan to initiate a trial to further assess the combination therapy of JAB-3068 and PD-1 antibody for the treatment of NSCLC, ESCC and HNSCC.

JAB-3312

In our pre-clinical studies in animals, JAB-3312 was absorbed rapidly from the gastrointestinal tract with relatively good bioavailability, reflecting favorable PK properties. The systemic exposure generally increased in proportion to dose increase without gender effects.

As of the Latest Practicable Date, we had initiated two Phase I clinical trials to evaluate the safety and efficacy profiles of JAB-3312 as monotherapy in advanced solid tumor in the U.S. and China. In the U.S., the first-in-human study was initiated in September 2019 and the dose escalation was executed smoothly. We enrolled the first patient for the China trial in July 2020 and expect to read out preliminary topline data of this trial by the end of 2020.

Phase I Trial in the U.S. (NCT04045496)

Trial Design: This is an open-label Phase I trial in the U.S. We plan to enroll up to 24 patients with advanced solid tumors in this trial. The patients will receive JAB-3312 orally QD in 21-day treatment cycles. The primary objectives are to determine the MTD and/or RP2D and assess the DLT of JAB-3312. Other study endpoints include safety, tolerability, PK and efficacy.

Trial Status: First patient was enrolled in September 2019 and the trial is still ongoing. As of July 24, 2020, we have completed dose escalation in 4 dose level cohorts: 1 mg, 2 mg, 4 mg and 8 mg orally QD. JAB-3312 was well tolerated in those patients. The dose was escalated to 10 mg QD. The data cut off at July 24, 2020 was used for the below analyses.

Demographic and baseline characteristics: As of July 24, 2020, a total of 15 patients with seven types of solid tumors were enrolled in this trial. Among them, 12 patients received at least two lines of previous systemic treatment. Demographic and baseline characteristics are shown in the following table:

Characteristics	**Total (N=15)**
Age (years)	
Median (range)	62.0 (36-84)
Gender (%)	
Male	8 (53.3%)
Female	7 (46.7%)
Baseline ECOG performance status (%)	
0	6 (40.0%)
1	9 (60.0%)
Previous lines of systemic treatment (%)	
0	1 (6.7%)
1	2 (13.3%)
2	5 (33.3%)
3	5 (33.3%)
>3	2 (13.3%)

Source: Company data

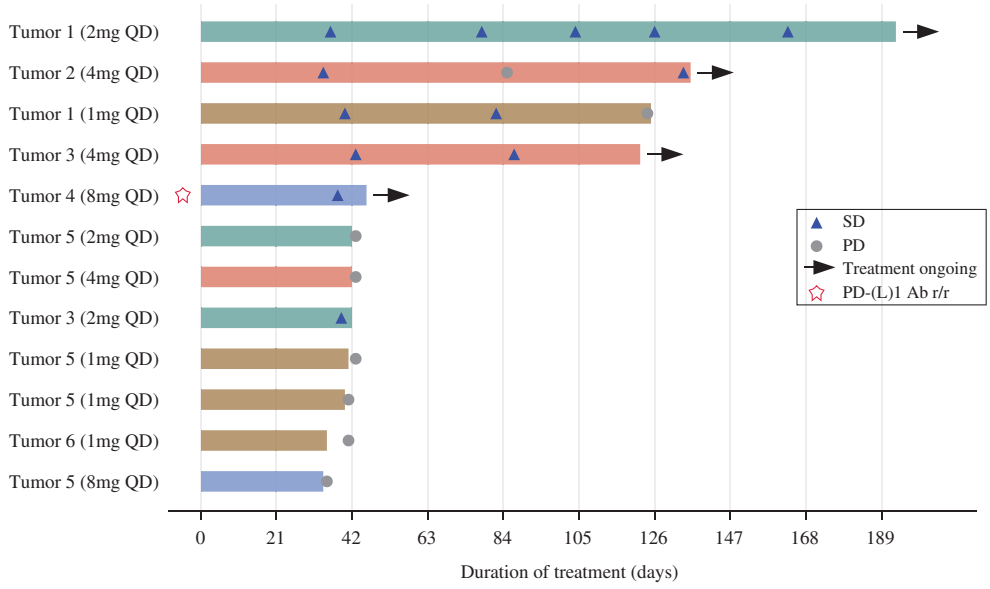
Safety Data: As of the data cut-off date, eight of 15 patients in 1 mg to 8 mg cohorts experienced TRAEs and no DLT was observed. Common TRAEs (≥ 10%) included ALT increased (20.0%), AST increased (20.0%), anemia (20.0%) and PLT decreased (13.3%). Four (26.7%) patients had Grade 3 TRAEs, while there is no patients with Grade 4 or 5 TRAEs. No patients discontinued the treatment due to TRAEs. No new safety signal was observed comparing with JAB-3068. The table below summarized the common TRAEs observed in the dose escalation study.

Summary of Common TRAEs (≥ 10%) in the U.S. Dose Escalation Study of JAB-3312

	Patients (N=15)		
TRAE Term	**Any Grade**	**Grade 3**	**≥ Grade 4**
ALT increased	3 (20.0%)	0	0
AST increased	3 (20.0%)	0	0
Anemia	3 (20.0%)	2 (13.3%)	0
PLT decreased	2 (13.3%)	2 (13.3%)	0

Source: Company data

Efficacy Data: As of the data cut-off date, 12 patients had at least once post treatment assessment results. Six of the 12 patients achieved SD. The DCR was 50%. One patient in 2 mg group has been on trial for more than 27 weeks. The swimmer plot below shows the treatment duration and response in each visit of each evaluable patient. As the study is ongoing, these are interim results that will be updated in the future.



Abbreviations: PD = progressive disease; PD-(L)1 Ab = PD-(L)1 antibody; r/r = relapsed/refractory; SD = stable disease

Note: Data presented for efficacy evaluable population (N=12), defined as patients with baseline and at least one post-baseline scan.

Source: Company data

Conclusion: Preliminary safety data from this trial support the use of JAB-3312 up to 8 mg QD. The exposure of JAB-3312 showed a linear relationship with doses from 1 mg to 8 mg, suggesting a favorable PK profile. The concentration at 4 mg achieved the efficacious level comparing with our observations in the pre-clinical efficacy models. Among twelve evaluable patients, six patients (50%) achieved SD, and the DCR was 50%, as of the data cutoff date. One patient in 2 mg group has been treated for more than 27 weeks.

Phase I Trial in China (NCT04121286)

This Phase I dose escalation trial in China was designed similarly to the U.S. Phase I trial of JAB-3312. The first patient was enrolled in 1 mg cohort in July 2020. No new safety signal was detected comparing with the safety profile data in the U.S. trial so far.

v. Clinical Development Plan

We believe our SHP2 drug candidates are positioned to be the leaders in this space. To maximize their clinical value globally, we have initiated a multi-regional research and development plan for our SHP2 program under our collaboration arrangement with AbbVie.

Given the unique dual-blockade mechanism of SHP2 against RAS pathway and PD-(L)1 pathway, which are implicated in many cancer indications, we plan to develop our SHP2 inhibitors both as monotherapy and as a backbone for various combination therapies that have potential to address significant unmet medical needs in global market. Early-stage clinical studies of both JAB-3068 and JAB-3312 have been initiated in parallel in the U.S. and China.

The table below sets forth the details of our multi-regional clinical development plan for JAB-3068 and JAB-3312:

Indication	Mono/Combo (Compound)	Clinical trial stage	Location	(Expected) first patient in date	(Expected) NDA submission date[1]
		JAB-3068			
Solid tumors	Mono	I	U.S.	April 2018	2024 – 2025
NSCLC, ESCC, HNSCC	Mono	IIa	China	October 2019	
NSCLC, ESCC, HNSCC	Combo (PD-1 antibody[2])	I/IIa	China	January 2021	
		JAB-3312			
Solid tumors	Mono	I	U.S.	September 2019	2025 – 2026
Solid tumors	Mono	I	China	July 2020	
KRAS G12X-mutant, KRAS amp, BRAF Class 3/NF1 LOF mutant solid tumors	Mono	IIa	U.S. and China	Q1 2021	

Indication	Mono/Combo (Compound)	Clinical trial stage	Location	(Expected) first patient in date	(Expected) NDA submission date[1]
NSCLC, CRC, pancreatic cancer	Combo (MEK inhibitor[2])	Ib/IIa	U.S. and China	Q1 2021	2026
NSCLC, ESCC, HNSCC	Combo (PD-1 antibody[2])	Ib/IIa	U.S. and China	Q1 2021	
KRAS G12C-mutant NSCLC, CRC	Combo (KRAS G12C inhibitor[3])	Ib/IIa	U.S. and China	Q3 2021	

Abbreviations: CRC = colorectal cancer; ESCC = esophageal squamous cell carcinoma; HNSCC = head and neck squamous cell carcinoma; NSCLC = non-small cell lung cancer; Q1 = first quarter; Q3 = third quarter.

Notes:

(1) We assume the data of Phase IIb registrational trial will be used for NDA submissions of JAB-3068 and JAB-3312 in China and the U.S.

(2) We have secured the PD-1 and MEK inhibitors to be used in our planned combination trials.

(3) We have not secured the KRAS G12C inhibitor to be used in our planned combination trials. We may collaborate with other drug developers or use our own KRAS G12C inhibitor.

Monotherapy Trials

***JAB-3068*:** We initiated the Phase I and Phase I/IIa trial of JAB-3068 in both U.S. and China in 2018, and advanced JAB-3068 to Phase IIa stage in China in October 2019. For details of interim clinical data, please refer to "—iv. Summary of Clinical Trial Results—JAB-3068". The monotherapy trial is expected to provide updated efficacy data in early 2021. JAB-3068 was granted orphan drug designation by the U.S. FDA for the treatment of esophageal cancer (including ESCC) in February 2019. The multi-regional Phase IIb trials will be planned for JAB-3068 in the second half of 2021 according to the results of Phase IIa trials of monotherapy and in combination with PD-1 antibody.

***JAB-3312*:** We initiated the Phase I trials of JAB-3312 in the U.S. and China in 2019 and 2020, respectively. For details of interim clinical data, please refer to "—iv. Summary of Clinical Trial Results—JAB-3312". JAB-3312 was granted orphan drug designation by the U.S. FDA for the treatment of esophageal cancer (including ESCC) in September 2020. After the completion of the Phase I trials, we plan to conduct a multi-regional Phase IIa trial with sites in the U.S. and China to evaluate JAB-3312 monotherapy in selected patient populations. We plan to assess the efficacy of JAB-3312 in patients with solid tumors with KRAS G12X mutation, KRAS amplification, BRAF Class 3 mutation, or NF1 LOF mutation in this trial. We plan to recruit a total of 60 patients to the expansion part of this study, and the first patient is expected to be enrolled in the first quarter of 2021. We expect to read out preliminary topline data of this Phase IIa trial by the end of 2021.

Combination Trials:

Combination with RAS pathway inhibitors

As discussed in the paragraphs headed "—iii. Competitive Advantages of our SHP2 Portfolio Drug Candidates—(4) Potential to be a backbone drug in compelling combination therapies", studies have shown that combining SHP2 inhibitor with KRAS G12C or MEK inhibitor may be a promising strategy for targeted RAS pathway inhibitors to overcome adaptive resistance and increase response rate and durability for the treatment of cancers bearing RAS pathway mutations. Specific RAS pathway mutations that require SHP2 signaling include KRAS G12C/A mutations, RTK alteration, BRAF Class 3 alterations and NF1 alterations. Therefore, this combinatorial strategy would bring therapeutic advantages to cancer patients with these specific mutations, including NSCLC, CRC and pancreatic cancer.

Publicly reported data (e.g. August 2019 Mirati corporate presentation) and our internally generated data suggested that KRAS inhibitors and MEK inhibitors could have significant synergistic effect with SHP2 inhibitors. Based on our pre-clinical data, we plan to initiate (i) a multi-regional Phase Ib/IIa trial to evaluate the combination of JAB-3312 and MEK inhibitor in patients with NSCLC, CRC and pancreatic in the first quarter of 2021, which is planned to report preliminary topline data by the end of 2021, and (ii) a multi-regional Phase Ib/IIa trial to evaluate the combination of JAB-3312 and KRAS G12C inhibitor in patients with KRAS G12C-mutant NSCLC and CRC in the third quarter of 2021. These trials will be conducted in sites in both the U.S. and China.

In the future, we also plan to explore the therapeutic opportunity of JAB-3312 in combination with RTK inhibitors, such as EGFR and ALK inhibitors, and with CDK4/6 inhibitors.

Combination with PD-1 antibodies

Our internal and other publicly reported data suggested significant therapeutic synergy of the combination of SHP2 and PD-1 antibodies, especially for the treatment of cancers that are sensitive to SHP2 inhibitor intrinsically. As anti-PD-(L)1 therapy has been established as a standard of care for multiple types of cancer, this combination strategy may benefit a large patient population who were not responsive to anti-PD-1 therapy or experienced progression to anti-PD-1 treatment.

JAB-3068: We plan to evaluate the combination therapy of JAB-3068 and PD-1 antibody in patients with NSCLC, HNSCC and ESCC in a Phase I/IIa trial in China. We expect to obtain IND approval for this trial in December 2020. This Phase I/IIa combination study will have a dose-escalation phase and a dose expansion phase, and approximately 9-18 and 90 patients will be enrolled in each phase. To precisely identify our target patients, we plan to recruit eligible patients based on prescreening results of certain biomarkers. These biomarkers are found to be associated with higher possibility of PD-1 progression/non-response, and higher sensitivity to SHP2 inhibitor treatment. Patient enrollment of this study is expected to start in January 2021. Preliminary results of this combination trial are expected to be available by the end of 2021.

JAB-3312: We plan to initiate a multi-regional Phase Ib/IIa trial to evaluate the combination of JAB-3312 and PD-1 antibody in patients with ESCC, NSCLC and HNSCC. We also plan to use biomarker-based test to select patients for this trial. We expect to start patient enrollment in the first quarter of 2021. We expect to read out preliminary topline data of this Phase Ib/IIa trial by the end of 2021.

vi. Licenses, Rights and Obligations

Under our global strategic collaboration with AbbVie, subject to our PRC Option, which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. For more details of the collaboration agreement, please refer to the paragraphs headed "— III. Collaboration with AbbVie."

vii. Material Communications

We have not received any relevant regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange:

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET JAB-3068 OR JAB-3312 SUCCESSFULLY.

2. Our Clinical-Stage BET Drug Candidate (JAB-8263)

The MYC transcription factor is a master regulator of diverse cellular functions and has been long considered a compelling therapeutic target because of its role in a wide range of human malignancies. However, inhibition of MYC function has been challenging because of both the diverse mechanisms for its aberrant expression and the difficulty in disrupting protein-DNA interactions. Small molecule inhibitors of the bromodomain and extraterminal (BET) family chromatin adaptors have been shown to achieve rapid and potent abrogation of MYC gene transcription, as BET proteins are required for MYC transcription.

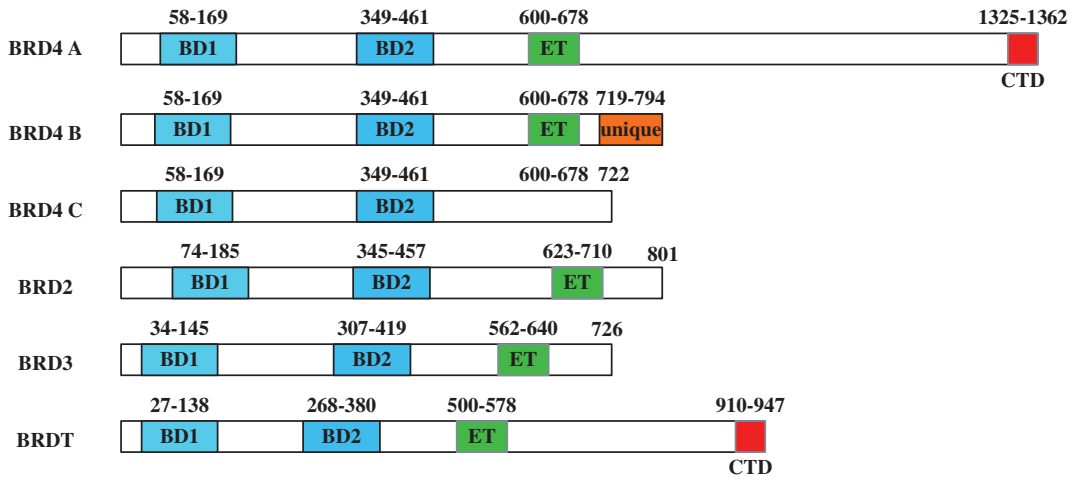
JAB-8263 is designed to be an oral, small-molecule BET inhibitor. BET proteins interact with acetylated lysine residues in histone to regulate gene expression, and promote aberrant expression of many oncogenes such as *MYC, CCND1*, and *BCL2L1*. In cancer cells, disruption of BET binding significantly reduces cellular proliferation and induces apoptosis. Therefore, BET inhibitors may lead to selective killing of tumor cells across a broad range of hematologic malignancies and certain targeted solid tumors.

We are developing JAB-8263 for the treatment of (a) patients with advanced solid tumors, primarily including but not limited to the following tumor types: NMC, NSCLC, SCLC, CRPC, ESCC and ovarian cancer; and (b) patients with myelofibrosis (MF) and acute myeloid leukemia (AML). Our IND application for JAB-8263 for the treatment of patients with solid tumors was approved by the U.S. FDA in July 2020. We have initiated a Phase I clinical trial in the United States to evaluate the safety, PK profile and preliminary efficacy of JAB-8263 for the treatment of solid tumors in November 2020. In addition, we received IND approval from the NMPA for JAB-8263 for the treatment of solid tumors, MF and AML in November 2020, and we plan to enroll the first patient in the Phase I trial in China in the first half of 2021.

i. Mechanism-of-Action

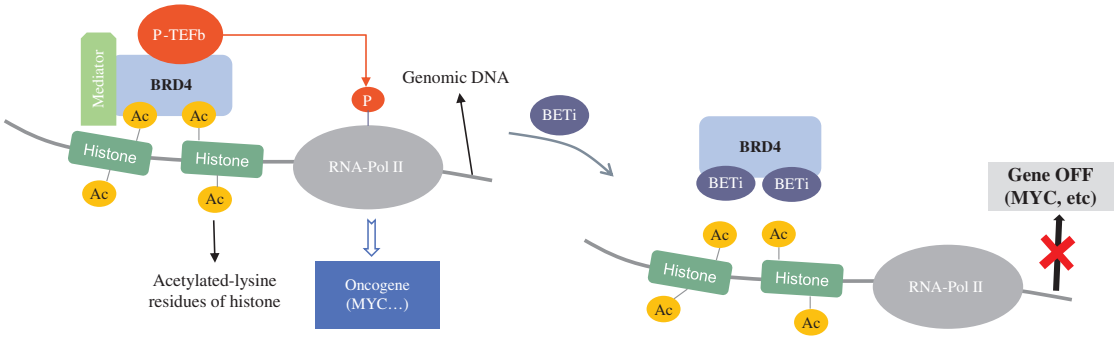
The BET proteins belong to bromodomain (BRD) protein family, which has four members, namely BRD2, BRD3, BRD4, and BRDT. The BET proteins share a common domain architecture comprising: (i) two bromodomains in the N-terminal, which bind to the acetylated lysine on the nucleosomal histones and transcription factors to regulate gene transcription; and (ii) an extra-terminal (ET) domain in the C-terminus, through which BET proteins interact and recruit co-regulatory chromatin modifying enzymes, remodeling factors and the mediator elements to the chromatin for regulating gene transcription. The bromodomain structure in the N-terminal of BET proteins consists of four helices separated by variable loop regions, together forming a hydrophobic cavity (or a "bromodomain pocket"), which results in different protein-binding sites and affinities. The C-terminal domain (CTD) of BRD4 also interacts with pTEFb (positive transcription elongation factor b), the heterodimer composed of cyclin dependent kinase 9 (CDK9) and its regulatory subunit cyclin T.

The following diagram illustrates the domain architecture of human BET proteins:



Source: Frost & Sullivan Analysis

As illustrated by the diagram below, BET proteins bind to acetylated lysine histones and recruits pTEFb to sites of active transcription of growth-promoting oncogenes such as *c-MYC*. pTEFb plays a key role in the regulation of polymerase II-mediated transcription of anti-apoptotic proteins. Tumor cells are dependent on anti-apoptotic proteins for their survival. JAB-8263 is designed to engage the "bromodomain pocket" of BET proteins in a manner that is competitive with acetylated peptide binding. As a result, JAB-8263 blocks the initial binding of BET proteins to acetylated lysine, and thus disrupts the chromatin remodeling and prevents the expression of certain oncogenes such as c-*MYC*.



Source: Frost & Sullivan Analysis

The MYC transcription factor is a master regulator of diverse cellular functions and has long been considered a compelling therapeutic target. The MYC family of cellular proto-oncogenes encode three highly related nuclear phosphoprotein, *c-MYC*, *n-MYC* and *l-MYC*. Cells that are not actively growing and dividing tend to withdraw from the cell cycle and enter a stage referred to as G0, from which they can be retrieved. MYC proteins are transcription factors that are involved in controlling the transition of cells from the G0 to G1 phases of cell division. MYC regulates the expression of a large number of proteins and miRNAs involved in cell growth and proliferation. When MYC expression is selectively blocked, the progression of the cell through G1 is blocked. The MYC gene is commonly altered in human cancers, often being amplified within the genome or rearranged as the result of chromosome translocation. These chromosomal changes are thought to reduce the MYC gene from its normal regulatory influences and increase its level of expression in the cell. Growing evidence demonstrates that MYC overexpression is a major driving force of malignant transformation, and that both MYC-driven tumors and tumors driven by other oncogenes (e.g. KRAS) depend on elevated MYC levels for growth.

ii. Market Opportunities and Competition

BET inhibitors are part of an innovative and emerging class of epigenetic regulators that target cancer in a fundamentally different way than most chemotherapeutic drugs and existing targeted therapies, as advised by Frost & Sullivan. We believe BET inhibition is a promising new therapeutic approach for treating multiple cancer types.

Solid Tumors

MYC amplification is commonly found in many different cancer types. We are developing JAB-8263 for the treatment of patients with advanced solid tumors, preferring but not limited to the following tumor types: NMC, NSCLC, SCLC, CRPC, ESCC and ovarian cancer. According to Frost & Sullivan, the overall annual incidence of patients with NMC, NSCLC, SCLC, CRPC, ESCC and ovarian cancer globally reached approximately 3.5 million in 2019, and is estimated to reach approximately 4.7 million by 2030. In China, the overall annual incidence of patients with NMC, NSCLC, SCLC, CRPC, ESCC and ovarian cancer reached approximately 1.3 million in 2019, and is estimated to reach approximately 1.7 million by 2030. As of the Latest Practicable Date, no BET inhibitor had been approved and marketed globally. Therefore, we believe JAB-8263 has great potential to address this sizable and growing market.

Myelofibrosis (MF) and Acute Myeloid Leukemia (AML)

MF is one of a collection of progressive blood cancers known as myeloproliferative neoplasms. Most patients with MF suffer from enlarged spleens and many other physical symptoms, including abdominal discomfort, bone pain, and extreme fatigue. Therefore, MF is generally associated with significantly reduced quality of life and shortened survival. According to Frost & Sullivan, the global MF prevalence was approximately 115,100 in 2019, and is expected to reach approximately 127,500 in 2030. In China, there were approximately 21,000 MF patients in 2019, which is expected to grow to approximately 21,500 in 2030. While MF patients have urgent needs for effective medical treatment, there are limited treatment options for this disease.

AML is a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood. The leukemia cells replace and crowd out the bone marrow, thereby causing low blood cell counts. Inadequate numbers of white blood cells and platelets being made by the marrow can cause frequent or repeated infections, easy bleeding, and/or bruising, among other symptoms. According to Frost & Sullivan, the global AML prevalence was approximately 151,500 in 2019, and is expected to reach approximately 187,600 in 2030. In China, there were approximately 28,500 AML patients in 2019, which is expected to grow to approximately 33,400 in 2030.

BET Inhibitors in Active Clinical Development

To date, there is no approved and marketed BET inhibitor globally. There are a number of leading clinical-stage BET inhibitors globally, including BMS' BMS-986158, Constellation Pharma's CPI-0610, AbbVie's ABBV-075 and ABBV-744, and Betta Pharma's BPI-23314. In particular, Constellation Pharma has initiated a Phase I/II clinical trial for its BET inhibitor CPI-0610 for the treatment of MF, MM, AML and MDS. A global phase III trial of CPI-0610 in combination with ruxolitinib in JAK inhibitor-naïve MF patients has been planned. Besides these, there are currently around ten other BET inhibitors under active clinical development globally.

iii. Competitive Advantages of JAB-8263

(1) Innovative BET inhibitor with high affinity and strong inhibitory potency

JAB-8263 is a new investigational potent BET inhibitor. As illustrated in the figure below, an *in vitro* bromodomain proteins binding assays showed that JAB-8263 is a potent BET inhibitor and has a higher affinity for BET proteins as compared with BMS-986158, a BET inhibitor developed by BMS for the treatment of advanced solid tumors and hematologic malignancies. JAB-8263 binds to BRD2, BRD3, BRD4 and BRDT with IC_{50} ranging from 0.20 to 0.99 nM.

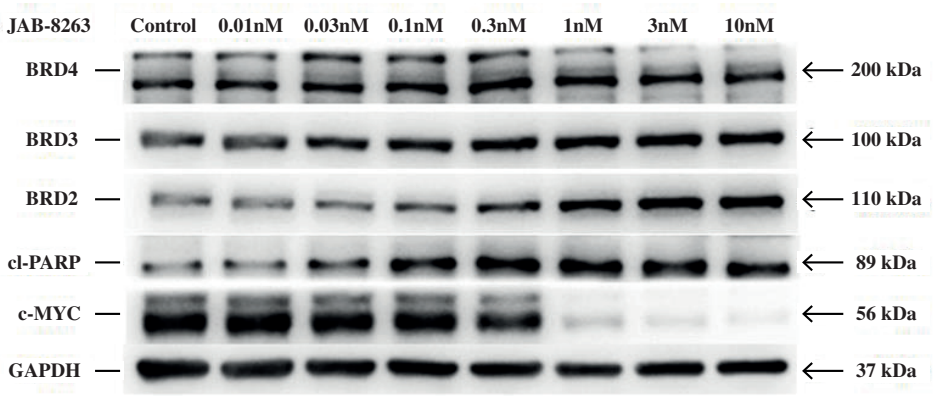
No.	Proteins	JAB-8263 IC_{50} (nM)	BMS-986158 IC_{50} (nM)
1	BRD2 (D1)	0.35	0.39
2	BRD2 (D2)	0.51	0.68
3	BRD2 (D1, D2)	0.20	0.43
4	BRD3 (D1)	0.61	0.80
5	BRD3 (D2)	0.47	0.61
6	BRD3 (D1, D2)	0.59	0.58
7	BRD4 (D1)	0.22	0.28

No.	Proteins	JAB-8263 IC_{50} (nM)	BMS-986158 IC_{50} (nM)
8	BRD4 (D2)	0.99	1.3
9	BRD4 (D1, D2)	0.50	0.70
10	BRDT (D1)	0.74	1.2

Source: company data

The pre-clinical studies also showed that, in c-MYC-dependent MV-4-11 cells (human acute monocytic leukemia cells), c-MYC levels were inhibited by JAB-8263 in a concentration-dependent manner with IC_{50} of 0.48 nM. JAB-8263 treatment also increased level of cleaved poly (ADP-ribose) polymerase (PARP) in MV-4-11 cells, indicating that JAB-8263 induced cell apoptosis.

Western Blot Assay of BET Pathway in MV-4-11 Cells Treated with JAB-8263



Source: company data

As illustrated in the figure below, in the *in vitro* cellular proliferation assay, JAB-8263 showed a very high inhibitory activities on cell proliferation in human AML, MM, lymphoma, SCLC, esophagus cancer, prostate cancer, GBM and ovarian cancer cell lines, which was around three times more potent than BMS-986158.

No.	Cell line	Tumor Types	JAB-8263 IC_{50} (nM)	BMS-986158 IC_{50} (nM)
1	Kasumi-1	AML	0.40	1.53
2	MV-4-11	AML	0.66	2.09
3	RS4;11	AML	1.03	3.84
4	NCI-H929	MM	0.66	2.09
5	MM.1S	MM	0.56	1.70
6	MOLP-8	MM	0.21	1.32
7	Ramos	lymphoma	1.60	5.82
8	NCI-H526	SCLC	4.77	16.94
9	NCI-H146	SCLC	4.25	16.40
10	DMS53	SCLC	2.95	9.84

No.	Cell line	Tumor Types	JAB-8263 IC_{50} (nM)	BMS-986158 IC_{50} (nM)
11	KYSE-270	Esophageal	0.40	1.18
12	KYSE-410	Esophageal	0.39	1.18
13	TE-1	Esophageal	1.05	4.97
14	RMG-1	Ovary	0.49	1.47
15	OVCAR-4	Ovary	1.09	4.29
16	SW1783	GBM	3.10	14.13
17	LN-18	GBM	3.28	18.01
18	U-87MG	GBM	2.60	10.71
19	LNCaP	Prostate	0.72	2.52
20	22Rv1	Prostate	0.61	2.66

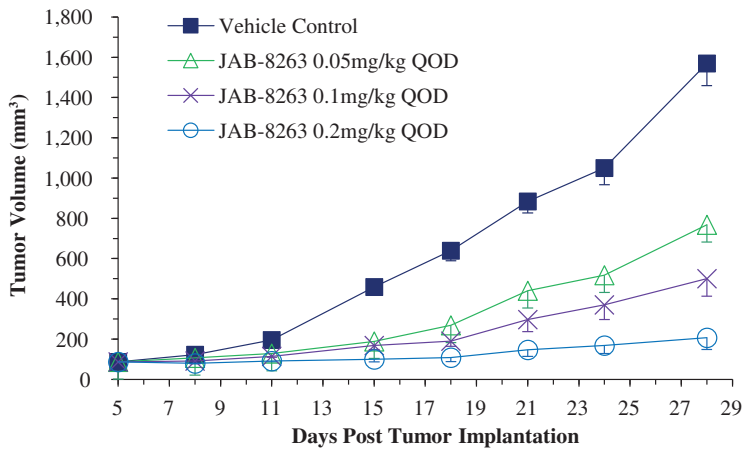
Source: company data

(2) Strong antitumor activity with favorable safety profile

Significant anti-tumor activities of JAB-8263 at 0.05~0.2 mg/kg QOD in a concentration-dependent manner were observed in NCI-H526, MOLP-8 and MV-4-11 xenografts. In these pre-clinical models, JAB-8263 was generally tolerated *in vivo*.

Figure 1 below shows the antitumor activity of JAB-8263 against subcutaneous xenografts of NCI-H526 cells in nude mice. The treatment with JAB-8263 at 0.05/0.1/0.2 mg/kg QOD induced significant tumor growth inhibition, with 54%, 72%, and 92% tumor growth inhibition (TGI) on day 28, respectively.

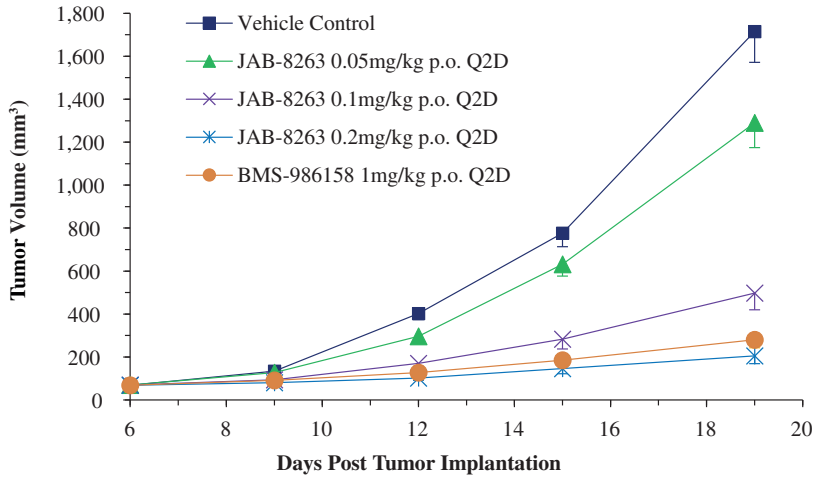
Figure 1 Anti-tumor Activity in NCI-H526 Xenografts



Source: company data

Figure 2 below shows the antitumor activity of JAB-8263 against subcutaneous xenografts of MOLP-8 cells in NOD-SCID mice. The treatment with JAB-8263 at 0.05, 0.1, 0.2mg/kg QOD achieved 26%, 74%, and 92% tumor growth inhibition (TGI) on day 19, respectively.

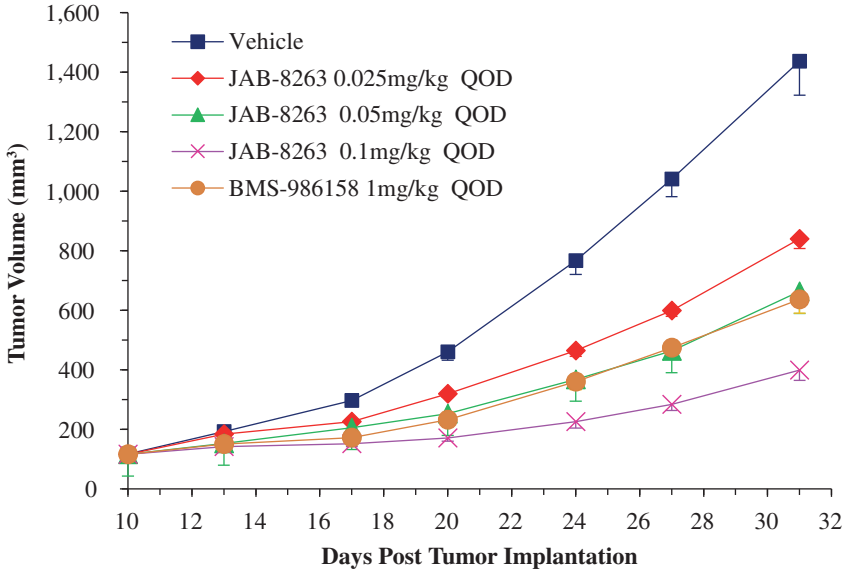
Figure 2 Anti-tumor Activity in MOLP-8 Xenografts



Source: company data

Figure 3 below shows the antitumor activity of JAB-8263 against subcutaneous xenografts of MV-4-11 cells in NOD-SCID mice. The treatment with JAB-8263 at 0.025, 0.05, and 0.1mg/kg QOD induced significant tumor growth inhibition, with 45%, 59%, and 79% tumor growth inhibition (TGI) on day 31, respectively. As compared with JAB-8263, the treatment with BMS-986158 at 1.0mg/kg QOD to MV-4-11 xenografts mice yielded 61% tumor growth inhibition on day 31.

Figure 3 Anti-tumor Activity in MV-4-11 Xenografts



Source: company data

iv. Clinical Development Plan

Our IND application for JAB-8263 for the treatment of patients with solid tumors was approved by the U.S. FDA in July 2020. We have initiated a Phase I clinical trial in the United States to evaluate the safety, PK profile and preliminary efficacy of JAB-8263 for the treatment of patients with solid tumors in November 2020. In addition, we received the IND approval from the NMPA for JAB-8263 for the treatment of solid tumors, MF and AML in November 2020, and we plan to enroll the first patient in the Phase I trial in China in the first half of 2021.

v. Licenses, Rights and Obligations

As we internally discovered and developed JAB-8263, we maintain the global rights to develop and commercialize this drug candidate.

vi. Material Communications

We have not received any relevant regulatory agency's objections to our clinical development plans as of the Latest Practicable Date.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange:

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET JAB-8263 SUCCESSFULLY.

3. Selected Pre-clinical Drug Candidates

In addition to our clinical-stage drug candidates, we are also evaluating a number of in-house-developed and pre-clinical drug candidates in our rich pipeline.

a. KRAS Portfolio Drug Candidates (JAB-21000, JAB-22000, JAB-23000, JAB-BX300)

KRAS is one of the most well-known proto-oncogenes and is crucially involved in human cancer. Because of lack of distinct drug-binding pockets, however, most attempts to block KRAS in decades-long quest were unsuccessful until the breakthrough discovery of allosteric inhibitors in recent years. Based on our cutting-edge allosteric inhibitor platform, we have developed a diversified portfolio of KRAS inhibitor programs that target different forms of KRAS which harbor either G12C, G12D, G12V or other mutations.

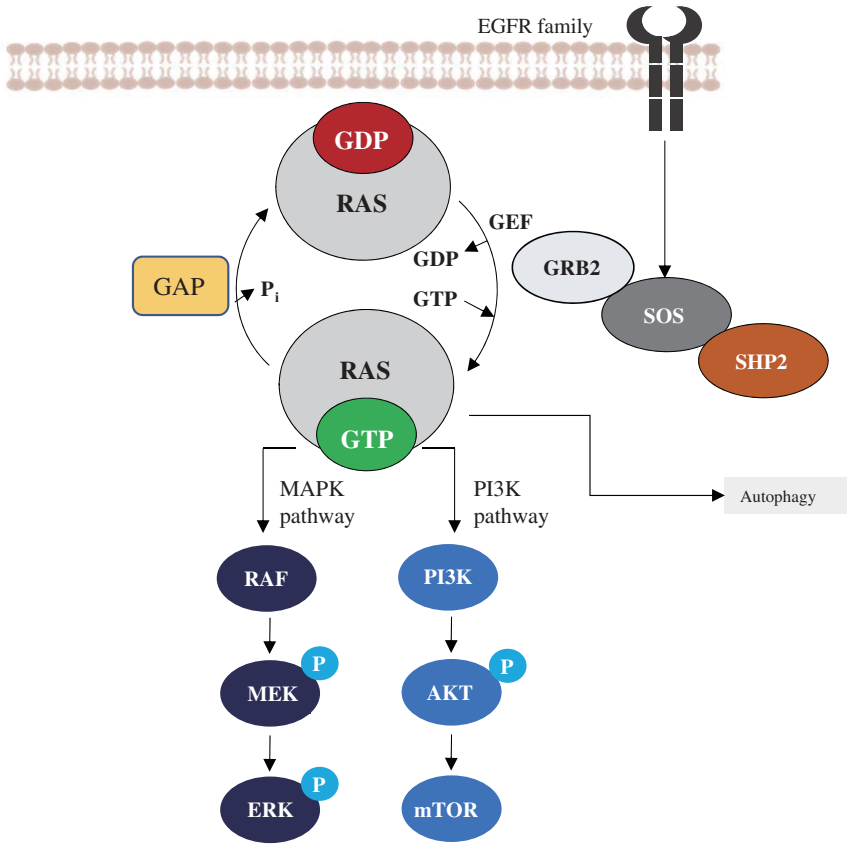
Our lead KRAS program, JAB-21000, is a highly potent small molecule that selectively targets KRAS G12C mutations. KRAS G12C mutation is present in approximately 11% of NSCLC adenocarcinoma patients and 5% of CRC patients as well as a small percentage of other tumors (e.g. pancreatic). In our pre-clinical studies, JAB-21000 exhibited potent biochemical activity and pronounced antitumor effects *in vitro* and *in vivo*, showing its potential in clinical use for the treatment of NSCLC, CRC and other solid tumors. Moreover, its favorable PK properties with monkeys indicate potentially better oral bioavailability and systemic exposures in human, which may lead to strong therapeutic effects at a relatively low dosage. We entered IND-enabling studies for JAB-21000 (KRAS G12C) in August 2020. We plan to submit the IND application for JAB-21000 with the U.S. FDA and the NMPA in the first half of 2021, initiate Phase I trials in 2021 and read out preliminary topline data by the end of 2021.

Other than JAB-21000, we also have two discovery programs of small molecule KRAS inhibitors targeting G12D and G12V mutations, which will initially be developed for the treatment of pancreatic, CRC and NSCLC. In addition to small molecules, we also discovered a large molecule antibody, JAB-BX300, for the treatment of pancreatic and other solid tumors with KRAS mutations.

i. Mechanism-of-Action

RAS is the most frequently mutated oncogene in human tumors. RAS oncogene encodes a GTP-binding protein that functions as an on-off switch for a number of key signaling pathways, such as RAS pathway that controls cell growth, proliferation and differentiation. RAS gene family contains three different forms, KRAS, NRAS and HRAS. Of these, KRAS is most often implicated in cancer development.

The figure below illustrates the normal function of KRAS protein in the RAS pathway. This pathway transduces growth signals from outside the cell to cell's nucleus, and thereby instructing the cell to grow and divide, or to mature and take on specialized functions. In normal physiological condition, KRAS protein is bound to GDP and stays inactivated, which means it does not relay signals to downstream nodes. With the participation of SHP2 and SOS, KRAS protein switch to bind with GTP and converts to turn-on mode for signal transmission. Activating mutations in the KRAS gene impair the ability of the KRAS protein to switch between active and inactive states, leading to continuous signaling to activate downstream signaling pathways, such as PI3K/AKT and MAPK, and aberrant cell growth, proliferation and survival.



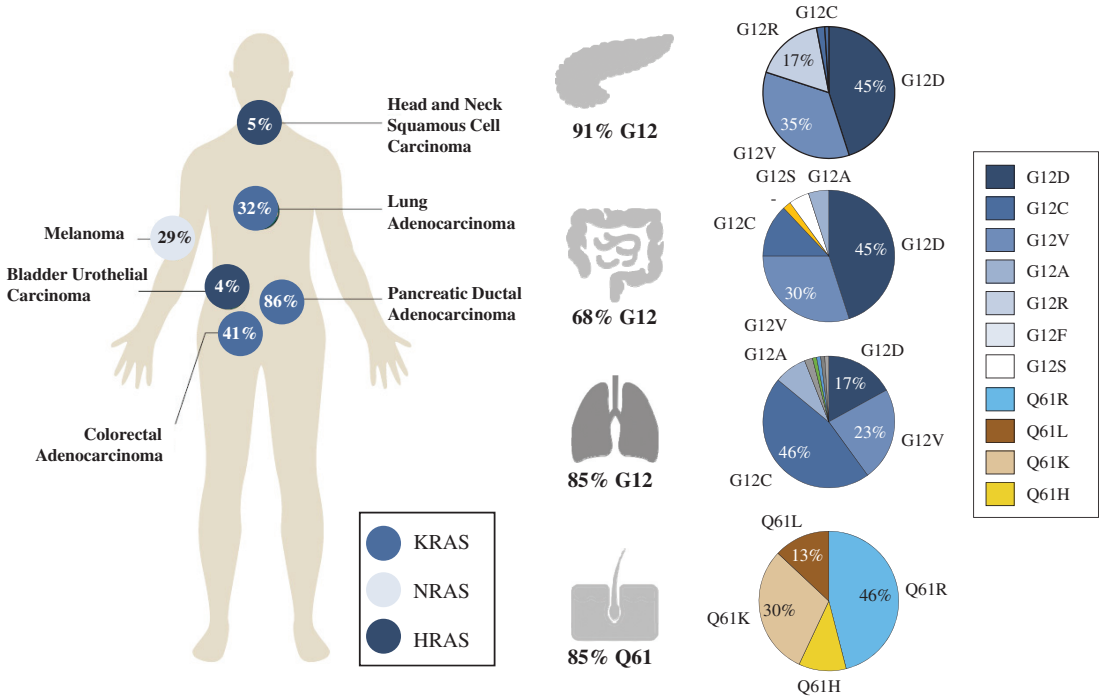
Source: Frost & Sullivan Analysis

Although KRAS and its role as oncogene were discovered as early as 30 years ago, no therapeutic agent directly targeting KRAS has been clinically approved despite decades of research. KRAS has long be considered "undruggable" for several reasons. Firstly, it is a very small-sized molecule and has a relatively smooth surface with few deep pockets for drug-binding. Secondly, because of the high picomolar affinity of KRAS towards nucleotide GTP, drugs are generally unable to reach certain concentration to compete with GTP in binding the nucleotide binding domain on the protein.

To overcome these technical challenges, JAB-21000 is designed to covalently bind to Cys 12 on KRAS G12C and thereby locking the protein in its GDP-bound, inactive state. By locking it in inactive state, KRAS inhibitor can block KRAS-dependent oncogenic signaling, leading to suppression of tumor growth.

ii. Market Opportunities and Competitions

KRAS is the most frequently mutated oncogene in human cancers. KRAS mutations have been detected in many types of human cancer. KRAS mutations are prevalent in pancreatic cancer (95%), CRC (40%), NSCLC (25%) and are also present in thyroid cancer, ovarian cancer, bladder cancer, systemic lupus erythematosus, breast cancer, liver cancer, skin cancer, rheumatoid arthritis, kidney cancer and leukemia.



Source: Literature research; Frost & Sullivan

KRAS G12C, one single type of KRAS mutations accounts for about 40% of all KRAS mutations in some of the most common and deadly carcinomas, including lung, colorectal, and pancreatic cancers. G12C is a single point mutation with a glycine-to-cysteine substitution at codon 12. This substitution favors the activated state of KRAS, amplifying signaling pathways that lead to oncogenesis. KRAS G12C is particularly prevalent in NSCLC. KRAS G12D and KRAS G12V are other two common types of KRAS mutations, which are frequently detected in NSCLC, CRC and pancreatic cancer.

The following table sets forth the estimate incidence in KRAS G12C/D/V mutant subtypes in China and the U.S. in 2019:

	NSCLC		CRC		Pancreatic Cancer	
	U.S.*	China*	U.S.*	China*	U.S.*	China*
	(in Thousand)					
Total KRAS+	48.5	190.2	58.2	176.0	53.9	103.0
G12C	21.3	83.7	4.8	14.5	1.1	2.1
G12D	8.2	32.3	18.3	55.3	27.5	52.5
G12V	10.1	40.0	14.8	44.6	16.2	30.9

Source: Frost & Sullivan

As no KRAS-targeted therapy is available as part of standard care option today, chemotherapy is still standard care in the treatment of cancer patients harboring mutations in this oncogene. However, KRAS mutations are often associated with poor response and increased resistance to chemotherapy. Academic literature suggests that KRAS oncogene is directly involved in re-programing of a cancer cell's metabolism in order to sustain unrestricted tumor growth and therefore contributing to metabolism-dependent drug resistances. This correlation between KRAS mutation and resistance to chemotherapy highlights the urgent and significant need for therapeutic agents that inhibit KRAS specifically.

KRAS has long been considered "undruggable" until the recent development of KRAS G12C inhibitors. To date, there has been no approved and marketed KRAS G12C inhibitor globally.

KRAS G12C as a Monotherapy

Currently, there are a total of four clinical-stage KRAS G12C inhibitors being developed as monotherapy globally. AMG 510 is the first KRAS G12C inhibitor that showed favorable safety profile and impressive clinical activity in KRAS G12C mutant NSCLC. However, despite the promising clinical efficacy in KRAS G12C mutant NSCLC, the benefit of AMG 510 in KRAS G12C mutant CRC is modest. In addition, NSCLC patients who initially responded to KRAS G12C inhibitor started to become resistant to the drug. Because of above clinical challenges, the field of KRAS G12C has moved to combinatorial strategies. The table below summarizes the details of such clinical-stage KRAS G12C inhibitors being developed as monotherapy:

Drug Name	Target	Company	Indication	Phase Stage	Initiation Date[1]
MRTX849	KRAS G12C inhibitor	Mirati Therapeutics	Advanced Cancer, Metastatic Cancer, Malignant Neoplastic Disease	Phase I/II	Jan 2019
ARS-3248	KRAS G12C inhibitor	Wellspring Biosciences, J&J (Janssen)	Neoplasms, Advanced Solid Tumors, NSCLC, CRC	Phase I	Jul 2019

Drug Name	Target	Company	Indication	Phase Stage	Initiation Date[1]
AMG 510	KRAS G12C inhibitor	Amgen	KRAS G12C Mutated/Advanced Metastatic NSCLC	Phase III	Jun 2020
GDC-6036	KRAS G12C inhibitor	Genentech (Roche)	NSCLC, CRC, Advanced Solid Tumors	Phase I	Jul 2020

Note:

1. Denotes the first patient enrollment date.

Source: ClinicalTrials.gov, CDE, Frost & Sullivan analysis

Combo Therapy of KRAS G12C Inhibitor with SHP2 Inhibitor

Currently, two clinical-stage KRAS G12C inhibitors, namely AMG 510 and MRTX849, are being investigated in combination with SHP2 inhibitor. Amgen has initiated a Phase I clinical trial of AMG 510 in combination with a SHP2 inhibitor (RMC-4630) in December 2019 for the treatment of advanced solid tumors harboring KRAS G12C mutation. Mirati has initiated a Phase I/II clinical trial of MRTX849 in combination with a SHP2 inhibitor (TNO155) in April 2020 for the treatment of advanced cancer, metastatic cancer and malignant neoplastic disease. Amgen and Mirati have respectively also initiated several other clinical trials of AMG 510 and MRTX849 in combination with PD-1 antibody, EGFR inhibitor or ErbB inhibitor.

i. Competitive Advantages of JAB-21000

We believe JAB-21000 has differentiated properties due to the following competitive advantages:

(1) Potent biochemical and cell-based activity

JAB-21000 had shown strong activity against KRAS G12C protein comparable with or even better than its competitors in biochemical and cellular assays. The table below summarizes the pre-clinical data of JAB-21000 comparing with Amgen's AMG 510 and Mirati's MRTX849 (we internally synthesized based on published molecular structures) by our internal studies and by reference to publicly reported results of our competing drug candidates.

	JAB-21000	AMG 510[2]	AMG 510[3]	MRTX849[2]	MRTX849[3]
Biochemical activity IC_{50} (nM)	1.60	3.00	N/A	1.62	N/A
H358[1] p-ERK IC_{50} (nM)	6.77	17.0	27 (Ref 1)	41.0	14 (Ref 2)
H358 cell growth inhibition IC_{50} (nM)	17.4	11.6	4 (Ref 1)	14.5	106.9 (Ref 3)

Notes:

1. H358 is an NSCLC cell line that harbors KRAS mutation. 2. In our internal pre-clinical studies, AMG 510 and MRTX849 molecules were internally synthesized based on published molecular structures. The molecules used in the study may not be the same as the original drug candidates, and hence the comparison data may not be indicative. 3.Data from public source. "N/A" means no public data is available.

Source: Ref 1: Nature. 2019 Nov;575(7781):217-223. Ref 2: 2019AACR. Ref 3: Cancer Discov. 2020 Jan;10(1):54-71. Other data were from our internal pre-clinical studies.

(2) Superior PK properties

PK profile is a particularly important set of parameters for selection of potential drug candidates. Generally, therapeutic effects of a compound primarily depend on systemic exposure of such compound, which could be characterized by several critical parameters, such as AUC (area under the curve, which indicates the systemic exposure), CL (clearance), C_{max} (maximal drug concentration in plasma) and $T_{1/2}$ (half life). A compound with higher systemic exposure potentially has better therapeutic effects in human at a relatively lower dosage.

In dog PK studies, JAB-21000 showed improved metabolic stability, and its bioavailability is considerably higher than that of AMG 510 and MRTX849. The table below summarizes the PK data of three compounds in dogs.

PK Properties in Dogs[1]

	JAB-21000	**AMG 510[2]**	**MRTX849[2]**
CL (mL/min/kg), iv	17.0	36.7	N/A
$T_{1/2}$	0.75	0.4	N/A
$AUC_{0\text{-}24h}$ (h* μM)/Dose(mg/kg), po	1.17	N/A	N/A
C_{max} (μM)/Dose(mg/kg), po	0.55	N/A	N/A
Oral BA (% F)	75.5	34	26

Notes:

1. Formulation: 10% DMSO/10% Solutol/80% Saline, clear solution.
   CL: drug clearance, which represents the volume of plasma cleared of drug per unit time.
   $T_{1/2}$: the elimination half-life, which represents the time it takes for the elimination processes to reduce the plasma concentration or the amount of drug in the body by 50 percent.
   AUC: area under the curve, which represents the total drug exposure across time and is used to determine whether different formulations of the same dose result in equal amounts of system exposure.
   C_{max}: the maximum (or peak) concentration that a drug achieves in a specified compartment or test area of the body after the drug has been administered and before the administration of a second dose.
   Oral BA: oral relative bioavailability.

2. Data from public source. "N/A" means no public data is available.

Source: JAB-21000: Company data. AMG 510: J Med Chem. 2020 Jan 9;63(1):52-65. MRTX849: 2019AACR

We further compared the PK profile of JAB-21000 with AMG 510 and MRTX849 in monkeys in our studies, as no PK data in monkeys for those two competing drugs is publicly available. The results in monkeys showed that the bioavailability of JAB-21000 was 3 to 10 times higher

than that of AMG 510 and MRTX849, reaching as high as 91.2%. In terms of systemic exposure, AUC of JAB-21000 was 28 and 61 times higher than that of AMG 510 and MRTX849, respectively. The table below summarizes the PK data of three compounds in monkeys.

PK Properties in Monkeys

	JAB-21000	AMG 510	MRTX849
CL (mL/min/kg), iv	6.22	54.9	38.5
$T_{1/2}$	3.8	2.2	3.9
$AUC_{0\text{-}24h}$ (h* μM)/Dose(mg/kg), po	3.87	0.135	0.063
C_{max} (μM)/Dose(mg/kg), po	1.23	0.069	0.008
Oral BA (% F)	91.2	26.1	9.13

Note:

1. In our internal pre-clinical studies, AMG 510 and MRTX849 molecules were internally synthesized based on published molecular structures. The molecules used in the study may not be the same as the original drug candidates, and hence the comparison data may not be indicative. Formulation: 10% DMSO/10% Solutol/80% Saline, clear solution.

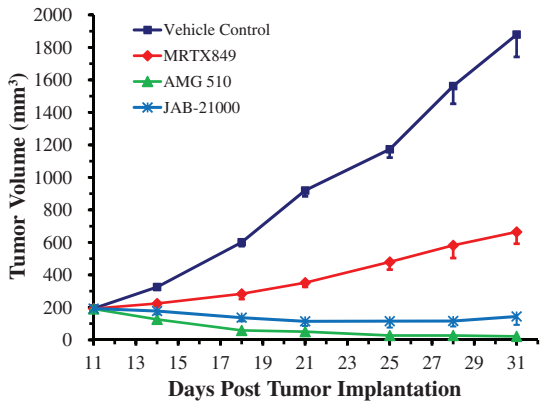
Source: Company data.

Therefore, JAB-21000 exhibited favorable PK properties in large animals in comparison with AMG 510 and MRTX849. Since there are many similarities of metabolic properties of JAB-21000 between monkeys and humans, JAB-21000 may have better oral bioavailability and systemic exposures in human, which may lead to strong therapeutic efficacy at a relatively low dosage.

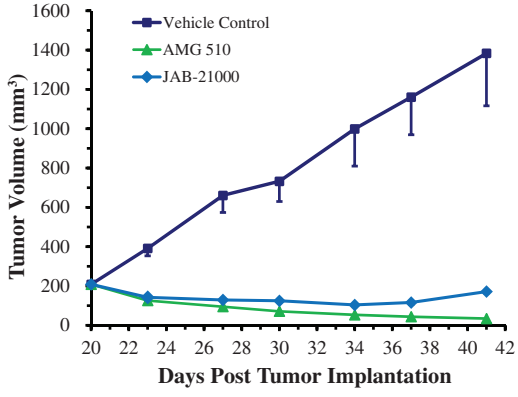
(3) Strong antitumor effect in vivo

We evaluated JAB-21000's antitumor effects in various tumor xenograft models. In NCI-H1373 lung cancer and MIA PaCa-2 pancreatic cancer xenograft models, mice were given JAB-21000, MRTX849 or AMG 510 once every day for 20-21 days. The results showed that JAB-21000 and AMG 510 induced tumor regression, showing a very strong antitumor activity, whereas MRTX849 at the same dose level inhibited the tumor growth but did not lead to tumor regression.

NCI-H1373 ($KRAS^{G12C}$)



MIA PaCa-2 ($KRAS^{G12C}$)



Source: Company data

(4) Synergistic effects in combination with our SHP2 inhibitor

Although direct KRAS inhibition offers an effective option to target KRAS-mutant tumor cells, the effectiveness could be hampered by adaptive resistance mechanisms often involve hyperactivation of various RTKs that drive oncogenic signals via SHP2. Given SHP2 inhibition blocks signaling from multiple RTKs, co-treatment with SHP2 inhibitors can abrogate the adaptive response of tumor cells to KRAS inhibitors, resulting the greater suppression of RAS signaling and more durable tumor growth inhibition.

In our pre-clinical studies, JAB-21000 demonstrated synergistic antitumor effects when given in combination with JAB-3312, a SHP2 inhibitor. As illustrated in the figure in the paragraphs headed "1. Our Clinical-Stage SHP2 Portfolio Drug Candidates — JAB-3068 and JAB-3312 — iii. Competitive Advantages of our SHP2 Portfolio Drug Candidates — (4) Potential to be a backbone drug in compelling combination therapies", the combination of JAB-21000 with JAB-3312 resulted in a significant increase in antitumor activity in MIA PaCa-2 PDAC xenografts versus either drug candidate alone. As we have both KRAS and SHP2 inhibitors in our pipeline, we are well-positioned to explore clinical benefits of this combination therapy.

(5) Potentially favorable safety profile shown in hERG assay

hERG channels are involved in cardiac action potential repolarization, and reduced function of hERG lengthens ventricular action potentials, prolongs the QT interval in an electrocardiogram, and increases the risk for potentially fatal ventricular arrhythmias. To evaluate the effects of JAB-21000 on cardiovascular function, the activity of JAB-21000 and MRTX849 on hERG current has been evaluated using manual patch-clamp technique. The results showed that JAB-21000 and MRTX849 inhibited hERG current by 19.21% and 93.64% at 10 μM, respectively. Based on such results, JAB-21000 was considered to have lower risk to elicit clinical QT interval prolongation compared to MRTX849. QT interval prolongation means the heart muscle takes longer than normal to recharge between beats, and excessive QT interval prolongation is serious side effect that can be caused by a wide range of non-cardiac medicines.

Compound	Inhibition% at 1 μM	Inhibition % at 10 μM
JAB-21000	-6.74%	19.21%
MRTX849	38.26%	93.64%

Note: MRTX849 molecule was internally synthesized based on published molecular structure. The molecule used in the study may not be the same as the original drug candidate, and hence the comparison data may not be indicative.

Source: Company data

ii. Licenses, Rights and Obligations

As we internally discovered and developed the KRAS portfolio assets, we maintain the global rights to develop and commercialize these drug candidates.

iii. Material Communications

We have not received any relevant regulatory agency's concerns or objections to our clinical development plans as of the Latest Practicable Date.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong:

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET JAB-21000 SUCCESSFULLY.

b. Other Selected Pre-clinical Drug Candidates

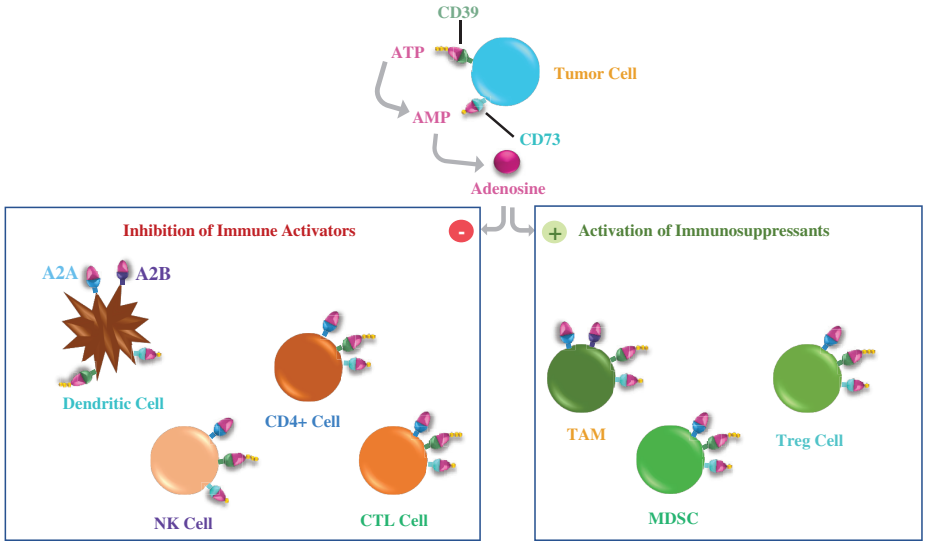
i. Immuno-Oncology Portfolio Drug Candidates (JAB-BX100, JAB-BX200)

We have developed in-house capabilities and also collaborated with qualified third parties for the early-phase biologics discovery, including target validation, high-throughput screening (such as screening for hybridoma, phage display and recombinant protein), drug candidate engineering (such as antibody humanization and developability optimization), and assessment for *in vitro* or *in vivo* activity and PK. Leveraging our R&D capability on biologics, we are developing our immuno-oncology portfolio drug candidates, including JAB-BX100 and JAB-BX200.

- JAB-BX100 is a humanized inhibitory antibody against human CD73. We are developing JAB-BX100 in combination with PD-1 antibody for the treatment of PD-1 resistant cancer, such as CRC and NSCLC. JAB-BX100 is currently being evaluated in multiple IND-enabling studies. We plan to file the IND application for JAB-BX100 with the U.S. FDA and the NMPA in the first half of 2021. We maintain the global rights to develop and commercialize JAB-BX100.

- JAB-BX200 is a humanized inhibitory antibody against human CD39. We plan to develop JAB-BX200 in combination with PD-1 antibody for the treatment of PD-1 resistant tumors. JAB-BX200 is currently being evaluated in multiple IND-enabling studies. We plan to file the IND application for with the U.S. FDA and the NMPA for JAB-BX200 in 2022. We maintain the global rights to develop and commercialize JAB-BX200.

As illustrated by the diagram below, CD39 and CD73 each plays a major role in promoting immunosuppression through the pathway degrading adenosine triphosphate (ATP) into adenosine. CD39 processes pro-inflammatory extracellular adenosine triphosphate (ATP) to adenosine diphosphate (ADP) and adenosine monophosphate (AMP), which is then processed by CD73, to immunosuppressive adenosine. Adenosine accumulation causes immune suppression, dysregulation of immune cell infiltration and stimulates angiogenesis resulting in tumor spreading.



Source: Frost & Sullivan Analysis

CD39 contributes to immune regulation through the hydrolysis of ATP to AMP, which is the rate-limiting step of extracellular adenosine production. CD39 is widely expressed in various cancers, including RCC, thyroid cancer, lung cancer, ovarian cancer and pancreatic cancer. JAB-BX200 binds to the CD39 and thus prevents the ATP processing, which leads to prevention of adenosine-mediated immune suppression and increases of T-cell activation.

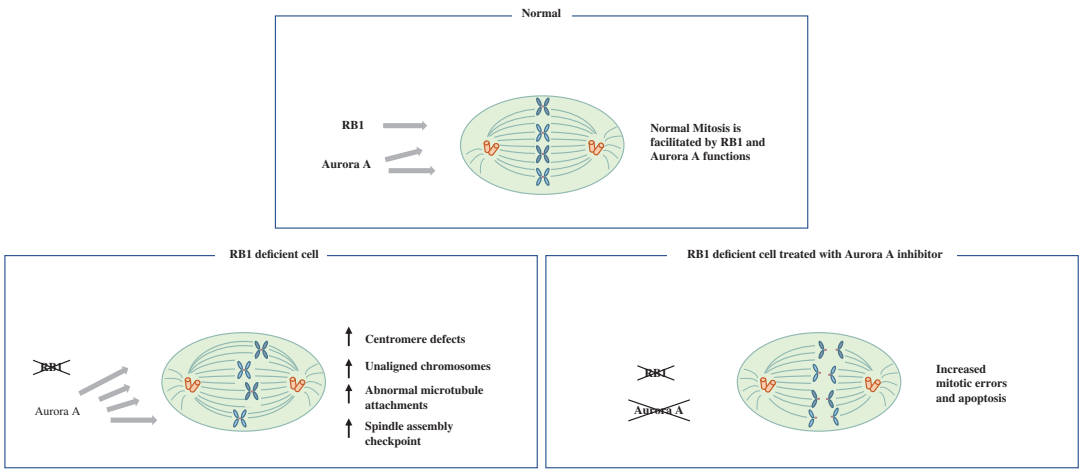
CD73, which converts AMP to adenosine, is implicated in one of the protective mechanisms of tumors that evade immune attack by creating an adenosine-rich microenvironment inhibitory to immune cells. CD73 is widely expressed in various cancers, including RCC, CRC, stomach cancer, prostate cancer, triple-negative breast cancer and NSCLC. JAB-BX100 binds to CD73 and thus prevents the inactive CD73 dimer from changing into the active conformation in a substrate non-competitive manner. This results in a decrease in adenosine production in the tumor micro-environment, increasing T cell anti-tumor activity.

As of the Latest Practicable Date, no humanized inhibitory antibody against human CD73 and CD39 had been approved and marketed globally. A total of six humanized inhibitory antibodies against human CD73 are under active clinical investigation, including BMS-986179 in Phase I/II clinical investigation by BMS, and Oleclumab in Phase I/II clinical investigation by MedImmune. A total of three humanized inhibitory antibodies against human CD39 are under active clinical investigation, including TTX-030 in Phase I clinical investigation by Trishula Therapeutics, and IPH-5201 in Phase I clinical investigation by MedImmune.

ii. JAB-2000

JAB-2000 is a potent and highly selective small-molecule Aurora A kinase inhibitor. We are developing JAB-2000 for the treatment of patients with RB1-deficient advanced solid tumors such as SCLC. JAB-2000 is currently being evaluated in multiple pre-clinical studies. We plan to file the IND application for JAB-2000 with the U.S. FDA and the NMPA in the second half of 2021. We maintain the global rights to develop and commercialize JAB-2000.

As illustrated by the diagram below, Aurora A kinase inhibition is synthetically lethal with loss of the RB1 tumor suppressor gene. Loss-of-function mutations in the retinoblastoma gene RB1 are common in several treatment-refractory cancers such as SCLC and TNBC. While loss-of-function mutations (such as in RB1) have historically been untargetable, RB1 loss of function leads to dependency on Aurora kinases for their survival. As a result, when Aurora A kinase is inhibited pharmacologically, cancer cells with RB1 loss-of-function mutation will rapidly undergo apoptosis.



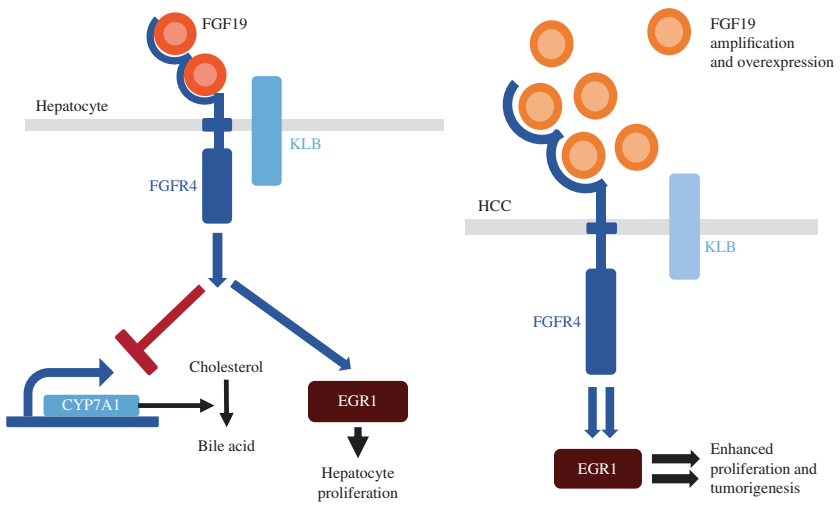
Source: Frost & Sullivan Analysis

As of the Latest Practicable Date, no Aurora A kinase inhibitor had been approved and marketed globally. Eli Lilly has initiated a Phase I/II clinical trial for its Aurora A kinase inhibitor AK-01 in May 2017 for the treatment of neoplasms, TNBC, head and neck neoplasms, breast neoplasms, solid tumor and SCLC.

iii. JAB-6000

JAB-6000 is a potent and highly selective inhibitor that targets fibroblast growth factor receptor 4 (FGFR4), a kinase that is aberrantly activated in a defined subset of patients with hepatocellular carcinoma (HCC). According to Frost & Sullivan, liver cancer is the fourth leading cause of cancer-related deaths worldwide, and HCC accounts for more than 90% of the primary liver cancers. As of the Latest Practicable Date, there were no approved treatments that selectively target FGFR4. We are developing JAB-6000 for the treatment of advanced HCC bearing FGF19 amplification. JAB-6000 is currently being evaluated in multiple pre-clinical studies. We expect to file an IND with the NMPA and the U.S. FDA for JAB-6000 in the second half of 2021.

FGFR4 belongs to a family of highly homologous receptors, which includes FGFR1-4. The physiological role of the receptor, FGFR4, and its ligand, FGF19, is to regulate bile acid metabolism in hepatocytes and liver regeneration following injury. FGF19 is normally produced in the small intestine and signals to hepatocytes through an endocrine mechanism. FGF19 forms an active signaling complex together with FGFR4 and its co-receptor Klotho-β. Signaling of the active complex leads to decreased CYP7A1 transcription with a resultant decrease in bile acid synthesis, as well as increased growth, proliferation and survival signals. FGFR4 signaling is a driver in a subset of HCC patients in whom the pathway is aberrantly activated. In these patients, FGF19 is amplified and overexpressed in hepatocytes (which do not normally express FGF19), leading to autocrine signaling and tumor growth. JAB-6000 targets FGFR4, while sparing the other three FGFR paralogs, and demonstrates exquisite kinome selectivity. The diagram below illustrates FGFR4 signaling in the healthy liver and FGFR4-driven HCC patients:



Sources: Frost & Sullivan Analysis

As of the Latest Practicable Date, no FGFR4 selective inhibitor had been approved and marketed globally. A total of five FGFR4 inhibitors are under active clinical investigation, including BLU-554 in Phase I clinical investigation by Blueprint and Cstone, and ICP-105 in Phase I clinical investigation by InnoCare.

iv. Tumor Metabolism Portfolio Drug Candidates (JAB-24000 and JAB-25000)

Tumor metabolism has emerged as a promising new field for cancer drug discovery. Through genetic mutations that alter fundamental metabolic pathways, tumor cells can acquire the ability to grow in an uncontrolled manner, but they also acquire dependencies that can differentiate them from normal cells. Targeting these dependencies by inhibiting specific metabolic pathways in tumor cells is a novel therapeutic approach. We are developing a number of small molecule inhibitors for these novel tumor metabolic targets in discovery stage, including JAB-24000 and JAB-25000 with undisclosed targets.

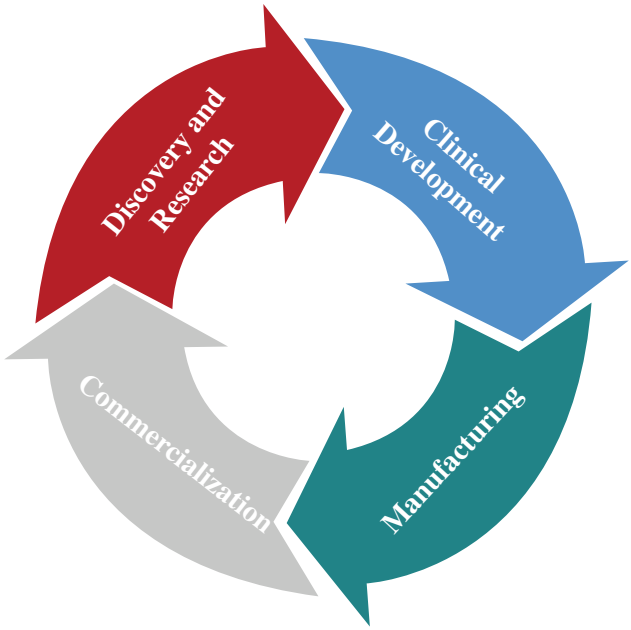
Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong:

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET JAB-BX100, JAB-BX200, JAB-2000, JAB-6000, JAB-24000 and JAB-25000 OR OUR OTHER DRUG CANDIDATES SUCCESSFULLY.

II. OUR PLATFORM

We have built an integrated platform to enable our strategic focus on the research and development of innovative drugs in oncology and other therapeutic areas with large unmet medical needs. Our platform is expected to house in the following main functional divisions: discovery and research, clinical development, CMC (chemical, manufacturing and control) and commercial manufacturing, and commercialization. These functional divisions collectively will produce cross-function integration at various key stages in the lifecycle of a drug candidate. We have also built and employed an efficient operating system for all these individual functional divisions, laying a solid foundation for bringing our strong pipeline of innovative drugs from discovery through clinical development, manufacturing and commercialization.

The following chart illustrates the main functions of our platform:



RESEARCH AND DEVELOPMENT

We believe that R&D is key to driving our therapeutic strategy and maintaining our competitiveness in the biopharmaceutical industry. Our research and development function is led by Dr. Hu, our President of Research and Development, and Dr. Zhou, our Senior Vice President, and consists of the following core members: Dr. Wei Long, Dr. Tian Zhu, Dr. Yang Xie and Ms. Yanping Wang, all of whom have extensive experience in the pharmaceutical industry. Our in-house research and development function has around 90 members. As of the Latest Practicable Date, around 55% of our research and development team members have masters or doctorate degrees mainly in biology and chemistry related majors. Leveraging our strong research and development capabilities, we have developed a pipeline with strong potentials.

Discovery and Research

a. Drug Target Discovery and Validation Platform

We use various discovery technologies to discover and validate drug targets for future drug discovery. The drug target discovery unit of our platform is dedicated to identifying and validating potential therapeutic targets. The technological approaches we use are summarized below:

- We have built (a) over 160 *in vitro* cell line models, covering various types of solid tumors and hematologic malignancies, which enable us to conduct comprehensive *in vitro* evaluation; and (b) over 50 cell derived xenograft (CDX) models, which enable us to conduct comprehensive *in vivo* target evaluation.

- By leveraging our technologies in various fields including molecular biology (such as siRNA-mediated gene knock-down), cell biology (such as signaling pathway analysis, proliferation experiment and apoptosis experiment) and immunology (such as profiling cytokine expression and immune cell), we are able to validate potential targets from various perspectives and to identify the mechanism-of-action for such potential targets, thus to establish a comprehensive target screening and evaluation system.

- We have also established a whole genome screening technology based on CRISPR-Cas9 and bioinformatics platform. We generally utilize such platform to explore the drug resistance mechanism on multiple targets, particularly with respect to our target pipeline assets, in order to identify new targets for combination therapies.

b. Allosteric Inhibitor Technology Platform

Over last ten years, allosteric inhibitor emerged as a new drug discovery paradigm with the power to develop small molecule drugs that target proteins previously written off as "undruggable" with unprecedented selectivity. Because of the high therapeutic value and market growth potential of allosteric inhibitor, discovery and development of allosteric inhibitor has been one of the focuses of our R&D efforts since our inception.

Historically, the question of druggability is referred to the likelihood of identifying a small molecule as a good ligand to the target under examination, and having desired target drug profile incorporating with the right pharmaceutical properties. A number of promising drug targets, such as phosphatase and RAS protein, have potential for the development of innovative or even breakthrough therapy for current disease treatment, however, have been labelled as "undruggable." To address the challenges, major progress has been achieved by the joint force

of medicinal chemistry and molecular biology during the past few years and offered one of feasible solutions: the development of allosteric inhibitor. Allostery, or allosteric regulation, was reported more than 60 years ago and known as "the second secret of life" that fine-tunes innumerable biological processes including signal transduction, enzymatic catalysis, metabolism, and transcription. Dysregulation of protein allostery is intimately associated with the etiology of a broad spectrum of human diseases, such as cancer, mental disorder, diabetes, and inflammation. Therefore, the repossession of malfunctional proteins by allosteric modulators provides an enriched landscape for innovative therapies. By targeting the structural diversity of allosteric sites that are spatially and topologically distinct from the highly conversed catalytic active sites, allosteric modulators have distinctive advantages of higher selectivity and fewer adverse effects compared with orthosteric ligands. These advantages embedded in the design of allosteric modulators make it an appealing strategy in pharmaceutical research and development. We have been focused on the development of allosteric inhibitors including SHP2 inhibitors and KRAS G12C inhibitors.

Our years' extensive research efforts focused on allosteric inhibitors and extensive know-how and experience accumulated in this process have enabled us to build a proprietary technology platform for the discovery and optimization of allosteric modulators. The advantages of our technology platform lie in the following key components:

- *Capability to develop systemic assays for allosteric modulators*

Deep understanding of dysregulation of protein allostery that tweaks innumerable biological processes, including signal transduction, enzymatic catalysis, metabolism, and transcription, is essential for the identification of allosteric sites and the establishment of effective biological assays to evaluate downstream biological function, especially for the analysis of underlying mechanism of allosteric regulation. Our biology department is consisted of biochemist, molecular biologist and pharmacologist who have a successful track record of discovering and developing SHP2 inhibitors and KRAS G12C, G12D and G12V inhibitors in house. We believe our extensive know-how and experience gained from our R&D efforts are invaluable assets for the multi-dimensional design of allosteric modulators.

- *Using "iterative chemotype evolution" approach to drive our drug discovery*

Our technology platform integrates our in-house expertise in biochemical, biological, medicinal chemistry, molecular biological and pharmacological studies with structure biology capability and computational methods of multi-functional CROs. With multi-disciplinary expertise and techniques, our platform enables in-depth study and validation of tentative allosteric binding sites to identify and describe primary allosteric site. After gathering comprehensive information on primary allosteric site, we utilize multiple screening approaches, including DEL, in-house library and virtual screening, to probe primary allosteric sites and to effectively identify high quality hits (chemotypes). Subsequently, biophysics technologies, such as Surface Plasmon Resonance (SPR), Isothermal Titration Calorimetry (ITC) and co-crystallization, are used to obtain essential and detailed information about the three-dimensional (3D) structures of ligand-bound (holo) form and unbound (apo) form, which helps further characterize the binding modes between hits and proteins. Studies on these binding modes, such as a sub-pocket, help us to optimize the design of a generated molecule to improve its chemical validity and also to obtain additional information on the allosteric sites. We called this approach as "iterative chemotype evolution". This approach can help us to continuously deepen and enrich our knowledge and understanding of allosteric sites, and based on extensive and precise allosteric site information, we can continue to improve the potency and selectivity of lead or drug candidate through rational design methods, such as structure-based drug design (SBDD) and computer-aided drug design (CADD).

c. Translational Medicine Platform

We have also established a translational medicine platform with an aim of expediting the discovery of new diagnostic tools and treatments by using a multi-disciplinary, highly collaborative approach. Our translational medicine platform converts promising laboratory discoveries into clinical applications and attempts to answer clinical questions with the use of bench work to facilitate prediction, prevention, diagnosis, and treatment of diseases. The following sets forth the main functions of our translational medicine platform:

- By leveraging our fully-developed *in vitro* and *in vivo* tumor models, our experimental technologies, our bioinformatics analysis as well as multiple databases, including TCGA (The Cancer Genome Atlas) database, the CCLE (Cancer Cell Line Encyclopedia) database and DepMap/Achilles database, we spot specific gene changes, protein expression and activation of signaling pathway that are sensitive to the actions of drugs, and thus identify biomarkers that could predict the efficacy of a specific drug candidate and the relevant indications for such drug candidate;

- By analysing the mechanism-of-action for drug candidates, including proliferation, apoptosis, cell cycle, transcriptome changes, immune cells phenotypic changes in tumor microenvironment, we predict potential drug resistance for special indications and identify combination therapies with high efficacy;

- By leveraging advanced technologies in multiple fields including high-throughput sequencing, hematology and histology (such as the next generation sequencing, droplet digital PCR, RNAscope and NanoString), as well as bioinformatics technologies, we work with qualified third parties to conduct comprehensive analysis on clinical samples. As such, we are striving to identify predictive biomarkers for trial subjects in order to provide technical and theoretical support for our research and development on drug efficacy and tailored-made therapies.

Clinical Development

Our clinical development function is led by Andrea Wang-Gillam, M.D., Ph.D., our Chief Medical Officer and Vice President, Ms. Yuli Ding, our Vice President of Clinical Operations, and Dr. Qiao Li, our Vice President of Biostatistics and Data Science. As of the Latest Practicable Date, our clinical development team consists of 34 employees, including 4 based in the U.S. and 30 based in China. In China, our fully-integrated clinical development function is capable of managing substantially all stages of our clinical trials in-house, including trial protocol design, selection of investigators and sites, and implementation of clinical trial programs. In the U.S., we work closely with CROs for the trial execution. Leveraging extensive knowledge and experience in clinical trials and by working closely with CROs, our clinical development experts are particularly good at identifying unmet medical needs for our drug candidates based on the differentiating properties observed in the trials and improving their clinical plans accordingly.

Our clinical function leverages Dr. Yinxiang Wang's leadership on the Anti-tumor Drug Professional Committee of Chinese Pharmaceutical Association and Dr. Wang-Gillam's connections in the academia and industry, and has established long-term partnerships with numerous hospitals and principal investigators in various therapeutic areas and from different regions of China and the U.S. that offer us readily available clinical trial facilities and services. We believe that the size and geographic diversity of these facilities provide us a significant advantage in implementing large-scale multi-regional clinical trials and also enable us to conduct multiple clinical trials concurrently. We use CROs and consultants that manage, conduct and support our clinical trials in China and in the U.S. We selected our CROs weighing various factors, such as their qualifications, academic and professional experience and industry reputation. The CROs provide us with an array of products and services necessary for complex clinical trials. In addition to the scope, depth and quality of their service and product offerings,

we place a high value on our CROs' ability to facilitate optimal site selection, timely patient recruitment and efficient conduct of complex clinical trials. Generally, we enter into a master service agreement with a CRO under which we execute a separate work order for each clinical research project, or we enter into a research and development contract with a CRO for an individual project. During the Track Record Period, we did not experience any difficulties in engaging our CROs. As we maintain good relationships with the CROs we worked with and there exist adequate alternative sources for such CROs, our Directors do not foresee any difficulties in engaging qualified CROs in the future. We supervise these third-party service providers to ensure that they perform their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the data resulting from our trials.

The clinical development function also manages the regulatory submission process for our drug candidates, which require filings to be made to and approved by the relevant authorities before clinical trials and commercialization can be initiated. The clinical development function prepare and manage regulatory filings by drafting filing dossiers, addressing regulatory questions and conducting GMP readiness assessments for our drug candidates. We possess extensive knowledge and experience with regard to regulatory filings in China and the U.S.

MANUFACTURING

Chemistry, Manufacturing and Control

Since our inception, we have established an internal CMC team which is currently led by Dr. Hong Zhuang, our Senior Vice President of CMC, and Ms. Hu, our Senior Vice President. Our CMC capability includes the following functions: (i) chemical process: our chemical process team focuses on developing and synthesizing active pharmaceutical ingredient (API), expediting scale up of compound for early developmental activities in drug safety and pharmaceutical sciences, and fulfilling in a timely and efficient manner the requests for drug substance supply to support pre-clinical study pipelines; (ii) formulation development: our formulation development team focuses on developing dosage forms of toxicology evaluations and pre-clinical trials, evaluating the physico-chemical properties and bioavailability of compounds; (iii) analytical sciences: our analytical science team implements a science-driven, clinical and commercial production oriented approach to the development and application of both classic and state-of-the-art analytical techniques and tools throughout the life cycle of each of our drug candidates, including but not limited to development and validation of analytical methods for API and drug product, technical transfer of process and analytical methods, establishment of specifications, testing and releasing of each batch of API to be used in pre-clinical studies; and (iv) quality control and assurance: with well-documented and comprehensive quality system, the quality control and assurance team is responsible for testing and verifying the product quality with predefined standards to assure the quality of all the batches, manufactured at every stage of manufacturing/processing API and drug products.

We currently work with qualified CMOs to manufacture drug candidates for pre-clinical and clinical supply. We have adopted procedures to ensure that the production qualifications, facilities and processes of our CMOs comply with the relevant regulatory requirements and our internal guidelines. We select our CMOs by reviewing a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability in meeting delivery schedules, and terms offered by them. During the Track Record Period, we did not experience any difficulties in engaging our CMOs. As we maintain good relationships with the CMOs we worked with and there exist adequate alternative sources for such CMOs, our Directors do not foresee any difficulties in engaging qualified CMOs in the future. To monitor and evaluate service performed by our CMOs, we set a series of pre-defined specifications on in-process control and release tests, and review manufacturing related documents including batch records and quality control test results to ensure specifications are met.

Commercial Manufacturing

To prepare for late-stage clinical development of our SHP2 inhibitors, we plan to build our in-house GMP-compliant manufacturing and commercialization capabilities. Ms. Hu, our Senior Vice President, and Dr. Wei Long, our Vice President will lead our manufacturing capability and bring extensive experience to our manufacturing activities. Ms. Hu was previously the Supervisor and Deputy Director of the R&D Center at Betta Pharma. Dr. Long was previously the assistant director of research and development center at Betta Pharma and was responsible for the chemical process development and production process transfer. Both of Ms. Hu and Dr. Long have extensive experiences in the pharmaceutical industry and have participated in drug manufacturing activities at Betta Pharma. We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China. We have entered into a collaboration agreement with such third party. Below is a summary of key terms of the collaboration agreement:

- Scope of collaboration: the third-party collaborator will construct customized buildings for us in accordance with standard agreed by both parties. This collaborator is obligated to complete the construction of the buildings no later than the end of August 2022, unless otherwise agreed by both parties. We are required to construct the production lines and other production facilities, among others within such buildings. Parties will enter into a lease agreement 60 days prior to the completion of the constructions.

- Term of lease: 10 years. Upon the expiration of the lease, we have a right of first refusal to continue to lease such buildings.

- Payment: given the customized nature of the buildings, we are required to pay a construction deposit in an amount of RMB3.6 million to the collaborator. On the effective date of the lease, such construction deposit will convert to a lease deposit, and any exceeding portion will be used to offset the rent. Further, we are required to pay rent to the landlord on a quarterly basis.

- Termination: either party is entitled to terminate the agreement in case of a material breach or insolvency of the other party.

With respect to the construction of our new manufacturing facilities, the collaborator will be responsible for the construction of the buildings, and we will lease such buildings from our collaborator to construct the production lines and other production facilities within such buildings. The buildings of the commercial-scale manufacturing facilities are currently under construction. It is estimated that the construction of the buildings of the manufacturing facilities will be completed by the end of 2022, while the construction of the production lines and other production facilities within the buildings will be completed by the end of 2023. Our new manufacturing facilities are designed in compliance with PRC and international GMP standards, and are expected to house four production lines for small molecule oral solid dose products. We intend to use approximately 8.0% of the net proceeds, or US$12.1 million (HK$93.6 million), for the construction of our in-house GMP-compliant manufacturing facilities. For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. As the manufacturing of biologics requires different skill set and manufacturing capacity, we intend to continue to rely on qualified CMOs for the manufacturing of our immuno-oncology portfolio drug candidates, including JAB-BX100 and JAB-BX200. To secure our product supply and meet potential increasing business demands, we may also adopt a hybrid manufacturing model in the future that primarily utilizes our in-house manufacturing capabilities while employs CMO outsourcing for the manufacturing of our drug candidates. We expect that the manufacturing capacity of our new facility as well as our cooperation with qualified CMOs can provide sufficient supply for our clinical trials and meet the commercial sales demands of our drug candidates.

COMMERCIALIZATION

We plan to build our own commercialization team in China with an initial focus on late-stage drug candidates, particularly SHP2 inhibitors. Our commercialization team will be led by our senior management with extensive experience in drug launch in the PRC pharmaceutical market. In particular, Dr. Wang, our founder, Chairman and CEO, has led Betta Pharma's research and development functions during his tenure and thus is experienced in the discovery, development and commercialization of icotinib hydrochloride (Conmana) in China. This novel drug was the first small molecule anticancer drug that completely developed in China and approved by the NMPA in 2011. Our other senior management team members, including Ms. Wang, Dr. Hu, Ms. Hu, and Dr. Hong Zhuang, our Senior Vice President of CMC, all have extensive experience in the commercialization of drugs leveraging their years of experiences in the pharmaceutical industry.

To ensure the maximization of the clinical and commercial value of our SHP2 inhibitors (including JAB-3068 and JAB-3312) on a global scale, we have entered into a license and collaboration agreement with AbbVie. Pursuant to the agreement with AbbVie, as we have exercised our PRC Option, AbbVie has the exclusive right to, among others, commercialize our SHP2 inhibitors in the world (other than in the Territory) for any and all uses. With respect to the global market, to further strengthen our competitive position, we will leverage our collaboration arrangement with AbbVie to maximize the market potential for SHP2 inhibitors in the global market. We expect to largely leverage AbbVie's expertise, business network and experienced team to gain market coverage in the U.S. and other jurisdictions. We are entitled to receive, among other things, pre-agreed milestone payments and tiered royalties from AbbVie for its commercialization of SHP2 Products globally (other than in the Territory). With respect to the PRC market, we currently expect to commercialize SHP2 Products by our own commercialization team in China. We believe such strategic collaboration with AbbVie could help us capture a substantial share of both the global and China market. Please refer to the paragraphs headed "— III. Collaboration with AbbVie" in this section for more details of our collaboration with AbbVie.

We plan to build our commercialization team to initially include a marketing team and a sales team. Our marketing team is expected to be mainly responsible for product positioning, market strategy, promotional activity planning and patient assistance. Our sales team is expected to be mainly responsible for the formulation of detailed sales plan, the implementation of marketing and promotional activities, and the communication with, and training for, medical experts. We plan to split our sales team into several forces to cover different sales regions in order to ensure adequate market coverage in most of the provinces and municipalities in China and increase market penetration.

Leveraging the expertise and industry connections of our team, we plan to market the products primarily through a physician-targeted marketing strategy, focusing on direct and interactive communication with key opinion leaders and physicians in the respective therapeutic areas to promote the differentiating clinical aspects of our products. Such marketing efforts are expected to commence several months before the expected approval for the commercialization of a drug candidate. In preparation for the sales of our future approved products, including SHP2 inhibitors, we intend to identify a number of hospitals, clinics and physicians specialized in the cancer treatment, and to visit the sites and physicians in person for pre-launch training and liaison.

We are, and plan to continue, sponsoring numerous investigator-led clinical trials to generate local clinical data and accumulate relevant clinical experience. We believe that these academic-oriented marketing efforts will be beneficial for improving alignment of expert opinions on, and promoting clinical use of, our drug candidates, after they become available for sale. We will also support leading experts to report the results of their researches at international and domestic conventions, symposia and other notable events to promote our brand at the forefront of the industry. Moreover, we will actively organize academic conferences and seminars to publicize the clinical data and research results in relation of our drug candidates in order to raise our brand awareness and recognition.

III. COLLABORATION WITH ABBVIE

On May 29, 2020 (the "Execution Date"), we entered into a license and collaboration agreement (the "AbbVie Agreement"), as amended and effective on July 31, 2020 (the "Effective Date"), with AbbVie Ireland Unlimited Company, a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV) to research, develop and commercialize certain SHP2 inhibitors ("SHP2 Inhibitors"), including JAB-3068 and JAB-3312, and the products containing such SHP2 Inhibitors (the "SHP2 Products") for any indications. For the purposes of this discussion, we refer to AbbVie Ireland Unlimited Company and its affiliates, including AbbVie Inc., as AbbVie. Pursuant to the AbbVie Agreement, subject to our exclusive option ("PRC Option") which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license under certain of our patents and know-how to research, develop, manufacture, use, sell, offer for sale, import, commercialize and otherwise exploit the SHP2 Inhibitors and SHP2 Products for all human and non-human diagnostic, prophylactic and therapeutic uses.

The PRC Option, which we have exercised, gives us exclusive rights (even as to AbbVie and its affiliates), without additional consideration, to develop, commercialize, and, if we elect to, manufacture, the SHP2 Products for the purpose of seeking regulatory approval of and to commercialize such SHP2 Products (each a "PRC Product") in mainland China, Hong Kong and Macau (the "Territory"), and will allow us to retain substantial control over the development, regulatory submissions, manufacture and commercialization of the PRC Product in the Territory.

Under the AbbVie Agreement, we will perform pre-clinical and early global clinical development activities on SHP2 Products and manufacture (or have manufactured) SHP2 Products for use in clinical studies, in accordance with a development plan and budget. We have agreed on the initial development plan and budget for 2020 to 2022 (the "Initial Development Plan"). We will have the right to formulate the development plan and budget beyond the Initial Development Plan activities which will set forth, with reasonable level of details, our plan, strategies and timelines for developing and obtaining regulatory approvals for the PRC Product in the Territory (the "PRC Development Plan") and conduct the corresponding development activities. We expect to formulate the PRC Development Plan having regard to the results of, and clinical data derived from, studies under the Initial Development Plan, and subject to the requirements and oversight of applicable regulatory authorities. We are obligated to use commercially reasonable efforts to ensure that the costs and expenses of development and manufacturing activities under the Initial Development Plan are within the development budget. AbbVie would reimburse our costs and expenses incurred from and after the Effective Date which do not exceed 105% of the then-current development budget, and we would bear any costs and expenses in excess of the 105% threshold, subject to certain exceptions. As we maintain our exclusive rights to develop, commercialize and manufacture the SHP2 Products for the purposes of seeking regulatory approval of and to commercialize such SHP2 Products in the Territory, we will bear the costs and expenses so incurred, including but not limited to those related to registrational trials and registration filings in the Territory.

Outside the Territory, AbbVie has the exclusive right and responsibility, at its own cost and expense, to manufacture SHP2 Products for commercial supply, and the sole right to perform further development and all regulatory activities after we complete the development activities under the Initial Development Plan, and to commercialize SHP2 Products in the world (other than in the Territory) for any and all uses. AbbVie is obligated to use commercially reasonable efforts to seek marketing approval for at least one SHP2 Product in certain major markets.

Pursuant to the AbbVie Agreement, AbbVie and we have established a joint steering committee (the "JSC") as a consensus-based forum to monitor and coordinate the parties' activities with regard to the development, manufacture and commercialization of SHP2 Products across all territories. The JSC has equal representation from each party and takes actions either by consensus of the representatives present at meetings (with each party having a single vote irrespective of the number of representatives in attendance) or by a written resolution signed by at least one representative from each party. To the extent any matter in the Territory that relates to a PRC Product is presented to the JSC for consideration, we shall have the final decision-making authority, provided that we may not exercise such authority to approve any activity that is reasonably likely to have a material adverse effect on the development, regulatory approval and commercialization of the SHP2 Products outside the Territory and that, if no consensus could be reached by the JSC over the PRC Development Plan, AbbVie shall have the final decision-making authority to approve such PRC Development Plan, which approval shall not be unreasonably withheld, conditioned or delayed, and is provided primarily to ensure that the PRC Development Plan will be consistent in all material respects with the global development plan, in order to prevent any material adverse effect on the development of the SHP2 Products outside the Territory. Other than AbbVie's final decision-making authority to approve the PRC Development Plan and to approve the positioning and labeling of the PRC Products in the Territory, there are no other material terms in the License Agreement which would give AbbVie any final decision-making authority that would impede our control over the research and development and commercialization activities of the PRC Product in the Territory. With respect to all matters relating to the SHP2 Products outside the Territory, AbbVie shall have the final decision-making authority.

AbbVie shall not withhold its approval for any PRC Development Plan with respect to any development, manufacture or commercialization activities that are required by applicable laws in the Territory, AbbVie may withhold approval of a PRC Development Plan which provides for the development of the PRC Product that is not the same as, or substantially similar to, the development of the same product outside the Territory in the global development plan in certain limited respects. If there is a dispute over whether AbbVie has unreasonably withheld, conditioned or delayed its approval of a PRC Development Plan, such dispute shall be referred to the senior management officers of the parties (one from AbbVie and one from us), who shall confer in good faith on the resolution of the issue. Any final decision by the senior management officers shall be conclusive and binding. If the senior management officers are not able to agree on the resolution of the dispute within 30 days (or any mutually agreed period), then either party will have the right to commence arbitration in the International Chamber of Commerce (ICC) in New York and the dispute will be exclusively and finally settled by a sole arbitrator selected in accordance with the Rules of Arbitration of the ICC.

Irrespective of AbbVie's approval for any PRC Development Plan, we maintain our exclusive rights to develop, commercialize and manufacture the SHP2 Products for the purposes of seeking regulatory approval of and to commercialize such SHP2 Products in the Territory, and we are entitled to receive, and AbbVie shall disclose and make available to us, all regulatory documentation and other information that is reasonably required in connection with our exploitation of the PRC Product in the Territory. We may continue developing the PRC Product in the Territory without being subject to AbbVie's final decision-making authority as to

approval of the PRC Development Plan, in the event that AbbVie ceases development and commercialization of all SHP2 Products for 15 consecutive months without a good reason and has initiated a registrational study for a competing product in the United States.

Pursuant to the AbbVie Agreement, we received a non-refundable upfront payment of US$45 million from AbbVie on September 4, 2020, which is not subject to any further conditions. Upon the achievement of specified development, commercialization and sales milestones, AbbVie will be obligated to pay us up to US$810 million in the aggregate. This includes up to US$310 million payable upon the dosing of the first patient in specified clinical trials and acceptance of NDA or market authorization application by regulators, up to US$150 million payable upon achievement of first commercial sale in certain jurisdictions, and up to US$350 million payable upon the achievement of certain commercial sales targets. AbbVie will also be required to pay us tiered royalties on aggregate annual net sales of all SHP2 Products (excluding the net sales of any PRC Product in the Territory) ranging from low-to-mid double-digit percentages. Payments received by us are non-refundable upon early termination of the AbbVie Agreement by either party. We will pay AbbVie tiered royalties on aggregate annual net sales of all PRC Products in the Territory ranging from mid-to-high single digit percentages, if such aggregate annual net sales reach certain threshold. We do not need to pay AbbVie royalties if the pre-determined threshold of aggregate annual net sales is not reached. Subject to certain exceptions, the royalties are payable on a product-by-product and country-by-country basis until the latest of (i) the expiration of all valid claims covering the licensed compound in such product in such country contained in the patents licensed to AbbVie, or in terms of PRC Product, to us, under the AbbVie Agreement, (ii) the tenth anniversary of the first commercial sale of such product and (iii) the expiration of regulatory exclusivity for such product in such country. The royalty payments are subject to reduction under certain specified conditions.

Each party remains the sole and exclusive owner of its respective intellectual property rights, including all inventions and intellectual property solely developed by such party under the AbbVie Agreement. The parties will jointly own inventions and know-how conceived, reduced to practice or developed jointly by the parties under the AbbVie Agreement. We have the right to prosecute and enforce patents related to the SHP2 Products in the Territory, and AbbVie has the right to join us in the Territory and equally share the relevant costs and recoveries with us. If AbbVie does not elect to join us in the prosecution and enforcement of the patents related to the PRC Products, we may pursue such actions and share the costs and recoveries with AbbVie at a certain percentage. Outside the Territory, AbbVie has the right to prosecute and enforce patents related to the SHP2 Products.

Unless terminated earlier, the AbbVie Agreement will continue in effect until the expiration of all royalty payment obligations. Upon expiration of the AbbVie Agreement, the licenses granted to AbbVie thereunder shall become fully paid-up, royalty-free, perpetual and irrevocable. In addition to each party's certain customary termination rights such as the right to terminate for the other party's uncured material breach or insolvency, AbbVie has the right to terminate the AbbVie Agreement by providing 180 days' advance written notice for any or no reason, or immediately upon written notice for documented safety concerns and, if commercialization has commenced, issuance of a global recall. If we terminate the AbbVie Agreement for AbbVie's breach or AbbVie terminates the AbbVie Agreement for convenience, all rights to the SHP2 Products that we granted to AbbVie under the AbbVie Agreement will return to us, and AbbVie will be obligated to grant us an exclusive license to intellectual property generated from the collaboration that is necessary and reasonably useful for the development, manufacture and commercialization of the SHP2 Products; as consideration, we may be required to pay AbbVie royalties of the reverted products up to single digit percentages.

The Company's, Joint Sponsors' and Industry Consultant's Views

The Company is of the view that since: (i) the Company will formulate the PRC Development Plan having regard to the results of, and clinical data derived from, studies under the Initial Development Plan and subject to the requirements and oversight of applicable regulatory authorities with limited discretion for the Company in such formulation; (ii) as advised by Frost & Sullivan, the overall arrangements set forth in the AbbVie Agreement are common among similar cross-border licensing and collaboration transactions; (iii) the arrangements with respect to the JSC and the corresponding approval process for matters presented to the JSC are customary for similar cross-border transactions and are made primarily to ensure that the PRC Development Plan will be consistent with the global development plan; and (iv) the commercial interests of the Company and AbbVie are aligned and there is no foreseeable circumstance where the Company would lose all rights over the PRC Product, the parties will be able to reach consensus at the JSC on most if not all matters, including on the PRC Development Plan. The Company is further of the view that given the importance of the global development plan to the global success of the SHP2 Products and given the material adverse effect which any inconsistency between the PRC Development Plan and the global development plan may have on the overall success of the SHP2 Products, AbbVie's final decision-making authority over the PRC Development Plan is not unreasonable and would help provide the checks and balances that are necessary to ensure consistency between these plans in all material respects and to prevent any material adverse effect which any inconsistency may have on the development of the SHP2 Products.

The Joint Sponsors have reviewed the AbbVie Agreement and made due enquiries with the Company and Frost & Sullivan, and having regard to the Company's above views, the Joint Sponsors confirm that nothing has come to their respective attention to cause them to disagree with the matters set forth in this section.

IV. INTELLECTUAL PROPERTY

Intellectual property, including patents, trade secrets, trademarks and copyrights, is critical to our business. Our future commercial success depends, in part, on our ability to: obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business; defend and enforce our patents; preserve the confidentiality of our trade secrets; and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

We have a portfolio of patents to protect our drug candidates and technologies. As of the Latest Practicable Date, we owned (i) one granted patent in China, (ii) one granted patent in Australia, (iii) three granted patents in Taiwan (China), (iv) one granted patent in Japan, and (v) 63 pending patent applications, including 3 patent applications that have been approved but have yet to be registered, 8 patent applications in China, 4 patent applications in the U.S., 9 patent applications under the PCT, and 39 patent applications in other jurisdictions.

The patent portfolios for our three clinical stage and one pre-clinical drug candidate as of the Latest Practicable Date are summarized below:

- **JAB-3068**: As of the Latest Practicable Date, we owned one granted patent in Australia, one granted patent in Taiwan (China), one granted patent in Japan and 18 patent applications including one patent application that has been approved but has yet to be registered in the U.S., two patent applications in China, and 15 patent applications in

other jurisdictions directed to JAB-3068. The expected expiration for the issued patents and any patents that may issue from the currently pending patent applications is 2037, without taking into account any possible patent term adjustments or extensions.

- **JAB-3312**: As of the Latest Practicable Date, we owned one granted patent in Taiwan (China), and 24 patent applications including two patent applications that have been approved but have yet to be registered in South Africa and Australia, one patent application in the U.S., two patent applications in China and 19 patent applications in other jurisdictions directed to JAB-3312. The issued patents and any patents that may issue from the currently pending patent applications would be expected to expire in 2038, without taking into account any possible patent term adjustments or extensions.

- **JAB-8263**: As of the Latest Practicable Date, we owned one granted patent in Taiwan (China) and one pending PCT application directed to JAB-8263. Any patents that may issue from the currently pending patent and PCT applications would be expected to expire in 2039, without taking into account any possible patent term adjustments or extensions.

- **JAB-21000**: As of the Latest Practicable Date, we owned one pending PCT application directed to JAB-21000. Any patents that may issue from the currently pending patent and PCT applications would be expected to expire in 2040, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees. In addition to the above-mentioned patent applications directed to JAB-21000, we have filed six priority documents directed to our pre-clinical drug candidates. We will file non-provisional applications claiming these priorities to protect our candidates.

The following table summarizes the details of the material granted patents and filed patent applications by our Company in connection with our clinical and pre-clinical drug candidates:

Product	Title of Patent/Patent Application	Jurisdiction	Status	Applicant	Patent Expiration[1]	Our Rights
JAB-3068	Directed to compound	Australia	Granted	Beijing Jacobio	2037	Ownership[2]
	Directed to compound	Taiwan (China)	Granted	Beijing Jacobio	2037	Ownership[2]
	Directed to compound	Japan	Granted	Beijing Jacobio	2037	Ownership[2]
	Directed to compound	EAPO, PRC, U.S.[3], EPO, South Korea, Canada, Singapore, India, Mexico, Indonesia, Egypt, Vietnam, Philippines, Thailand, Japan	Pending	Beijing Jacobio	2037	Ownership[2]
JAB-3312	Directed to compound	Taiwan (China)	Granted	Beijing Jacobio	2038	Ownership[2]

Product	Title of Patent/Patent Application	Jurisdiction	Status	Applicant	Patent Expiration[1]	Our Rights
	Directed to compound	PRC, South Africa[3], Hong Kong (China), EPO, U.S., Japan, South Korea, EAPO, Australia[3], Canada, Singapore, New Zealand, India, Indonesia, Mexico, Egypt, Thailand, Vietnam, Philippines, Colombia, Chile, Malaysia	Pending	Beijing Jacobio	2038	Ownership[2]
JAB-8263	Directed to compound	Taiwan (China)	Granted	Beijing Jacobio	2039	Ownership
	Directed to compound	PCT	Pending	Beijing Jacobio	2039	Ownership
JAB-21000	Directed to compound	PCT	Pending	Beijing Jacobio	2040	Ownership
JAB-6000	Directed to compound	PCT	Pending	Beijing Jacobio	2039	Ownership
	Directed to compound	Taiwan (China)	Pending	Beijing Jacobio	2039	Ownership
JAB-BX100	Directed to Anti-CD73 antibody	PCT	Pending	Beijing Jacobio	2040	Ownership
	Directed to Anti-CD73 antibody	Taiwan (China)	Pending	Beijing Jacobio	2040	Ownership
JAB-BX200	Directed to Anti-CD39 antibody	PCT	Pending	Beijing Jacobio	2040	Ownership
	Directed to Anti-CD39 antibody	Taiwan (China)	Pending	Beijing Jacobio	2040	Ownership

Abbreviations: PCT = Patent Cooperation Treaty; EPO = European Patents Organization; EAPO = Eurasian Patent Organization

Notes:

1. Patent expiration date is estimated based on current filing status, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity and other government fees.

2. Under our global strategic collaboration with AbbVie, subject to our PRC Option, which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised our PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize and, if we elect to, manufacture such SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialization, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory. For more details of the collaboration agreement, please refer to the paragraphs headed "— III. Collaboration with AbbVie" in this section.

3. As of the Latest Practicable Date, these three patent applications had been approved but had yet to be registered.

The term of individual patents may vary based on the jurisdictions in which they are obtained. In most jurisdictions in which we file patent applications, including PRC and the United States, the term of an issued patent is generally 20 years from the filing date of the earliest non-provisional patent application to which the patent claims priority. In the United States, a patent's term may be extended or adjusted to account for administrative delays during prosecution by the USPTO, in excess of a patent applicant's own delays during the prosecution process.

In addition, with respect to any issued patents in the U.S., Europe and Japan et al, we may be entitled to obtain an extension of the patent's term provided we meet the applicable requirements for obtaining such patent term extensions. For example, in the U.S., we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the U.S. FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical studies, as well as getting a NDA or BLA approval from the U.S. FDA. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only once a patent may be extended, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Furthermore, a reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the U.S. FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. In certain other foreign jurisdictions, similar extensions as compensation for regulatory delays are also available.

We conduct our business under the brand name of "Jacobio" or "加科思". As of the Latest Practicable Date, we had registered 23 trademarks in China and filed 12 trademark applications in Hong Kong (China). We are also the registered owner of one domain name and have irrevocable licenses for one domain name.

Pursuant to the AbbVie Agreement, subject to our PRC Option which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license under certain of our patents and know-how to research, develop, manufacture, use, sell, offer for sale, import, commercialize and otherwise exploit the SHP2 Inhibitors and SHP2 Products for all human and non-human diagnostic, prophylactic and therapeutic uses. For more information, please refer to the paragraphs headed "— III. Collaboration with AbbVie" in this section. As of the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement, misappropriation or other violations of third-party intellectual property and we are not involved in any proceedings in respect of any intellectual property rights that may be threatened or pending and that may have an influence on its research and development for any Core Product in which we may be a claimant or a respondent.

Please refer to the paragraphs headed "Statutory and General Information — B. Further Information about the Business of our Company — 2. Our Material Intellectual Property Rights" in Appendix IV to this prospectus for further information.

V. RAW MATERIALS AND SUPPLIERS

We procure raw materials and equipment for the development and manufacture of our drug candidates from qualified suppliers. We also engage a limited number of reputable CROs to support our internal team in managing and conducting pre-clinical and clinical studies of our pipeline candidates in China and the United States. For further details, please refer to the paragraphs headed "— II. Our Platform" in this section.

For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our purchases from our five largest suppliers in the aggregate accounted for 43.5%, 48.4% and 42.4% of our total purchases, respectively, while purchases from our largest supplier accounted for 11.0%, 19.1% and 20.8% of our total purchases, respectively. Our purchases mainly include third-party contracting services for research and development of our drug candidates and manufacturing of certain drug substances for clinical supply, as well as raw materials, consumables, machines and equipment. To the best of our knowledge, all of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

VI. COMPETITION

The pharmaceutical and biopharmaceutical industries are highly competitive and subject to rapid and significant change. While we believe that our pipeline of innovative drug candidates in clinical and pre-clinical trials, strong research and development capability, integrated platform and world-class leadership team provide us with competitive advantages, we face potential competition from many different sources working to develop therapies targeting the same indications against which we develop our drug candidates, in particular in the oncology field. These include major pharmaceutical companies as well as specialty pharmaceutical and biotechnology companies, such as Novartis, Gilead, GSK, Merck, Revolution Medicine and Relay Therapeutics, academic institutions, government agencies and research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs and with any new drugs that may become available in the future. For more information on the competitive landscape of our drug candidates, please refer the paragraphs headed "— I. Our Drug Candidates" in this section.

VII. EMPLOYEES

As of the Latest Practicable Date, we had 170 employees in total. The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Function	Number	% of Total
Research and Development (including CMC)	99	58
Clinical Development	34	20
General and Administrative	37	22
Total	**170**	**100**

Among the 170 employees, 161 of our employees are stationed in Beijing in China, and 9 of our employees are based in Massachusetts in the U.S.

We enter into individual employment contracts with our employees covering matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause and grounds for termination. We also enter into separate confidentiality and non-competition agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and share-based compensation to our employees, particularly our key employees.

We have complied with the PRC law to make contributions to statutory employee benefit plans (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, including bonus up to a maximum amount specified by the local government during the Track Record Period.

We consider our relations with our employees to be good. We have established a labor union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or labor disputes which had a material effect on our business.

VIII. LAND AND PROPERTIES

As of the Latest Practicable Date, we leased two properties in Beijing, China, with an aggregate gross floor area of approximately 6,502.77 sq.m. We also rent a total of 379.79 sq.m. of combined office and laboratory space in Massachusetts, the U.S. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

The following table sets forth a summary of the properties leased by us of the Latest Practicable Date:

Location	Type of Property	Address	Gross Floor Area (sq.m.)	Lease Term	Expiry Dates
Beijing	Laboratories and office	Rooms 101, 501, 601 of Unit 2 and Rooms 301, 501, 601 of Unit 1, Building 5, No. 88, Kechuang Sixth Street, Beijing Economic-technological Development Area, Beijing	4,793.68	24 months	September 9, 2022
Beijing	Laboratories and office	Rooms 201, 301, Unit 2, Building 5, No. 88, Kechuang Sixth Street, Beijing Economic-technological Development Area, Beijing	1,709.09	60 months	August 31, 2021
Massachusetts	Laboratories and office	Building C, Suite #230, Ledgemont Technology Center, 99 Hayden Avenue, Lexington, Massachusetts	379.79	60 months	March 31, 2024

IX. ENVIRONMENTAL MATTERS, WORKPLACE SAFETY AND SOCIAL RESPONSIBILITY

We are committed to operate our business in a manner that protects environment and provides a safety workplace for our employees and performs social responsibility. Upon the completion of the construction of our new GMP manufacturing facility, we will implement company-wide environmental, health and safety (EHS) policies and operating procedures relating to process and work safety management, waste treatment, emissions of air, water and other media, handling, use, storage, treatment and disposal of hazardous substances, third party safety management and emergency planning and response. We will establish an EHS department which will be responsible for the formulation and updates of our EHS policies, as well as monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations, under the supervision of our Directors. Certain specialized areas of the responsibility will be assigned to teams comprised of subject-matter experts with the relevant expertise and experience. Our operations involve the use of hazardous chemicals. We implemented safety guidelines setting out information about potential safety hazards and procedures for operating in the laboratory facilities. Our employees also continuously attend safety training sessions.

Our operations also produce waste water and chemical waste. We contract with third parties for the disposal of hazardous materials and wastes. During the Track Record Period and up to the Latest Practicable Date, we did not incur material cost of compliance with relevant environment protection laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects and had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant work place accident or fatality, and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the same period.

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We hire employees based on their merits and we offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics, and provide training programs to keep our employees stay abreast of industry and regulatory developments. We have not had any significant workplace accidents since our inception.

In light of the recent COVID-19 outbreak, we have endeavored to provide a safe work environment by implementing company-wide self-protection policies for employees, including providing protective masks and sanitization to our employees. For more details related to the impact of COVID-19 outbreak on our business, please refer to the section headed "Financial Information — Impact of the COVID-19 Outbreak."

X. PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations, and such licenses, permits and certifications all remain in full effect. For more details regarding the PRC and foreign laws and regulations to which we are subject, please refer to the section headed "Regulatory Overview" in this prospectus.

The table below sets forth the relevant details of the material licenses we hold for our operation as of the Latest Practicable Date:

License/Permit	Holder	Issuing Authority	Issue Date	Expiration Date
Certificate of Filing for Pathogenic Microorganism Laboratory and Experiments in Beijing (北京市病原微生物實驗室及實驗活動備案)	Beijing Jacobio	Health and Family Planning Commission of Daxing District, Beijing (currently known as Health Commission of Daxing District, Beijing)	Oct 10, 2018	N/A
Certificate for Using Experimental Animals (實驗動物使用許可證)	Beijing Jacobio	Beijing Municipal Science & Technology Commission	Feb 15, 2016	Feb 15, 2021

We intend to apply for renewal of the above key licenses prior to their respective expiry dates. In particular, we plan to apply for renewal of our Certificate for Using Experimental Animals in December 2020. The successful renewal of our existing licenses, permits and certifications will be subject to our fulfilment of relevant requirements. Our Directors are not aware of any reason that would cause or lead to the non-renewal of the licenses, permits and certificates. Our PRC Legal Adviser confirmed that as of the Latest Practicable Date, there was no legal impediment for us to renew the licenses, permits and certificates as long as we comply with the relevant legal requirements.

We will also apply for registration certificates once our drug candidates are ready to be marketed.

XI. INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our principal insurance policies cover losses arising from (i) accidents and natural calamities in respect of our machinery, equipment, inventories and other fixed assets in our research facilities and (ii) liabilities in our human clinical trials for the development of our clinical-stage drug candidates in China and U.S. We also maintain key person insurance and insurance policies cover employee benefits liability and personal injury for our executive directors, senior management personnel and certain of our employees. We currently do not maintain product liability insurance policies as we have not yet obtained the regulatory approval to commercialize any of our drug candidates and we believe the risk exposure is remote at the current stage.

We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made, or been the subject of, any material insurance claims.

XII. LEGAL PROCEEDINGS AND COMPLIANCE

We may be subject to legal proceedings, investigations and claims arising from the ordinary course of our business from time to time, and we may also initiate legal proceedings in order to protect our intellectual property and other rights. Our Directors confirmed that, as of the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, financial condition or results of operations, and our Directors were not aware of any potential or threatened legal, arbitral or administrative proceedings to which we will be named as a party. Our Directors further confirm that none of our Directors or senior management personnel was personally involved in any of these legal, arbitral or administrative proceedings.

Our PRC Legal Adviser confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable PRC laws and regulations in all material aspects. Our Directors confirmed that we were not involved in any material or systematic non-compliance incidents.

XIII. RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese, U.S. and global pharmaceuticals and biopharmaceuticals markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other pharmaceutical companies. Please refer to the section headed "Risk Factors" for a discussion of various operational risks and uncertainties we face. We are also exposed to various market risks, in particular, market risk which includes foreign exchange risk, credit risk and liquidity risk that arise in the normal course of our business. Please refer to the paragraph headed "Financial Information — Market Risk Disclosure" in this prospectus for a discussion of these market risks.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Risks identified by management will be analyzed on the basis

of likelihood and impact, and will be properly followed up and mitigated and rectified by our Company and reported to our Directors. Our audit committee, and ultimately our Directors supervise the implementation of our risk management policies.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- Our audit committee will oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our Board will be responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant departments in our Company; (iii) reviewing the relevant departments' reporting on key risks and providing feedbacks; (iv) supervising the implementation of our risk management measures by the relevant departments; and (v) reporting to our audit committee on our material risks.

- The relevant departments in our Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

- Our Board believes that we can make better use of our cash by utilizing wealth management products, such as structured deposits, to enhance our income without interfering with our business operations or capital expenditures. We make investment decisions based on our estimated capital requirements for the next few months and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit our purchase to low risk products from reputable commercial banks. Our finance department is responsible for the purchase of wealth management products, which is reviewed by our senior management team. In the future, we intend to continue to purchase low-risk wealth management products based on our operational needs.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness to safeguard our Shareholder's investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as risk management, protection of intellectual property, environmental protection and occupational health and safety. For more information, please refer to the paragraphs headed "— IV. Intellectual Property" and "— IX. Environmental Matters, Workplace Safety and Social Responsibility" in this section. We provide periodic training about these measures and procedures to our employees across different departments as part of our employee training program. Our internal audit department conducts audit field work to monitor the implementation of our internal control policies and the compliance status, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the Listing.

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged Somerley Capital Limited as our compliance adviser to provide advice to our Directors and management team until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to provide advice when our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

- We intend to maintain strict anti-corruption policies among our sales personnel in our sales and marketing activities and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We will also ensure that our future sales and marketing personnel will comply with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountant's Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a clinical-stage pharmaceutical company focusing on the in-house discovery and development of innovative oncology therapies. We are an explorer in developing clinical-stage small-molecule drug candidates to modulate enzymes by binding to their allosteric sites, i.e., sites other than the binding site that catalyzes the chemical reaction, in order to address previously "undruggable" targets such as protein tyrosine phosphatases and KRAS. We intend to proactively explore and enter into strategic and synergistic partnerships with leading MNCs, as exemplified by the collaboration with AbbVie for our innovative, allosteric SHP2 inhibitors. Such partnerships pool complementary expertise and resources to increase the chances of success for our drug candidates, and ensures maximal realization of their clinical and commercial value on a global scale.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses in each year since inception. In 2018, 2019 and the six-month period ended June 30, 2020, we had operating loss of RMB101.4 million, RMB194.2 million and RMB78.9 million and loss of RMB155.9 million, RMB425.8 million and RMB810.9 million, respectively. Substantially all of our operating loss resulted from research and development expenses and administrative expenses.

We expect to incur an increased amount of operating expenses for at least the next several years as we further our pre-clinical research, continue the multi-regional clinical development of, seek regulatory approval for and manufacture, our drug candidates, launch our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, regulatory approval timeline and commercialization of our drug candidates after approval.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All effective standards, amendments to standards and interpretations of IFRS that are mandatory for the accounting period commencing from January

1, 2020, including IFRS 16 "Leases," have been consistently applied by our Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The adoption of IFRS 16 does not have a significant impact on our financial position and performance when compared to that of IAS 17. We performed an internal assessment of the early adoption of IFRS 16 and the major impacts to our Group are set forth below:

IFRS 16

IFRS 16 Leases has replaced the previous standard IAS 17 Leases and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. IFRS 16 has been consistently applied to the historical financial information during the Track Record Period.

The effects of the early adoption of IFRS 16 have been assessed on our historical financial information as compared to the requirements of IAS 17, which is summarized as below:

(1) The operating lease commitments (except for short-term leases and leases of low-value assets) under IAS 17 were no longer disclosed as lease commitment, instead, these leases were recognized as a right-of-use asset and a corresponding liability under IFRS 16. We recognized right-of-use assets of RMB6.8 million, RMB7.4 million and RMB5.3 million as of December 31, 2018, December 31, 2019 and June 30, 2020, respectively. We recognized lease liabilities of RMB15.5 million, RMB19.8 million and RMB18.8 million as of December 31, 2018, December 31, 2019 and June 30, 2020, respectively;

(2) Under IFRS 16, each lease payment is allocated between the settlement of the principal portion of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the lease term on a straight-line basis. No material impact to the consolidated statements of profit or loss is resulted as compared to the recognition of operating lease expenses under IAS 17.

Based on the assessment, by applying IFRS 16, there are increases in both total assets and liabilities of our Group when comparing to that under IAS 17, and other than this, there is no significant impact on our Group's financial position and financial performance. Due to the increase of the current portion of the lease liabilities, there are decreases in current ratio when comparing to that under IAS 17. Current ratio represents current assets divided by current liabilities as of the end of the year/period.

IFRS 9 and IFRS 15

We applied IFRS 9 and IFRS 15 throughout the Track Record Period. IFRS 9 replaces IAS 39 and requires the recognition of impairment provisions of financial assets measured at amortized cost based on expected credit losses. IFRS 15 "Revenue from contracts with customers" replaces the previous revenue standard IAS 18 "Revenue" and related interpretation. Both of IFRS 9 and IFRS 15 are mandatory for the accounting period commencing from January 1, 2018. Based on our historical financial information, had IAS 39 or IAS 18 been consistently applied throughout the Track Record Period, there would be no significant impact on our financial position and performance.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Milestone Payments, Royalties and Reimbursement

Pursuant to the AbbVie Agreement, we received an upfront payment of US$45 million from AbbVie on September 4, 2020. Upon the achievement of specified development, commercialization and sales milestones, AbbVie will be obligated to pay us up to US$810 million in the aggregate. AbbVie will also be required to pay us tiered royalties on aggregate annual net sales of all SHP2 Products (excluding the net sales of any PRC Product in the Territory) ranging from low-to-mid double-digit percentages. Additionally, AbbVie is also obligated to reimburse our costs and expenses incurred from and after July 31, 2020 which do not exceed 105% of the then-current development budget, subject to certain exceptions. The reimbursement will also be recognized as revenue over time as our R&D activities are performed. For details, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie." Our ability and the timing to perform R&D activities, achieve milestone events as well as the commercial sales of our SHP2 products, will have an effect on our revenue and profits.

Commercialization of Our Drug Candidates

Our business and results of operations will be dependent on our receipt of regulatory approval for and successful commercialization of our drug candidates. Leveraging our proprietary technologies and know-how in drug discovery and development, we have built an innovative pipeline of monotherapies and combo-therapies addressing key oncogenic pathways including SHP2/KRAS, MYC, RB and immune checkpoints, including two clinical-stage SHP2 inhibitors, one clinical-stage BET inhibitor and 11 pre-clinical programs. Please refer to the section headed "Business" for more details on the development of our pipeline products.

Pursuant to the AbbVie Agreement, we have exercised our PRC Option and obtained exclusive rights (even as to AbbVie and its affiliates) to develop, commercialize, and, if we elect to, manufacture SHP2 Products for the purposes of seeking regulatory approval of and to commercialize in the Territory. We will devote significant resources and efforts for commercialization and manufacturing of the PRC Products. After we commercially launch our PRC Products, we will receive the revenue from the net sales of PRC Products in the Territory, and will pay AbbVie tiered royalties on aggregate annual net sales of all PRC Products ranging from mid-to-high single digit percentages if such aggregate annual net sales reach certain threshold. For details, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie."

We are carrying out a multi-regional development strategy for our pipeline products to expedite the obtaining of their regulatory approval and their commercial launch on a global scale. Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and supply of our commercialized drugs. To achieve successful launch of our drug candidates, we intend to continue advancing multi-regional clinical trials and registration of our pipeline assets, leverage the sales network and experience of our global collaboration partner, build our own commercialization and distribution capabilities, and establishing our manufacturing capabilities. For more details, please refer to the paragraphs headed "Business — Our Strategies" in this prospectus.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

As we are strategically focused on the research and development of innovative cancer therapies with global market potential, research and development expenses have been and are expected to continue to be a major component in our cost structure. During the Track Record Period, our research and development expenses primarily consisted of:

- testing expenses for pre-clinical and clinical programs for our drug candidates, including third-party contracting costs with respect to the engagement of CROs, clinical trial sites and other service providers in connection with our research and development activities;

- employee benefit expenses mainly relating to the salaries, share-based compensation and other welfare for our research and development personnel;

- costs associated with procuring raw materials used in the research and development of our drug candidates;

- depreciation and amortization of assets used in the development of our drug candidates; and

- other expenses including professional service expenses, utilities and office expenses, short-term lease expenses and travelling and transportation expenses.

We expect our research and development expenses to continue to increase for the foreseeable future as we move these drug candidates forward, either from discovery stage to clinical stage, or further to more advanced clinical trials, and as we continue to support the clinical development of our drug candidates as treatments for additional indication. We also expect to increase the headcount of our research and development team to support the continued expansion of our business and incur more employee costs for our research and development personnel in the future.

Our administrative expenses primarily include (i) employee benefits expenses for our administrative employees, (ii) professional service fees, (iii) depreciation and amortization expenses and (iv) listing expenses. Other administrative expenses mainly include short-term lease expenses, travelling and transportation expenses, utilities and office expenses used for administration purposes and other expenses in connection with administrative activities.

We expect our cost structure to evolve as we continue to develop and expand our business. As the clinical trials of our drug candidates continue to progress and as we continue to enrich our pipeline products, we expect to incur additional costs in relation to CRO fees, raw materials procurement, manufacturing and sales and marketing among other things. Moreover, as we are constructing new facilities for R&D, manufacturing and general administration with a total gross floor area of approximately 20,000 sq.m. in Beijing, we expect to incur additional depreciation costs and utilities in the future. In addition, to support our business growth, we also expect to expand our headcount, particularly for our research and development team and commercialization team, and incur higher employee costs as a result.

Additionally, we anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through private equity financing. Going forward, under our collaboration with AbbVie, we expect that our costs and expenses in connection with the development of our SHP2 products will be reimbursed by AbbVie in accordance with the then-current development plan and budget. In the future, we also expect to fund our operations in part with revenue generated from milestone payments and royalties under the collaboration with AbbVie, and after the PRC Products are launched, from the sales of the PRC Products in mainland China, Hong Kong and Macau. For details, please refer to the paragraphs headed "Business — III. Collaboration with AbbVie." However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based on our financial information, which have been prepared in accordance with accounting principles that conform with IFRSs issued by the IASB. The preparation of these financial information requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

We consider an accounting policy significant if it: (i) requires management to make judgments and estimates about matters that are inherently uncertain; and (ii) is important to the understanding of our financial condition and operating results. We believe the following accounting policies are most significant to our business operations and to an understanding of our financial condition and results of operations, and reflect the more significant judgments and estimates used in the preparation of our consolidated financial statements. Our significant accounting policies and estimates are summarized below. Please refer to note 2 and note 4 to the Accountant's Report set out in the Appendix I to this prospectus for a detailed description of our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations.

Significant Accounting Policies

Intangible Assets

Research and Development

We incur significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditure is incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed drug product and all the following can be demonstrated:

– the technical feasibility to complete the development project so that it will be available for use or sale;

– the intention to complete the development project to use or sell the intangible asset;

– the ability to use or sell the intangible asset;

– the manner in which the development project will generate probable future economic benefits for our Group;

– the availability of adequate technical, financial and other resources to complete the development project and use or sell the intangible asset; and

– the expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalized development costs are amortized using the straight-line method over the life of the related intangible asset. Amortization shall begin when the asset is available for use.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred.

During the Track Record Period, there were no development costs meeting these criteria and capitalized as intangible assets.

Non-proprietary technologies

Acquired non-proprietary technologies are initially recorded at cost incurred to acquire and are amortized on a straight-line basis over their estimated useful lives.

Share-based Payments

Equity-settled share-based payment transaction

We operate equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for our equity instruments. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

– including any market performance conditions;

– excluding the impact of any service and non-market performance vesting conditions;

– including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, our Group revises the estimates of the number of equity instrument that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement date and grant date.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, our Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

Share-based payment transaction among group entities

The grant by our Company of its equity instruments to the employees of subsidiaries undertakings in our Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of our Company.

Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and our Group will comply with all attached conditions.

Where the grants relate to an expense item, it is recognized as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statements of comprehensive income over the expected useful life of the relevant asset on straight-line basis or deducted from the carrying amount of the asset and released to the consolidated statements of comprehensive income by way of a reduced depreciation charge.

Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, we have classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

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

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

Specific valuation techniques used to value financial instruments include:

– Quoted market prices or dealer quotes for similar instruments;

– Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and

– A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no changes in valuation techniques during the Track Record Period. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The changes and valuations of level 3 instruments for the years ended 31 December 2018 and 2019 and six months ended 30 June 2020 are presented in note 21 to the Accountant's Report set out in the Appendix I to this prospectus.

The carrying amounts of the Group's other financial assets and liabilities, including cash and bank balances, other receivables, lease liabilities, trade payables and other payables, approximate their fair values.

In relation to the valuation of financial instruments with preferred rights during the Track Record Period, our Directors adopted the following procedures: (i) reviewed the terms of all relevant agreements of financial instruments with preferred rights; (ii) engaged a third-party valuer for the valuation of financial instruments with preferred rights, and provided all material documents and information to the valuer which were true, accurate and complete that were likely to affect the valuation to ensure that the valuation took into account all relevant matters; and (iii) reviewed the valuation results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

The Reporting Accountant has carried out necessary audit procedures in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant's opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out in Appendix I to this prospectus.

In relation to the valuation of the Group's financial instruments with preferred rights during the Track Record Period, the Joint Sponsors have, among others: (i) reviewed the valuation analysis prepared by the third-party valuer engaged by the Company; (ii) reviewed the qualification of the third-party valuer and the credentials of the lead partner of the valuer responsible for the valuation; (iii) discussed with the third-party valuer and the Reporting Accountant regarding the valuation techniques applied by the third-party valuer to determine the valuation; and (iv) considered procedures undertaken by the Reporting Accountant and their opinion on the historical financial information of the Group as a whole for the Track Record Period. Based on the above due diligence and having considered the opinions of the Directors and the Reporting Accountant, nothing has come to the Joint Sponsors' attention for them to cast doubt on the valuation of the Group's financial instruments with preferred rights as provided in the Accountant's Report.

Critical Accounting Judgements and Estimates

Estimation of Fair Value of Financial Instruments with Preferred Rights

The financial instruments with preferred rights issued by our Company are not traded in an active market and the respective fair values are determined using valuation techniques. Our Group used the discounted cash flow method and back-solve method to determine the underlying share value and adopted the equity allocation model to determine the fair value of the financial instruments with preferred rights as at each date of issuance and at the end of each reporting period. Key assumptions, such as discount rate, risk-free interest rate, volatility, discount for lack of marketability and probability for a qualified IPO are disclosed in note 21 to the Accountant's Report set out in the Appendix I to this prospectus. Any change in key assumptions used in the discounted cash flow method and the equity allocation model will have impacts on the fair values.

Recognition of Share-based Compensation Expenses

We offer equity-settled share-based compensation to our employees under our employee share incentive plans. For more details, please refer to note 26 to the Accountant's Report set out in the Appendix I to this prospectus. Our directors have used the Black-Scholes model to determine the total fair value of the share options and used back solve method to determine the total fair value of the restricted shares granted to employees, which are to be expensed over the vesting period. Significant estimate on assumptions, such as the risk-free interest rate, expected volatility, estimation of vesting period and dividend yield, is required to be made by our Directors in applying the methods.

Current and Deferred Income Taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from our Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Our Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies who had tax losses.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF LOSS

The following table sets forth selected components of our consolidated statements of loss for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Research and development expenses	(84,887)	(138,976)	(54,129)	(71,012)
Administrative expenses	(22,786)	(71,081)	(6,850)	(12,374)
Other income	3,889	10,046	3,123	3,380
Other gains – net	2,351	5,841	387	1,069
Operating loss	(101,433)	(194,170)	(57,469)	(78,937)
Finance income	446	5,332	2,988	1,831
Finance expenses	(2,043)	(1,374)	(610)	(719)
Finance (expenses)/income – net	(1,597)	3,958	2,378	1,112
Fair value losses in financial instruments with preferred rights	(52,905)	(235,605)	(99,964)	(733,079)
Loss before income tax	**(155,935)**	**(425,817)**	**(155,055)**	**(810,904)**
Income tax expense	–	–	–	–
Loss for the year/period	**(155,935)**	**(425,817)**	**(155,055)**	**(810,904)**
Loss attributable to:				
Owners of our Company	(149,212)	(424,811)	(154,117)	(810,896)
Non-controlling interests	(6,723)	(1,006)	(938)	(8)

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) testing fees in connection with pre-clinical and clinical programs, including third-party contracting costs with respect to the engagement of CROs, clinical trial sites and other service providers in connection with our research and development activities, (ii) employee benefits expenses mainly relating to salaries, share-based compensation and other welfare for our R&D employees, (iii) expenses for procuring raw materials and consumables used in the research and development of our drug candidates, (iv) depreciation and amortization expenses, mainly including depreciation expenses for property, plant and equipment and amortization expenses for intangible assets which were used for research and development purpose, and (v) other research and development expenses which mainly included professional services expenses, short-term lease expenses, utilities and office expenses, travelling and transportation expenses in relation to research and development activities, and other miscellaneous expenses.

The following table below sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the periods indicated:

	Year Ended December 31,				Six Months Ended June 30,			
	2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)			
Testing fee	30,335	35.7	48,189	34.7	20,366	37.7	26,190	36.9
Employee benefits expenses	26,907	31.7	44,905	32.3	14,971	27.7	23,516	33.1
Raw material and consumables used	14,516	17.1	24,057	17.3	7,062	13.0	9,359	13.2
Depreciation and amortization	7,042	8.3	11,582	8.3	7,429	13.7	4,042	5.7
Others	6,087	7.2	10,243	7.4	4,301	7.9	7,905	11.1
Total	84,887	100.0	138,976	100.0	54,129	100.0	71,012	100.0

For the year ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the research and development expenses for JAB-3068, our core product, was RMB39.4 million, RMB50.1 million, RMB19.5 million and RMB19.7 million, respectively, accounting for 46.4%, 36.0%, 35.9% and 27.7% of our total research and development expenses, respectively, during the same period.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) employee benefits expenses mainly relating to salaries, share-based compensation and other welfare for our administrative employees, (ii) professional services fees paid to legal counsel, agents, other professional service providers and auditor's remuneration incurred in connection with audit services of our Group, (iii) depreciation and amortization expenses of our property, plant and equipment for operating activities, (iv) expenses related to this Listing, and (v) other administrative expenses mainly including short-term lease expenses, travelling and transportation expenses, utilities and office expenses used for administrative purposes, and other miscellaneous expenses.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	Year Ended December 31,				Six Months Ended June 30,			
	2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)			
Employee benefits expenses	15,405	67.6	66,433	93.5	4,772	69.7	7,136	57.7
Professional services expenses	2,449	10.7	173	0.2	13	0.2	1,895	15.3
Depreciation and amortization	1,470	6.5	1,605	2.3	756	11.0	831	6.7
Listing expenses	–	–	–	–	–	–	516	4.2
Others	3,462	15.2	2,870	4.0	1,309	19.1	1,996	16.1
Total	22,786	100.0	71,081	100.0	6,850	100.0	12,374	100.0

Other Income

During the Track Record Period, other income primarily consisted of government grants and investment income on wealth management products. Government grants mainly represent government subsidies from state and local government authorities for the purpose of compensating us for the expenses incurred in our research and development activities and clinical trials. Investment income on wealth management products mainly represents return we received on our investment in wealth management products.

The following table summarizes a breakdown of our other income in absolute amounts for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Government grants	2,378	9,621	2,861	3,280
Investment income on wealth management products	1,511	425	262	100
	3,889	**10,046**	**3,123**	**3,380**

Other Gains – Net

During the Track Record Period, other gains (net) primarily consisted of net foreign exchange gains and loss on disposal of a subsidiary. Net foreign exchange gains represent the net of exchange gains and losses in relation to the impact of foreign currency translation. As most of the proceeds from equity financing of our Company are denominated in U.S. dollar and our expenses are mainly denominated in Renminbi, the exchange rates of the U.S. dollar against the Renminbi have particular impact on our net foreign exchange gains or losses.

The following table summarizes a breakdown of our other gains (net) in absolute amounts for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Net foreign exchange gains	2,450	5,841	387	1,069
Loss on disposal of a subsidiary	(99)	–	–	–
	2,351	**5,841**	**387**	**1,069**

Finance (Expenses)/Income – net

During the Track Record Period, our finance income consisted of interest income on bank deposits, and our finance expenses consisted of (i) interest costs on amounts due to third-party limited partners of a subsidiary, which represents income earned by this subsidiary distributable to the third-party limited partners, (ii) interest costs on a loan from a third party which borne an interest rate of 4.75% per annum and was repaid in May 2020, and (iii) interest costs on lease liabilities related to our lease of office premises and research and development facilities.

The table below sets forth a breakdown of our finance income and expenses for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Finance income				
– Interest income	446	5,332	2,988	1,831
Finance expenses				
– Interest costs on amounts due to limited partners of a subsidiary	(1,342)	–	–	–
– Interest costs on other payable to a third party	–	(478)	(191)	(244)
– Interest costs on lease liabilities	(701)	(896)	(419)	(475)
	(2,043)	(1,374)	(610)	(719)
Finance (Expenses)/ Income – net	**(1,597)**	**3,958**	**2,378**	**1,112**

Fair Value Losses in Financial Instruments with Preferred Rights

Fair value losses in financial instruments with preferred rights consist of the losses on fair value changes of the Series B, Series C and Series C+ Preferred Shares (except for the Series B Preferred Shares held by holding vehicles of certain members of our senior management) we issued in 2017, 2018 and 2020, respectively. We expect to continue to recognize losses on fair value changes of preferred shares issued for the period from June 30, 2020 and up to the Listing Date. Upon the Listing, all Preferred Shares will automatically convert to Ordinary Shares and we do not expect to recognize any loss or gain on fair value change of Preferred Shares thereafter.

Income Tax Expense

China

The provision for the mainland China current income tax is based on the statutory rate of 25% of the assessable profits of our subsidiaries which operate in the mainland China as determined in accordance with the PRC Enterprise Income Tax Law which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018. Our subsidiary in China, Beijing Jacobio, was recognized as a High and New Technology Enterprise in 2018 and therefore is entitled to a preferential income tax rate of 15% for a three-year period. In addition, our PRC subsidiaries are entitled to claim 175% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for that year, according to the relevant laws and regulations.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% up to April 1, 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess. No provision for Hong Kong profits tax has been made as our subsidiary incorporated in Hong Kong has no assessable profits derived from or earned in Hong Kong during the Track Record Period.

United States

Our U.S. subsidiary is subject to statutory U.S. federal corporate income tax at a rate of 21% on any estimated assessable profits arising in the U.S. during the Track Record Period. It is also subject to the state income tax in Massachusetts at a rate of 8% during the Track Record Period.

We recorded nil income tax expense during the Track Record Period. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2019 Compared with Six Months Ended June 30, 2020

Research and Development Expenses

Research and development expenses increased from RMB54.1 million for the six months ended June 30, 2019 to RMB71.0 million for the six months ended June 30, 2020, mainly attributable to (i) an increase in testing expenses of RMB5.8 million, mainly due to the clinical trial advancement of our drug candidates, (ii) an increase in employee benefit expenses of RMB8.5 million primarily due to an increase in share-based compensation as well as the increases in number of research and development employees and their salary level, and (iii) an increase in raw material expenses of RMB2.3 million due to the development of drug candidates.

Administrative Expenses

Administrative expenses increased from RMB6.9 million for the six months ended June 30, 2019 to RMB12.4 million for the six months ended June 30, 2020, primarily due to (i) an increase in professional services fee of RMB1.9 million mainly attributable to legal consulting fee for our Series C+ financing and other professional service fees, and (ii) an increase in employee benefit expenses of RMB2.4 million.

Other Income

Our other income increased from RMB3.1 million for the six months ended June 30, 2019 to RMB3.4 million for the six months ended June 30, 2020, primarily attributable to an increase in government grants of RMB0.4 million.

Other Gains – Net

Our other gains increased from RMB0.4 million for the six months ended June 30, 2019 to RMB1.1 million for the six months ended June 30, 2020, primarily attributable to an increase of foreign exchange gains of RMB0.7 million due to the appreciation of U.S. dollars against Renminbi.

Finance Income

Our finance income decreased from RMB3.0 million for the six months ended June 30, 2019 to RMB1.8 million for the six months ended June 30, 2020, primarily due to the decrease in our interest income as a result of a decrease of our bank deposit balances due to our operating expenses.

Finance expenses

Our finance expenses increased from RMB0.6 million for the six months ended June 30, 2019 to RMB0.7 million for the six months ended June 30, 2020, primarily attributable to increases in interest costs on a loan owed to a third party and interest costs on lease liabilities.

Fair value losses in financial instruments with preferred rights

Our fair value losses in financial instruments with preferred rights increased from RMB100.0 million for the six months ended June 30, 2019 to RMB733.1 million for the six months ended June 30, 2020, primarily due to the increase in our Company's valuation.

Income tax expense

We recorded nil income tax expense during the Track Record Period.

Loss for the period

Based on the reasons described above, our loss for the period increased from RMB155.1 million for the six months ended June 30, 2019 to RMB810.9 million for the six months ended June 30, 2020.

Year ended December 31, 2018 Compared to the Year ended December 31, 2019

Research and Development Expenses

Research and development expenses increased from RMB84.9 million in 2018 to RMB139.0 million in 2019, mainly attributable to (i) an increase in testing expenses of RMB17.9 million, mainly due to the clinical trial advancement of our drug candidates, and particularly in relation to the U.S. clinical trials of JAB-3068 and JAB-3312, (ii) an increase in employee benefit expenses of RMB18.0 million primarily due to increases in the number of research and development employees and their salary level and share-based compensation, (iii) an increase in raw material expenses of RMB9.5 million due to the clinical development of drug candidates; and (iv) an increase in depreciation and amortization expenses of RMB4.5 million mainly due to the accelerated amortization of intangible assets which were used for a research program and depreciation of our equipment used in research and development activities.

Administrative Expenses

Administrative expenses increased from RMB22.8 million in 2018 to RMB71.1 million in 2019, mainly attributable to an increase in employee benefit expenses of RMB51.0 million primarily due to deemed share-based compensation incurred as the results of the waiver of the obligation to pay the subscription price of shares in our Company of certain shareholders which are holding vehicles of certain members of our senior management.

Other Income

Our other income increased from RMB3.9 million in 2018 to RMB10.0 million in 2019, primarily attributable to an increase in government grants of RMB7.2 million mainly as compensation and encouragement for our research and development activities.

Other Gains – Net

Our other gains increased from RMB2.4 million in 2018 to RMB5.8 million in 2019, primarily attributable to an increase of foreign exchange gains of RMB3.4 million due to the appreciation of U.S. dollars against Renminbi.

Finance Income

Our finance income increased from RMB0.4 million in 2018 to RMB5.3 million in 2019, primarily due to the increase in our interest income as a result of an increase of our bank deposit balances.

Finance expenses

Our finance expenses decreased from RMB2.0 million in 2018 to RMB1.4 million in 2019. The decrease primarily reflects the difference of (i) interest costs on amounts due to third-party limited partners of a subsidiary of RMB1.3 million in 2018, and (ii) interest costs on a loan from a third party of RMB0.5 million in 2019.

Fair value losses in financial instruments with preferred rights

Our fair value losses in financial instruments with preferred rights increased from RMB52.9 million in 2018 to RMB235.6 million in 2019, primarily due to the increase in our Company's valuation.

Loss for the year

Based on the reasons described above, our loss for the year increased from RMB155.9 million in 2018 to RMB425.8 million in 2019.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The following table sets forth selected information from our consolidated balance sheets as at the dates indicated:

	As at December 31,		As at June 30,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Total non-current assets	48,565	45,243	41,272
Total current assets	425,031	318,084	414,451
Total assets	473,596	363,327	455,723
Total current liabilities	17,965	45,721	34,316
Net current assets	407,066	272,363	380,135
Total non-current liabilities	552,876	787,684	1,704,582
Total liabilities	570,841	833,405	1,738,898
Net liabilities	(97,245)	(470,078)	(1,283,175)
Shareholders' deficit			
Share capital	30	30	53
Other reserves	103,483	85,206	75,893
Share-based compensation reserve	12,428	81,072	87,878
Accumulated losses	(211,306)	(636,117)	(1,447,013)
Non-controlling interests	(1,880)	(269)	14
Total shareholders' deficit	(97,245)	(470,078)	(1,283,175)

Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As at December 31,		As at June 30,	As at October 31,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
Current assets				
Contract assets	–	–	–	8,486
Trade receivables	–	–	–	7,202
Other receivables and prepayments	4,198	3,746	8,970	12,932
Financial assets at fair value through profit or loss	–	–	–	11,000
Cash and bank balances	420,833	314,338	405,481	618,711
Total current assets	425,031	318,084	414,451	658,331
Current liabilities				
Trade payables	9,002	12,737	17,317	25,057
Other payables and accruals	8,963	23,960	8,726	23,192
Lease liabilities	–	9,024	8,273	8,608
Financial liabilities at fair value through profit or loss	–	–	–	169
Total current liabilities	17,965	45,721	34,316	57,026
Net Current Assets	407,066	272,363	380,135	601,305

Other Receivables and Prepayments (Current and Non-current Portions)

Our other receivables and prepayments primarily consist of (i) value-added tax (VAT) recoverable in connection with the procurement of raw materials, third-party services, machinery and equipment for our research and development activities, which may offset the VAT to be incurred upon commercialization or receipt of consideration from licensing deals; and (ii) other prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to CROs and other third parties for services relating to our research and development activities. The following table sets forth the breakdown of our other receivables and prepayments (including both current and non-current portions) as of the dates indicated.

	As at December 31,		As at June 30,
	2018	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**
Value added tax recoverable	9,099	12,580	13,043
Prepayments for goods and services	4,115	2,332	6,432
Prepayments to suppliers of property, plant and equipment	290	2	155
Prepayments of listing expenses	–	–	84
Other receivables	83	45	574
Total:	**13,587**	**14,959**	**20,288**
Less: non-current portion	**(9,389)**	**(11,213)**	**(11,318)**
Current portion	**4,198**	**3,746**	**8,970**

Our other receivables and prepayments increased from RMB13.6 million as of December 31, 2018 to RMB15.0 million as of December 31, 2019 primarily due to an increase of RMB3.5 million in VAT recoverable due to increased procurement of raw materials, equipment and third-party services for our research and development activities, partially offset by a decrease of prepayments for goods and services of RMB1.8 million.

Our other receivables and prepayments increased from RMB15.0 million as of December 31, 2019 further to RMB20.3 million as of June 30, 2020, primarily due to an increase of RMB4.1 million in prepayments for goods and services as a result of the increased prepayments to CROs with the advancement of development of our drug candidates.

Cash and Bank Balances

Our cash and bank balances primarily consist of cash on hand and at bank. Our cash and bank balances decreased from RMB420.8 million as of December 31, 2018 to RMB314.3 million as of December 31, 2019, mainly due to the increase of our expenditures on business operations.

Our cash and bank balances increased from RMB314.3 million as of December 31, 2019 to RMB405.5 million as of June 30, 2020, mainly due to the funds we received from our Series C+ financing completed in February 2020. For more details, please refer to the paragraphs headed "History, Development and Corporate Structure — Pre-IPO Investments" in this prospectus.

Trade Payables

Trade payables mainly include payables in connection with our purchase of raw materials, consumables, and services from suppliers. Our trade payables increased from RMB9.0 million as of December 31, 2018 to RMB12.7 million as of December 31, 2019 and further to RMB17.3 million as of June 30, 2020, mainly due to an increase in the trade payables for services, primarily as we purchased more services related to the clinical development of our drug candidates.

The following table sets forth an aging analysis of our trade payables based on the invoice date as at the dates indicated:

	As at December 31,		As at June 30,
	2018	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**
Less than 1 year	9,002	12,352	17,277
Between 1 and 2 years	–	385	–
Between 2 and 3 years	–	–	40
	9,002	**12,737**	**17,317**

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll, bonus and welfare payables, and related individual income tax payables, payables for purchase of property, plant and equipment, amounts due to a third party and other payables. The table below sets forth the details of our other payables and accruals as at the dates indicated:

	As at December 31,		As at June 30,
	2018	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**
Payroll and welfare payables	5,393	7,033	4,971
Payables for purchase of property, plant and equipment	2,853	2,773	2,963
Tax payables	419	942	368
Other payable to a third party	–	12,478	–
Short-term leases payables	–	695	256
Others	298	39	168
Total	**8,963**	**23,960**	**8,726**

Our other payables and accruals increased from RMB9.0 million as of December 31, 2018 to RMB24.0 million as of December 31, 2019, primarily attributable to (i) the increase in amounts due to a third party of RMB12.5 million as the result of a third-party loan we borrowed in 2019, and (ii) an increase in payroll and welfare payables of RMB1.6 million, primarily due to an increase in the number of employees as well as a general increase in employee salaries and bonus in 2019.

Other payables and accruals decreased from RMB24.0 million as of December 31, 2019 to RMB8.7 million as of June 30, 2020, primarily attributable to (i) a decrease in amounts due to a third party of RMB12.5 million, as we repaid of the principal and interest of the third-party loan in May 2020, and (ii) a decrease of payroll and welfare payables of RMB2.1 million mainly because we paid the year-end benefits provisioned at 2019 year-end in early 2020 and the accrued annual bonus of the first half year of 2020 was less than that of full year 2019.

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As at December 31,		As at June 30,
	2018	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**
Non-current assets			
Property, plant and equipment	28,479	26,630	24,628
Right-of-use assets	6,808	7,400	5,326
Intangible assets	3,889	–	–
Other receivables and prepayments	9,389	11,213	11,318
Total non-current assets	**48,565**	**45,243**	**41,272**
Non-current liabilities			
Lease liabilities	15,467	10,807	10,561
Deferred income	8,442	6,612	4,662
Financial instruments with preferred rights	528,967	770,265	1,689,359
Total non-current liabilities	**552,876**	**787,684**	**1,704,582**
Net non-current liabilities	**(504,311)**	**(742,441)**	**(1,663,310)**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of machinery and equipment, office equipment and furniture, and leasehold improvement. Our property, plant and equipment slightly decreased from RMB28.5 million as of December 31, 2018 to RMB26.6 million as of December 31, 2019 and further to RMB24.6 million as of June 30, 2020, primarily due to an increase in accumulated depreciation.

Right-of-use Assets

Our right-of-use assets are primarily related to our office leases. Our right-of-use assets increased from RMB6.8 million as of December 31, 2018 to RMB7.4 million as of December 31, 2019, mainly due to an increase in leased office premises. Our right-of-use assets decreased from RMB7.4 million as of December 31, 2019 to RMB5.3 million as of June 30, 2020, mainly due to an increase in accumulated depreciation.

Intangible Assets

Our intangible assets consist of the non-proprietary technologies we purchased in 2018 for a research program. Our intangible assets decreased from RMB3.9 million as of December 31, 2018 to nil as of December 31, 2019 and June 30, 2020, mainly due to the accelerated amortization of such non-proprietary technologies in 2019 because we terminated the program that we planned to use such technologies for.

Deferred Income

Our deferred income consists of current and non-current government grants received but not yet recognized as income. The following table sets forth the breakdown of our deferred income as at the dates indicated:

	As at December 31,		As at June 30,
	2018	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**
Government grants:			
To be realised within 12 months	5,234	4,070	2,409
To be realised after more than 12 months	3,208	2,542	2,253
	8,442	**6,612**	**4,662**

Our deferred income decreased from RMB8.4 million as of December 31, 2018 to RMB6.6 million as of December 31, 2019, primarily due to the recognition of government grants of RMB9.6 million as income in 2019, partially offset by our receipt of additional government grants. Our deferred income decreased from RMB6.6 million as of December 31, 2019 to RMB4.7 million as of June 30, 2020, primarily due to the recognition of government grants of RMB3.3 million as income in the first half of 2020, partially offset by our receipt of additional government grants in the same period.

KEY FINANCIAL RATIOS

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

	As at December 31,		As at June 30,
	2018	2019	2020
Current ratio[(1)]	23.7	7.0	12.1

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

Current ratio decreased from 23.7 as of December 31, 2018 to 7.0 as of December 31, 2019, mainly attributable to (i) a decrease in cash and bank balances mainly due to our operating costs and expenses, (ii) an increase in other payables and accruals due to a third-party loan we borrowed in 2019, (iii) an increase in trade payables in line with the advancement of clinical trials of our drug candidates, and (iv) an increase in current portion of lease payables.

Current ratio increased from 7.0 as at December 31, 2019 to 12.1 as at June 30, 2020, mainly due to (i) an increase in cash and bank balances following our equity financing in February 2020 and (ii) a decrease in other payables and accruals as we repaid the third-party loan in May 2020.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the development of our drug candidates, our clinical trials, our payment for the purchase of equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB79.9 million, RMB113.0 million and RMB72.0 million in 2018 and 2019, and the six-month period ended June 30, 2020, respectively. During the Track Record Period and up to the Latest Practicable Date, we primarily funded our working capital requirements through proceeds from private equity financing. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations, including but not limited to the upfront and expected milestone payments from AbbVie. As of June 30, 2020, our cash and bank balances amounted to RMB405.5 million. As of September 4, 2020, we had received the upfront payment of US$45.0 million from AbbVie.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Cash outflow from operating activities before movements in working capital	(85,063)	(118,605)	(49,579)	(68,427)
Changes in working capital	4,983	2,985	2,087	(4,985)
Interest received	187	2,595	1,361	1,409
Net cash used in operating activities	(79,893)	(113,025)	(46,131)	(72,003)
Net cash generated from/(used in) investing activities	14,584	(273)	(214,533)	(70,126)
Interest paid	–	(179)	(75)	(1,771)
Net cash generated from financing activities	356,827	929	11,672	162,742
Net increase/(decrease) in cash and cash equivalents	291,518	(112,369)	(248,992)	20,613
Cash and cash equivalents at end of the year/period	420,833	314,338	167,337	336,000

Net Cash Used in Operating Activities

Our net cash used in operating activities was RMB79.9 million, RMB113.0 million, RMB46.1 million and RMB72.0 million for 2018, 2019 and the six months ended June 30, 2019 and 2020, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period, while we did not generate any revenue from sales of our drug candidates.

For the six months ended June 30, 2020, our net cash used in operating activities was RMB72.0 million, which was primarily attributable to our net loss before tax of RMB810.9 million, positively adjusted by the fair value change of our Preferred Shares of RMB733.1 million and share-based compensation expenses of RMB6.8 million.

In 2019, our net cash used in operating activities was RMB113.0 million, which was primarily attributable to our net loss before tax of RMB425.8 million, positively adjusted by the fair value change of our Preferred Shares of RMB235.6 million and the share-based compensation expenses of RMB68.6 million.

In 2018, our net cash used in operating activities was RMB79.9 million, which was primarily attributable to our net loss before tax of RMB155.9 million, positively adjusted for in the fair value change of our Preferred Shares of RMB52.9 million and the share-based compensation expenses of RMB11.7 million.

Net Cash Generated from/(Used in) Investing Activities

For the six months ended June 30, 2020, our net cash used in investing activities was RMB70.1 million, primarily as a result of the payments for deposits with original maturities of over 3 months of RMB69.5 million and purchase of wealth management products of RMB12.0 million; partially offset by proceeds from disposal of wealth management products of RMB12.0 million.

In 2019, our net cash used in investing activities was RMB0.3 million, primarily as a result of the payments for deposits with original maturities of over 3 months of RMB201.4 million, purchase of wealth management products of RMB26.0 million, and purchases of items of property, plant and equipment of RMB3.3 million mainly relating to our purchase of laboratory equipment; partially offset by proceeds from settlement of deposits with original maturities of over 3 months of RMB201.4 million and disposal of wealth management products of RMB26.0 million.

In 2018, our net cash generated from investing activities was RMB14.6 million, primarily as a result of proceeds from disposal of wealth management products of RMB178.1 million, and proceeds from settlement of deposits with original maturities of over 3 months of RMB25.2 million; and partially offset by purchase of wealth management products of RMB150.6 million, payments for deposits with original maturities of over 3 months of RMB25.2 million, purchase of equipment of RMB11.1 million, and purchase of intangible assets of RMB5.0 million.

Net Cash Generated from Financing Activities

For the six months ended June 30, 2020, our net cash generated from financing activities was RMB162.7 million, mainly attributable to proceeds from the issuance of Series C+ Preferred Shares of RMB182.5 million, partially offset by our repayment of a third-party loan of RMB12.0 million and our payment of purchase price for non-controlling interest in a subsidiary of RMB5.5 million.

In 2019, our net cash generated from financing activities was RMB0.9 million, mainly attributable to new borrowings from a third party of RMB12.0 million, and partially offset by acquisition of non-controlling interest in a subsidiary at a total purchase price of RMB10.0 million.

In 2018, our net cash generated from financing activities was RMB356.8 million, mainly attributable to proceeds from the issuance of Series C Preferred Shares of RMB376.6 million, and partially offset by repayments of investment and return in a total of RMB20.0 million to a limited partner of our subsidiary.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated:

	Year ended December 31,		Six Months ended June 30,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Costs Relating to Research and Development of Our Core Product Candidate			
Testing fee	19,345	21,732	8,857
Employee benefit expenses	6,199	6,587	3,880
Raw material and consumables used	5,127	10,112	4,240
Others	1,938	1,169	373
Costs Relating to Research and Development of Our Other Product Candidates			
Testing fee	16,741	25,613	15,133
Employee benefit expenses	14,572	22,898	14,478
Raw material and consumables used	4,184	9,618	7,418
Others	1,629	4,330	4,690
Workforce Employment Cost[(1)]	7,573	9,806	5,155
Direct Production Cost[(2)]	–	–	–
Non-income Taxes, Royalties and Other Governmental Charges	–	–	–
Contingency Allowances	–	–	–
Product Marketing[(3)]	–	–	–

Notes:

(1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.

(2) We had not commenced product manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account of the financial resources available to us, including cash and bank balances, the upfront and expected milestone payments from AbbVie, and the estimated net proceeds from the Global Offering, and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, business development and marketing expenses, and administrative and operating costs for at least the next 12 months from the date of this prospectus.

Even without taking into account the estimated net proceeds from the Global Offering, our Directors believe that we can remain financially viable for at least 18 months from June 30, 2020, assuming our cash burn rate going forward will be similar to the cash burn rate level for the six-month period ended June 30, 2020. Our cash burn rate, which refers to the average monthly amount of (i) net cash used in operating activities, which includes but not limited to research and development expenses and (ii) capital expenditure, was RMB8.0 million, RMB9.7 million, and RMB12.1 million in 2018, 2019 and the six-month period ended June 30, 2020, respectively.

INDEBTEDNESS

Borrowings

The following table sets forth the breakdown of our borrowings as at the dates indicated:

	As at December 31,		As at June 30,	As at October 31,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
Principal and interests of borrowings from a third party	–	12,478	–	–
	–	12,478	–	–

As of December 31, 2018, December 31, 2019, June 30, 2020 and October 31, 2020, the outstanding principal and interests of our borrowings due to a third party amounted to nil, RMB12.5 million, nil and nil, respectively. We borrowed a loan from a third party in the amount of RMB12.0 million in 2019. This loan was guaranteed by Dr. Yinxiang Wang, our CEO and Chairman of our Board, and bore an interest rate of 4.75% per annum. We fully repaid the principal amount of this loan of RMB12.0 million as well as all accrued interests of RMB0.7 million in May 2020.

Lease Liabilities

The following table sets forth the lease liabilities of our Group as at the dates indicated:

	As at December 31,		As at June 30,	As at October 31,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
Current	–	9,024	8,273	8,608
Non-current	15,467	10,807	10,561	2,162
Total	15,467	19,831	18,834	10,770

Our Directors confirm that there have been no material defaults in our payment of trade or non-trade payables or borrowings, or breaches of covenants of our indebtedness during the Track Record Period and up to the date of this prospectus.

Except as otherwise disclosed in this prospectus, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of October 31, 2020. Since October 31, 2020 and up to the Latest Practicable Date, there had not been any material adverse change to our indebtedness.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase and maintain our property, plant and equipment in order to enhance our development capabilities and expand our business operations. Historically, we have funded our capital expenditures mainly through private equity. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31		Six Months ended June 30,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Payment for purchase of property, plant and equipment	11,080	3,342	748
Payment for purchase of intangible assets	5,000	–	–
	16,080	**3,342**	**748**

We expect to incur capital expenditures in the next five years primarily for the construction of our new facilities for R&D, manufacturing and general administration in China. Please refer to the section headed "Future Plans and Use of Proceeds" for more details. We plan to fund our planned capital expenditures through net proceeds from the Global Offering and our earnings. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2018, December 31, 2019 and June 30, 2020, we had capital commitments contracted for but not yet provided of RMB0.8 million, RMB0.2 million and RMB1.1 million primarily in connection with contracts entered into with suppliers for the purchase of property, plant and equipment.

The following table sets forth our capital commitments as at the date indicated:

	As at December 31,		As at June 30,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchases of items of property, plant and equipment	816	235	1,141

In September 2019, we entered into an agreement with Beijing Economic-Technological Development Area Administration Commission with a commitment of a total capital expenditure of no less than RMB140 million for the construction of a new-drug research and development base. The capital expenditure is expected to be incurred from 2022 to 2025.

Operating Lease Commitments

As of December 31, 2018, December 31, 2019 and June 30, 2020, our future aggregate minimum lease payment for short-term leases and low-value leases under irrevocable lease contracts are as follows:

	As at December 31,		As at June 30,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Less than 1 year	1,594	1,977	1,822

CONTINGENT LIABILITIES

As at December 31, 2018, December 31, 2019 and June 30, 2020, we did not have any contingent liabilities. We confirm that as at the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Save as disclosed above, we had not entered into any off-balance sheet transactions as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

The table sets forth material transactions that we had with related parties during the Track Record Period:

Nature of the Transaction	Major Related Parties	Year Ended December 31,		Six Months Ended June 30,	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Purchase of non-proprietary technologies	Dr. Zhou	5,000	–	–	–
Dividends to shareholders	Ms. Wang's SPV	10,228	–	–	–
	Ms. Hu's SPV	6,821	–	–	–
	Total	**17,049**	**–**	**–**	**–**
Guarantee provided by related parties[1]	Dr. Wang	–	12,000	12,000	–

Note:

1. The above guarantee was for other payable to a third party, which had a principal amount of RMB12.0 million and bore an interest rate of 4.75% per annum. The guarantee was released in May 2020 as the settlement of this payable.

The table sets forth the compensation paid or payable to our Directors for their services during the Track Record Period:

	Year Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Salaries and other short-term employee benefits	5,251	5,949	2,833	3,893
Share-based compensation expenses	11,262	68,186	125	1,337
	16,513	74,135	2,958	5,230

It is the view of our Directors that each of the above transactions (i) was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties, and (ii) does not distort our Track Record Period results or make our historical results not reflective of future performance.

Details of our transactions with related parties during the Track Record Period are set out in note 31 to the Accountant's Report set out in Appendix I to this prospectus.

MARKET RISK DISCLOSURE

We are exposed to various financial risks, including foreign currency risk, credit risk and liquidity risk. Our Directors regularly review and agree policies for managing these risks and they are summarized below. For more details, please refer to note 3 to the Accountant's Report set out in the Appendix I to this prospectus.

Foreign exchange risk

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We mainly operate our business in the PRC and incur costs and expenses denominated in RMB. We are exposed to foreign currency risk mainly because our cash and bank balances and financial instruments with preferred right are denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, including relevant sensitivity analysis, please refer to note 3.1 to the Accountant's Report set out in Appendix I to this prospectus.

Credit risk

The carrying amounts of cash and bank balances, and trade and other receivables and other financial assets represent our maximum exposure equal to credit risk in relation to financial assets.

To manage this risk arising from cash and bank balances, they are mainly placed with state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions. Our Directors do not expect any losses for those financial assets.

Generally, we trade only with recognized and creditworthy counterparties. For trade and other receivables, our management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. Our management does not expect that there will be any significant losses from non-performance by the counterparties of other receivables. For further details, please refer to note 3.1 to the Accountant's Report set out in Appendix I to this prospectus.

Liquidity risk

We monitor and maintain a level of cash and bank balances deemed sufficient by our management to meet our operating capital needs and mitigate the effects of fluctuations in cash flows. For further details, please refer to note 3.1 to the Accountant's Report set out in Appendix I to this prospectus.

DIVIDEND

Except for special dividend of US$2.5 million paid to two shareholders in 2018, which was declared as a deemed redemption of 1,000,000 ordinary shares that should have been issued to them during the Reorganization, no dividend has been declared or paid by entities comprising our Group. As confirmed by Walkers (Hong Kong), our legal advisers on Cayman Islands law, on the condition that the memorandum and articles of association of the Company in force at the time did not prohibit the special dividend and immediately following the date on which the special dividend was proposed to be paid, the Company was able to pay its debts as they fell due in the ordinary course of business, the Company would not be prohibited by the relevant Cayman Islands law from paying the special dividend out of its share premium even though the Company had incurred accumulated losses at that time. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our board of directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our future operations and earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

DISTRIBUTABLE RESERVES

As of June 30, 2020, we did not have any distributable reserves.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately HK$83.7 million, approximately 6.7% of our gross proceeds (including underwriting commission), assuming an Offer Price of HK$13.00 per Share, being the mid-point of the indicative Offer Price range of HK$12.00 to HK$14.00 per Share and no Shares are issued pursuant to the Over-allotment Option. In 2018, 2019 and the six-month period ended June 30, 2020, the listing expenses charged to profit or loss were nil, nil, RMB0.5 million (approximately HK$0.6 million), respectively, and the issue costs capitalized to deferred issue costs were nil, nil and RMB0.1 million (approximately HK$0.1 million), respectively. After June 30, 2020, approximately HK$32.8 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$50.2 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2020 and based on the consolidated net tangible liabilities attributable to the owners of the Company as at June 30, 2020 as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

This unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at June 30, 2020 or at any future date.

	Audited consolidated net tangible liabilities attributable to the owners of the Company as at 30 June 2020	Estimated impact related to the conversion of the Preferred Shares upon Listing	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 June 2020	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	Note 1	Note 2	Note 3		Note 4	Note 5
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$12.00 per share	(1,283,189)	1,689,359	917,176	1,323,346	1.87	2.20
Based on an Offer Price of HK$14.00 per share	(1,283,189)	1,689,359	1,074,688	1,480,858	2.10	2.47

Notes:

(1) The audited consolidated net tangible liabilities attributable to the owners of the Company as at 30 June 2020 is extracted from the Accountant's Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net liabilities attributable to the owners of the Company as at 30 June 2020 of RMB1,283,189,000.

(2) All Preferred Shares will be automatically converted to ordinary shares upon the Listing. The Series B Redeemable Preferred Shares, the Series C Preferred Shares and the Series C+ Preferred Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted consolidated net tangible liabilities attributable to the owners of the Company will be increased by RMB1,689,359,000, being the carrying amount of the financial instruments with preferred rights, as of 30 June 2020.

(3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$12.00 and HK$14.00 per share after deduction of the estimated underwriting fees and other related expenses (excluding RMB516,000 listing expenses which have been accounted for in the consolidated statements of loss prior to 30 June 2020) payable by the Company, and takes no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase shares as described in the section headed "Share Capital" in this prospectus.

(4) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 706,757,510 shares were in issue (excluding the 8,579,274 ordinary shares that were not fully paid before 30 June 2020 and 2,000,000 shares issued on 5 August 2020 and the Capitalization Issue related to these shares) assuming that the Capitalization Issue, Global Offering and the conversion of the Preferred Shares to ordinary shares had been completed on 30 June 2020 but takes no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase shares as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK$1.00 to RMB0.85041. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

NO MATERIAL ADVERSE CHANGE

Save for the subsequent events as described in note 34 to the Accountant's Report set out in Appendix I to this prospectus, our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since June 30, 2020 and up to the date of this prospectus and there is no event since June 30, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report in Appendix I to this prospectus.

IMPACT OF THE COVID-19 OUTBREAK

Since December 2019, the outbreak of a novel strain of coronavirus causing coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy. As of the Latest Practicable Date, the spread of COVID-19 continued to affect mainland China and the U.S.

While we experienced delays in the patient enrollment process and data entry for certain of our clinical trials in China, the outbreak of COVID-19 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 providing alternative methods for safety and efficacy assessment, continuing patient visit through remote access, supplying enrolled patients with study medication through monitored delivery process, and engaging necessary communications with our investigators to identify and address any issues that may arise. Due to the enhanced containment policies implemented by the PRC government, the COVID-19 outbreak has been largely controlled in China and the travel restrictions has been gradually relaxed. As of the Latest Practicable Date, we had resumed the normal patient enrollment and data entry for our clinical trials in China. For our U.S. trials, we did not experience any material difficulties arising from COVID-19 pandemic in our patient enrollment and trial management, and the progress of those trials is generally in line with our trial development plan despite minor delays. In addition, we worked with our CROs to layout a protocol deviation plan to mitigate the impact of the COVID-19 outbreak on our U.S. trials. Based on the foregoing, we currently expect that our ongoing clinical trials will not be significantly affected by the outbreak of COVID-19. We expect the situation to continue to be improved with the sustained implementation of containment policies for the COVID-19 outbreak, and we may adjust our current clinical development plan covering multiple jurisdictions to the extent necessary depending on the status of the COVID-19 outbreak worldwide, especially in the U.S. Currently we do not expect it to have any material long-term impact on data quality of our clinical trials or our overall clinical development plans.

We have resumed our normal operations since March 2020 in accordance with applicable regulations and adopted a thorough disease prevention scheme to protect our employees. As of the Latest Practicable Date, we had no suspected or confirmed COVID-19 cases on our premises or among our employees. Moreover, we believe that the COVID-19 outbreak will not significantly affect our ability to carry out our obligations under existing contracts or disrupt any supply chains that we currently rely upon. Our major domestic suppliers in 2019 had all resumed normal operations, and none of our overseas suppliers had reported any material disruption to their business operations as a result of COVID-19, as of the Latest Practicable Date.

The above analyses are made by our management based on currently available information concerning COVID-19. It is uncertain whether the continuance or recurrence of the COVID-19 outbreak in China, the U.S. or the rest of the world will have a material adverse effect on our results of operations, financial position or prospects. For example, with the ongoing COVID-19 outbreak around the world, we cannot assure you that our global clinical development plan covering multiple jurisdictions including the China and the U.S. will not be adversely affected. For more details, please refer to the paragraphs headed "Risk Factors — Risks relating to Our Operations — We face risks related to health epidemics and other outbreaks of contagious diseases, including the COVID-19 outbreak" and "Summary — Recent Developments — Impact of the COVID-19 Outbreak" in this prospectus. We will continue to monitor and evaluate any impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

Pursuant to a concert party agreement dated September 7, 2020 entered into by and amongst Dr. Wang, Dr. Hu, Ms. Wang, Ms. Hu, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Dr. Hu's SPV, Ms. Wang's SPV, Ms. Hu's SPV and each of the ESOP Platforms (together, the "Concert Parties"), the Concert Parties confirmed that they have acted in concert in the management and operation of our Group since the relevant shareholder became interested in our Company, and they have agreed to continue to act in concert and reach consensus on any proposal related to the daily management and operation of our Group presented to the general meeting of the Shareholders of our Company for voting. As of the Latest Practicable Date, the Concert Parties are entitled to exercise voting rights of approximately 41.78%, including the Shares owned by Wordspharma Ltd, which is wholly owned by Ms. Zhu Shen, Dr. Wang's wife, and which Shares Dr. Wang is deemed to be interested in. Upon Listing, the Concert Parties are entitled to exercise voting rights of approximately 36.48%. Therefore, the Concert Parties are considered as a group of Controlling Shareholders of our Company upon the Listing. For details, please refer to the paragraph headed "History, Development and Corporate Structure — Concert Party Arrangement" in this prospectus.

Dr. Wang is one of our executive Directors, the Chief Executive Officer and the Chairman of our Board. Dr. Hu is one of our executive Directors and the President of Research and Development. Ms. Wang is one of our executive Directors and the President of Administration. Ms. Hu is one of our executive Directors and a Senior Vice President. For further background of Dr. Wang, Dr. Hu, Ms. Wang and Ms. Hu, please refer to the section headed "Directors and Senior Management" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

The Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules. Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing.

Management Independence

Our Board comprises four executive Directors, four non-executive Directors and four independent non-executive Directors. Each of Dr. Wang, Dr. Hu, Ms. Wang and Ms. Hu is an executive Director and also a Controlling Shareholder.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. See "— Corporate Governance Measures" for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in us after Listing, we have full rights to make all decisions on, and to carry out, our own business operations independently. Our Company, through our subsidiaries, holds the licenses and qualifications necessary to carry on our current business, and has sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders. We have access to third parties independently from and not connected to our Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, and reporting functions of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. We maintain bank accounts with banks independently and do not share any bank accounts with our Controlling Shareholders and their respective associates. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. As of June 30, 2020 and as of the Latest Practicable Date, there were no loans, advances and balances due to and from our Controlling Shareholder, and no share pledges or guarantees provided by our Controlling Shareholders and their associates on our borrowings. We have adopted a set of internal control procedures for cash receipts and payment and have independent access to third-party financing.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholder and their close associates after the Listing.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders provided a Non-Competition Undertaking in favour of us, pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (as appropriate) (other than our Group) not to, either directly or indirectly, compete with our business, which includes developing clinical-stage small-molecule drug candidates to modulate enzymes by binding to their allosteric sites, i.e., sites other than the active site that catalyzes the chemical reaction, in order to address targets which are lack of easy-to-drug pockets where drugs can bind, such as protein tyrosine phosphatases (PTPs) and Kirsten rat sarcoma 2 viral oncogene homolog (KRAS) ("Restricted Activities") and granted our Group the option for new business opportunities. Our Controlling Shareholders have further irrevocably undertaken in the Non-Competition Undertaking that, during the term of the Non-Competition Undertaking, they will not, and will also procure their respective close associate(s) (as appropriate) (other than our Group) not to, alone or with a third party, in any form, directly or indirectly, engage in, participate in, support to engage in or participate in any business that competes, or is likely to compete, directly or indirectly, with the Restricted Activities.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) As part of our preparation for the Global Offering, we have amended our Articles to comply with the Listing Rules. In particular, our Articles provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his or her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) A Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his or her associates have a material interest, unless attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of our independent non-executive Directors;

(c) We are committed that our Board should include in balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management" in this prospectus;

(d) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(e) As required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole;

(f) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(g) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(h) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid prior to and immediately following the completion of the Global Offering:

Authorized share capital		Aggregate par value
		(US$)
500,000,000	Shares of par value of US$0.0001 each as of the Latest Practicable Date	50,000.00
Issued and to be issued, fully paid or credited as fully paid immediately upon completion of the Global Offering		
132,635,556	Shares in issue as at the date of this prospectus (assuming all Preferred Shares are converted into Ordinary Shares on a 1:1 basis)	13,263.56
530,542,224	Shares to be issued pursuant to the Capitalization Issue	53,054.22
96,476,100	Shares to be issued under the Global Offering assuming no exercise of the Over-allotment Option	9,647.61
759,653,880	Total assuming no exercise of the Over-allotment Option	75,965.39
14,471,400	Shares to be issued pursuant to the full exercise of the Over-allotment Option	1,447.14
774,125,280	Total assuming the full exercise of the Over-allotment Option	77,412.53

ASSUMPTION

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above table does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set forth in the above table, and will qualify and rank in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the Global Offering, namely ordinary shares, and each ranks pari passu with the other Shares. Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Law" in this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering; and

(b) the nominal amount of our share capital repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option.

This mandate to issue Shares will remain in effect until:

(i) at the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of the Shareholders of our Company Passed on November 30, 2020".

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — 5. Repurchase of Our Shares".

This general mandate to repurchase Shares will remain in effect until:

(a) at the conclusion of our next annual general meeting; or

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(c) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

For further details of this general mandate, please see the section headed "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of the Shareholders of our Company Passed on November 30, 2020".

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "Cornerstone Investment Agreement", and together the "Cornerstone Investment Agreements") with the cornerstone investors set out below (each a "Cornerstone Investor", and together the "Cornerstone Investors"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased for an aggregate amount of US$60 million (approximately HK$465 million) (calculated based on the conversion rate of US$1.00 to HK$7.75167) (the "Cornerstone Placing").

Assuming an Offer Price of HK$12.00, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 38,757,600 Offer Shares, representing approximately (i) 40.17% of the Offer Shares (assuming that the Over-allotment Option is not exercised) and (ii) 5.01% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$13.00, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 35,776,800 Offer Shares, representing approximately (i) 37.08% of the Offer Shares (assuming that the Over-allotment Option is not exercised) and (ii) 4.62% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$14.00, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 33,220,800 Offer Shares, representing approximately (i) 34.43% of the Offer Shares (assuming that the Over-allotment Option is not exercised) and (ii) 4.29% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Other than one of the existing Shareholders or their close associates who are Cornerstone Investors as described below, our Company became acquainted with each of the Cornerstone Investors through introduction by certain Underwriters in the Global Offering.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will not count towards the public float of our Company under Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company, and save as the fact that Dr. Ting Feng, a non-executive Director of the Company nominated by LAV Coda Limited and LAV Biosciences Fund V, L.P. and appointed on February 27, 2020, the Cornerstone Investors or their close associates will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, chief executives, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than one of the Cornerstone Investors which are existing Shareholders of our Company or their close associates as described below) in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executives, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates (other than one of the Cornerstone Investors which are existing Shareholders of our Company or their close associates as described below).

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources. There are no side agreements or arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

One of the Cornerstone Investors, namely LAV Funds (as defined below), which are the close associates of existing Shareholders of our Company, have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraphs headed "Structure of the Global Offering — Allocation — Reallocation" in this prospectus.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around December 18, 2020. There will be no delayed delivery or deferred settlement of Offer Shares to the Cornerstone Investors for the settlement of over allocation in the International Offering.

OUR CORNERSTONE INVESTORS

Set out below are the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total Shares in issue under the Cornerstone Placing:

Based on the Offer Price of HK$12.00 (being the low-end of the Offer Price Range)

			Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
Cornerstone Investor	**Investment Amount**	**Number of Offer Shares (rounded down to nearest whole board lot of 300 Shares)**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**
	(US$ in million)#					
LAV Funds	15	9,689,400	10.04%	8.73%	1.28%	1.25%
Matthews Funds	15	9,689,400	10.04%	8.73%	1.28%	1.25%
Hudson Bay Capital	10	6,459,600	6.70%	5.82%	0.85%	0.83%
Octagon Investments Master Fund LP	10	6,459,600	6.70%	5.82%	0.85%	0.83%
Superstring Capital Master Fund LP	5	3,229,800	3.35%	2.91%	0.43%	0.42%
Sage Partners Master Fund	5	3,229,800	3.35%	2.91%	0.43%	0.42%
Total	**60**	**38,757,600**	**40.17%**	**34.93%**	**5.10%**	**5.01%**

 # Note: to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

Based on the Offer Price of HK$13.00 (being the mid-point of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 300 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)#					
LAV Funds	15	8,944,200	9.27%	8.06%	1.18%	1.16%
Matthews Funds	15	8,944,200	9.27%	8.06%	1.18%	1.16%
Hudson Bay Capital	10	5,962,800	6.18%	5.37%	0.78%	0.77%
Octagon Investments Master Fund LP	10	5,962,800	6.18%	5.37%	0.78%	0.77%
Superstring Capital Master Fund LP	5	2,981,400	3.09%	2.69%	0.39%	0.39%
Sage Partners Master Fund	5	2,981,400	3.09%	2.69%	0.39%	0.39%
Total	**60**	**35,776,800**	**37.08%**	**32.25%**	**4.71%**	**4.62%**

 # Note: to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

Based on the Offer Price of HK$14.00 (being the high-end of the Offer Price Range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 300 Shares)	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)#					
LAV Funds	15	8,305,200	8.61%	7.49%	1.09%	1.07%
Matthews Funds	15	8,305,200	8.61%	7.49%	1.09%	1.07%
Hudson Bay Capital	10	5,536,800	5.74%	4.99%	0.73%	0.72%
Octagon Investments Master Fund LP	10	5,536,800	5.74%	4.99%	0.73%	0.72%
Superstring Capital Master Fund LP	5	2,768,400	2.87%	2.50%	0.36%	0.36%
Sage Partners Master Fund	5	2,768,400	2.87%	2.50%	0.36%	0.36%
Total	**60**	**33,220,800**	**34.43%**	**29.94%**	**4.37%**	**4.29%**

 # Note: to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. LAV Funds

LAV Prime Limited is wholly-owned by LAV Biosciences Fund IV, L.P. ("LAV Fund IV"), a Cayman exempted limited partnership. LAV Amber Limited (together with LAV Prime Limited, "LAV Funds") is wholly-owned by LAV Biosciences Fund V, L.P. ("LAV Fund V"), a Cayman exempted limited partnership. LAV is an Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services.

LAV Coda Limited, an existing Shareholder of our Company, is also a subsidiary of LAV Fund IV, LAV Prime Limited is therefore a close associate of LAV Coda Limited. As of the Latest Practicable Date, LAV Coda Limited held 8,426,815 Shares, representing 6.35% of our issued share capital.

As of the Latest Practicable Date, LAV Fund V is an existing Shareholder of the Company holding 1,829,630 Shares, representing 1.38% of our issued share capital.

LAV Fund IV and LAV Fund V are discretionary funds which are ultimately controlled by Dr. Yi Shi as the ultimate general partner. According to its website, LAV currently manages over US$1.2 billion of committed capital.

In addition to the closing conditions set out in "— Closing Conditions", the subscription obligation of LAV Funds is subject to the respective representations, warranties, acknowledgements, undertakings and confirmations of the Company being accurate and true in all material respects and not misleading and there being no material breach of the Cornerstone Investment Agreement on the part of the Company.

2. Matthews Funds

Each of Matthews Asia Small Companies and Matthews Asia Growth Fund are series of Matthews International Funds (doing business as Matthews Asia Funds), an open-end management company registered under the U.S. Investment Company Act of 1940, as amended ("Matthews International Funds (US)") and are broadly held US mutual funds. Matthews Asia Funds — Asia Small Companies Fund is a sub-fund of Matthews Asia Funds, a public limited company (société anonyme) qualifying as an investment company organised with variable share capital within the meaning of the Luxembourg law of 17 December 2010 on collective investment undertakings incorporated as an umbrella fund comprised of separate sub-funds ("Matthews Asia Funds (Lux)"), together with Matthews International Funds (US), the "Matthews Funds").

Matthews International Capital Management, LLC ("Matthews Asia") is the authorized agent and the investment manager of the Matthews Funds. Matthews Asia manages portfolios of securities primarily in the Asia Pacific region on a discretionary basis for institutional clients, including U.S. registered investment companies and similar non-U.S. investment funds (some of which are registered under the laws of the country where they are formed) and other clients worldwide. As of October 31, 2020, Matthews Asia had approximately US$24.1 billion assets under management according to its website.

3. HBC Asia Healthcare Opportunities V LLC

HBC Asia Healthcare Opportunities V LLC is a wholly-owned subsidiary of Hudson Bay Master Fund Ltd., and is a discretionary fund managed by Hudson Bay Capital Management LP. Hudson Bay Capital ("HBC") is a multi-billion dollar asset management firm operating in New York and London. With over 80 employees, HBC has been managing assets on behalf of outside investors since 2006. The firm invests across multiple strategies by utilizing rigorous fundamental analysis, and seeks to identify value and growth opportunities that are uncorrelated to each other and market indices. HBC promotes an integrated team culture emphasizing collaboration and cross-pollination of ideas across sectors and strategies. HBC's dedicated investment team seeks to achieve outstanding performance by investing in companies that are poised for growth or are undervalued while maintaining a focus on risk management.

In addition to the closing conditions set out in "— Closing Conditions", the subscription obligation of HBC Asia Healthcare Opportunities V LLC is subject to the respective representations, warranties, undertakings and confirmations of the Company being accurate and true in all respects and not misleading and there being no material breach of the Cornerstone Investment Agreement on the part of the Company or any Joint Sponsor.

4. Octagon Investments Master Fund LP

Octagon Investments Master Fund LP ("Octagon Investments") is an exempted limited partnership formed under the laws of the Cayman Islands and operating as a private investment fund. Octagon Capital Advisors LP ("Octagon Capital"), a Delaware limited partnership and registered investment advisor with the U.S. SEC, serves as the investment manager to Octagon Investments which is a discretionary fund. Founded in 2019, Octagon Capital is a multi-stage investment manager dedicated to evidence-based investing in public and private healthcare companies. Octagon Capital strives to build concentrated, long-term investments and work with our portfolio management teams as partners. Octagon Capital manages capital on behalf of global institutions such as university endowments, non-profit foundations, family offices, pension funds and established asset managers.

5. Superstring Capital Master Fund LP

Superstring Capital Master Fund LP is a Cayman Islands exempted limited partnership operating as a private investment fund. Superstring Capital Management LP ("Superstring"), a Delaware limited partnership serves as the investment manager to Superstring Capital Master Fund LP which is a discretionary fund. Superstring utilizes a long-term, fundamentally-driven investment strategy that focuses primarily on investments in both public and private healthcare companies.

6. Sage Partners Master Fund

Sage Partners Master Fund ("Sage Partners") is an exempted company with limited liability incorporated in the Cayman Islands and is managed by Sage Partners Limited, a Hong Kong incorporated SFC Type 9 licensed investment management company. Sage Partners is a discretionary fund and it mainly focuses on investment opportunities in the healthcare sector by deploying a long-term fundamental-based approach. Sage Partners Limited was established in 2019 by Dr. Fei Wang, who is the ultimate beneficial owner and ultimate controlling shareholder of Sage Partners Limited.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Joint Representatives (on behalf of the underwriters of the Global Offering);

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are and will be (as of the closing of the Cornerstone Investment Agreement) accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "Lock-up Period"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name	Capacity/ nature of interest[1]	Number of Shares held as of the Latest Practicable Date[2]	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2]	Number of Shares held immediately following completion of the Capitalization Issue and the Global Offering[2]	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering[2]
Dr. Wang[3]	Interest in controlled corporation; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Dr. Wang's SPV 1[3]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Dr. Wang's SPV 2[3]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Honourpharma Ltd[3]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Ms. Shen Zhu[4]	Interest of spouse	55,419,795	41.78%	277,098,975	36.48%
Ms. Wang[5]	Interest in controlled corporation; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Ms. Wang's SPV[5]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%

Name	Capacity/ nature of interest[1]	Number of Shares held as of the Latest Practicable Date[2]	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2]	Number of Shares held immediately following completion of the Capitalization Issue and the Global Offering[2]	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering[2]
Gloryviewpharma Ltd[5]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Blesspharma Ltd[5]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Mr. Ze Liu[6]	Interest of spouse	55,419,795	41.78%	277,098,975	36.48%
Dr. Hu[7]	Interest in controlled corporation; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Dr. Hu's SPV[7]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Ms. Xiaohong Zhang[8]	Interest of spouse	55,419,795	41.78%	277,098,975	36.48%
Ms. Hu[9]	Interest in controlled corporation; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
Ms. Hu's SPV[9]	Beneficial interest; interest held jointly with another person	55,419,795	41.78%	277,098,975	36.48%
BioEngine Capital Holding Limited[10]	Beneficial interest	19,666,000	14.83%	98,330,000	12.94%
Center Laboratories, Inc.[10]	Interest in controlled corporation	23,763,778	17.92%	118,818,890	15.64%
LAV Coda Limited[11]	Beneficial interest	8,426,815	6.35%	42,134,075	5.55%
LAV Biosciences Fund IV, L.P.[11]	Interest in controlled corporation	8,426,815	6.35%	42,134,075	5.55%

Name	Capacity/ nature of interest[1]	Number of Shares held as of the Latest Practicable Date[2]	Approximate percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date[2]	Number of Shares held immediately following completion of the Capitalization Issue and the Global Offering[2]	Approximate percentage of shareholding in the total issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering[2]
LAV GP IV, L.P.[11]	Interest in controlled corporation	8,426,815	6.35%	42,134,075	5.55%
LAV Corporate IV GP, Ltd.[11]	Interest in controlled corporation	8,426,815	6.35%	42,134,075	5.55%
Yi Shi[11]	Interest in controlled corporation	10,256,445	7.73%	51,282,225	6.75%
Qiming Venture Partners VI, L.P.[12]	Beneficial interest	9,661,148	7.28%	48,305,740	6.36%
Qiming Corporate GP V, Ltd[12]	Interest in controlled corporation	6,444,000	4.86%	32,220,000	4.24%
Qiming Corporate GP VI, Ltd[12]	Interest in controlled corporation	9,921,111	7.48%	49,605,555	6.53%
Mr. Duane Kuang[12]	Interest in controlled corporation	16,365,111	12.34%	81,825,555	10.77%
Mr. Gary Rieschel[12]	Interest in controlled corporation	16,365,111	12.34%	81,825,555	10.77%
Ms. Nisa Bernice Leung[12]	Interest in controlled corporation	16,365,111	12.34%	81,825,555	10.77%
HH SPR-III Holdings Limited[13]	Beneficial interest	11,372,222	8.57%	56,861,110	7.49%
Hillhouse Capital Management, Ltd.[13]	Interest in controlled corporation	11,372,222	8.57%	56,861,110	7.49%

Notes:

1. All interests stated are long positions.

2. Assuming all Preferred Shares are converted into Ordinary Shares.

3. The entire share capital of each of Dr. Wang's SPV 1 and Dr. Wang's SPV 2 is directly owned by Dr. Wang and indirectly wholly owned by Dr. Wang and Ms. Zhu Shen, the spouse of Dr. Wang, respectively, and the voting rights of the Shares held by Willgenpharma Ltd and Honourpharma Ltd which are intended to used for employee incentive purposes are exercisable by Dr. Wang. Accordingly, Dr. Wang is deemed to be interested in such number of Shares held by Dr. Wang's SPV 1, Dr. Wang's SPV 2 and Willgenpharma Ltd and Honourpharma Ltd. Dr. Wang is also deemed to be interested in all Shares held by Wordspharma Ltd, a company wholly-owned by Ms. Shen Zhu as Ms. Shen Zhu is the spouse of Dr. Wang. In addition, each of Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, and Honourpharma Ltd is also deemed to be interested in all Shares held by Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Dr. Hu, Dr. Hu's SPV, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

4. The entire share capital of Wordspharma Ltd is wholly owned by Ms. Zhu Shen. Accordingly, Ms. Zhu Shen is deemed to be interested in such number of Shares held by Wordspharma Ltd. In addition, Ms. Zhu Shen is the spouse of Dr. Wang. Accordingly, Ms. Shen Zhu is also deemed to be interested in the Shares in which Dr. Wang is interested.

5. The entire share capital of Ms. Wang's SPV is directly owned by Ms. Wang, and the voting rights of the Share held by Gloryviewpharma Ltd and Blesspharma Ltd which are intended to used for employee incentive purposes are exercisable by Ms. Wang. Accordingly, Ms. Wang is deemed to be interested the Shares held by Ms. Wang's SPV, Gloryviewpharma Ltd and Blesspharma Ltd. In addition, each of Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Dr. Hu, Dr. Hu's SPV, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

6. Mr. Ze Liu is the spouse of Ms. Wang. Accordingly, Mr. Ze Liu is deemed to be interested in the Shares in which Ms. Wang is interested.

7. The entire share capital of Dr. Hu's SPV is directly owned by Dr. Hu. Accordingly, Dr. Hu is deemed to be interested in the Shares held by Dr. Hu's SPV. In addition, each of Dr. Hu and Dr. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

8. Ms. Xiaohong Zhang is the spouse of Dr. Hu. Accordingly, Ms. Xiaohong Zhang is deemed to be interested in the Shares in which Dr. Hu is interested.

9. The entire share capital of Ms. Hu's SPV is wholly owned by Ms. Hu. Accordingly, Ms. Hu is deemed to be interested in such number of Shares held by Ms. Hu's SPV. In addition, each of Ms. Hu and Ms. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Dr. Hu and Dr. Hu's SPV as they are parties acting in concert.

10. To the best of our Director's knowledge, BioEngine Capital Holding Limited is an indirectly non-wholly owned subsidiary of Center Laboratories, Inc. Accordingly, Center Laboratories, Inc. is deemed to be interested in the Shares in which BioEngine Capital Holding Limited is interested. In addition, since Center Laboratories, Inc. is interested in 33.23% of the interests in Fangyuan, Center Laboratories, Inc. is also deemed to be interested in the Shares held by Fangyuan Growth SPC — PCJ Healthcare Fund SP.

11. To the best of our Director's knowledge, LAV Coda Limited is wholly owned by LAV Biosciences Fund IV, L.P., a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund IV, L.P. is LAV GP IV, L.P., whose general partner is LAV Corporate IV GP, Ltd., a Cayman company owned by Yi Shi. Therefore, under the SFO, each of LAV Biosciences Fund IV, L.P., LAV GP IV, L.P., LAV Corporate IV GP, Ltd. and Yi Shi is deemed to be interested in the Shares held by LAV Coda Limited.

    To the best of our Director's knowledge, the general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a Cayman company owned by Yi Shi as well. Therefore, under the SFO, each of LAV Biosciences Fund V, L.P., LAV GP V, L.P., LAV Corporate V GP, Ltd. and Yi Shi is deemed to be interested in the Shares held by LAV Biosciences Fund V, L.P.

    Therefore, Yi Shi is deemed to be interested in the Shares held by both LAV Coda Limited and LAV Biosciences Fund V, L.P.

12. To the best of our Director's knowledge, Qiming Corporate GP V, Ltd is the general partner of Qiming Managing Directors Fund V, L.P. and the ultimate general partner of Qiming Venture Partners V, L.P. Qiming Corporate GP VI, Ltd is the general partner of Qiming Managing Directors Fund VI, L.P. and the ultimate general partner of Qiming Venture Partners VI, L.P. Accordingly, Qiming Corporate GP V, Ltd is deemed to be interested in the Shares held by Qiming Managing Directors Fund V, L.P. and Qiming Venture Partners V, L.P., whereas Qiming Corporate GP VI, Ltd is deemed to be interested in the Shares held by Qiming Managing Directors Fund VI, L.P. and Qiming Venture Partners VI, L.P.

    Separately, the voting and investment power of the Shares owned by Qiming Managing Directors Fund V, L.P., Qiming Venture Partners V, L.P., Qiming Managing Directors Fund VI, L.P. and Qiming Venture Partners VI, L.P. are exercised by Mr. Duane Kuang, Mr. Gary Rieschel and Ms. Nisa Bernice Leung, each of whom owns 33.33% of Qiming Corporate GP V, Ltd and Qiming Corporate GP VI, Ltd respectively. Accordingly, each of Mr. Duane Kuang, Mr. Gary Rieschel and Ms. Nisa Bernice Leung is deemed to be interested in the Shares in which Qiming Managing Directors Fund V, L.P., Qiming Venture Partners V, L.P., Qiming Managing Directors Fund VI, L.P. and Qiming Venture Partners VI, L.P. are interested.

13. To the best of our Director's knowledge, Hillhouse Capital Management, Ltd. acts as the sole management company of Hillhouse Fund IV, L.P., which owns HH SPR-III Holdings Limited. Therefore, Hillhouse Capital Management, Ltd. is deemed to be interested in the Shares held by HH SPR-III Holdings Limited.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised, and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional), have any interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

BOARD OF DIRECTORS

Our Board consists of twelve (12) Directors, of whom four (4) are executive Directors, four (4) are non-executive Directors and four (4) are independent non-executive Directors. Our Board is responsible for, and has general powers for, the management and conduct of our business.

The table below sets out certain information in respect of the members of our Board.

Name	Position	Age	Date of appointment as Director	Time of joining our Group	Role and responsibility	Relationship with other Directors and senior management
Yinxiang WANG (王印祥)	Executive Director, Chief Executive Officer, Chairman of our Board	55	June 1, 2018	July 2015	Overall strategic planning, business direction and operational management	N/A
Xiaojie WANG (王曉潔)	Executive Director, President of Administration	56	July 31,2018	September 2015	Overall administration, operational and financial management	N/A
Shaojing HU (胡邵京)	Executive Director, President of Research and Development	57	July 31, 2018	February 2017	Directing and overseeing research and development	N/A
Yunyan HU (胡雲雁)	Executive Director, Senior Vice President	58	July 31, 2018	April 2017	Directing and overseeing research and development	N/A
Ting FENG (馮婷)	Non-executive Director	37	February 27, 2020	February 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A
Yanmin TANG (唐豔旻)	Non-executive Director	47	August 22, 2018	August 2018	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A
Dong LYU (呂東)	Non-executive Director	45	November 30, 2020	November 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A

Name	Position	Age	Date of appointment as Director	Time of joining our Group	Role and responsibility	Relationship with other Directors and senior management
Te-li CHEN (陳德禮)	Non-executive Director	51	August 20, 2020	August 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	N/A
Ruilin SONG (宋瑞霖)	Independent Non-executive Director	57	August 20, 2020 (effective from the Listing Date)	the Listing Date	Supervising and providing independent judgment to our Board	N/A
Ge WU (吳革)	Independent Non-executive Director	53	August 20, 2020 (effective from the Listing Date)	the Listing Date	Supervising and providing independent judgment to our Board	N/A
Daqing CAI (蔡大慶)	Independent Non-executive Director	55	August 20, 2020 (effective from the Listing Date)	the Listing Date	Supervising and providing independent judgment to our Board	N/A
Xiaoming WU (吳曉明)	Independent Non-executive Director	66	August 20, 2020 (effective from the Listing Date)	the Listing Date	Supervising and providing independent judgment to our Board	N/A

The following sets forth the biographies of our Directors:

Executive Directors

Dr. Yinxiang WANG (王印祥), the founder of our Group, aged 55, has been a Director since June 1, 2018 and was re-designated as an executive Director and the Chairman of our Board on August 20, 2020. Dr. Wang has been serving the chief executive officer of our Company since August 2019. Dr. Wang is primarily responsible for the overall strategic planning, business direction and operational management of our Group. Dr. Wang also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Legal Representative, Chairman of the Board	July 2015 to present
	Chief Executive Officer	June 2019 to present
Jacobio US	Director, Treasurer	December 2018 to present

Name of subsidiary	Position(s)	Period
Jacobio HK	Director	July 2018 to present
Jacomab	Legal Representative, Chairman of the Board	December 2016 to June 2019
	Legal Representative, Executive Director	June 2019 to present

Dr. Wang has more than 20 years of experience in the pharmaceutical industry. Prior to founding our Group, from August 1983 to August 1985 and from August 1988 to August 1989, Dr. Wang served as a physician at Hebei Handan Area Sanitation and Epidemic Prevention Station (河北邯鄲地區衛生防疫站). From August 1992 to June 1993, Dr. Wang worked at the teaching and research section of immunology of the School of Basic Medical Sciences of Beijing Medical University (北京醫科大學) (currently known as the Peking University Health Science Center (北京大學醫學部)). Subsequently, in January 2003, Dr. Wang co-founded Zhejiang Betta Pharmaceuticals Co., Ltd. (浙江貝達藥業有限公司), where he served as a director and the general manager (總經理) from its inception in January 2003 to August 2013. From August 2013 to August 2017, he served as a director and the president (總裁) of Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司) (Shenzhen Stock Exchange stock code: 300558) ("Betta Pharma"), the successor of Zhejiang Betta Pharmaceuticals Co., Ltd. since August 2013. In addition, Dr. Wang used to serve as a post-doctoral fellow at Koleske Lab of Yale University which focuses on research in the fields of molecular biology and biochemistry.

Dr. Wang completed a secondary technical program in public health offered by Hebei Cangzhou Medical College (河北省滄州衛生學校) in September 1983, and a three-year college program for public health physicians offered by Hebei Employees' Medical College (河北省職工醫學院) (currently known as Hebei University Medical College (河北大學醫學院)) in July 1988, respectively. Dr. Wang obtained his master's degree in environmental hygiene in December 1992 from Chinese Academy of Preventive Medicine (中國預防醫學科學院) and his doctoral degree in biochemistry and molecular biology from University of Arkansas for Medical Sciences in December 1999.

Ms. Xiaojie WANG (王曉潔), aged 56, has been a Director since July 31, 2018, and was re-designated as an executive Director on August 20, 2020. Ms. Wang has been serving as the President of Administration of our Group since September 2015. Since joining our Group, Ms. Wang has participated in the daily operations of our Group and is primarily responsible for the overall administration, operational and financial management of our Group. Ms. Wang also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director, President of Administration	September 2015 to present
Jacobio US	President, Secretary	December 2018 to present
Jacobio HK	Director	August 2018 to present
Jacomab	Director	December 2016 to November 2017
	Manager	December 2016 to November 2017 and June 2019 to present

Ms. Wang has more than 17 years of experience in the pharmaceutical industry. Prior to joining our Group, from March 2003 to March 2015, Ms. Wang worked at Betta Pharma, where she served as a vice president prior to her resignation.

Ms. Wang obtained her bachelor's degree in sugar engineering from Dalian Institute of Light Industries (大連輕工業學院) (currently known as Dalian Polytechnic University (大連工業大學)) in July 1986. Ms. Wang completed a postgraduate program in business administration offered by Peking University (北京大學) in May 2007 and a program for executive masters of business administration with a focus on the nationwide medical industry offered by Peking University in October 2008.

Dr. Shaojing HU (胡邵京), aged 57, has been a Director since July 31, 2018 and was re-designated as an executive Director on August 20, 2020. As the President of Research and Development of our Group since February 2017, Dr. Hu is primarily responsible for directing and overseeing the research and development of our Group. Dr. Hu also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	President of Research and Development	February 2017 to present
	Director	September 2017 to present
Jacobio HK	Director	August 2018 to present
Jacomab	Director	November 2017 to June 2019

Dr. Hu has extensive experience in the pharmaceutical industry and academic research. Prior to joining our Group, from March 2009 to January 2017, Dr. Hu served as the chief chemist at Betta Pharma. Over the years, Dr. Hu has published a number of first-authored and co-authored academic papers in the chemistry field.

Dr. Hu obtained his bachelor's degree in chemistry in July 1983 and his master's degree in organic chemistry in June 1988 from Xiangtan University. Dr. Hu obtained his doctoral degree in chemistry from Simon Fraser University in May 1999.

Ms. Yunyan HU (胡雲雁), aged 58, has been a Director since July 31, 2018 and was re-designated as an executive Director on August 20, 2020. Ms. Hu has been serving as a Senior Vice President of our Group since March 2019. Ms. Hu is primarily responsible for directing and overseeing the research and development of our Group. Ms. Hu also holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director	September 2017 to present
	Vice President of Research and Development	April 2017 to March 2019
	Senior Vice President	March 2019 to present
Jacobio HK	Director	August 2018 to present

Ms. Hu has more than 16 years of experience in the pharmaceutical industry. Prior to joining our Group, between 2004 to August 2013, Ms. Hu served as the director of the drug analysis office, director of the quality control department and deputy director of research and development at the Beijing research and development center of new drugs of Zhejiang Betta Pharmaceuticals Co., Ltd. Ms. Hu served as the deputy director of research and development center from August 2013 to March 2016 and a supervisor from August 2013 to February 2017, respectively, at Betta Pharma.

Ms. Hu graduated from an undergraduate program in analytical chemistry offered by Lanzhou University in July 1982 and obtained her master's degree in analytical chemistry from the Lanzhou Institute of Chemical Physics, Chinese Academy of Sciences (中國科學院蘭州化學物理研究所) in August 1987.

Non-executive Directors

Dr. Ting FENG (馮婷), aged 37, has been a Director since February 27, 2020 and was re-designated as a non-executive Director on August 20, 2020. Dr. Feng is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Dr. Feng also holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director	February 2020 to present
Jacobio HK	Director	February 2020 to present

From June 2013 to June 2016, Dr. Feng served as a senior consultant at IMS Market Research Consulting (Shanghai) Co., Ltd. (艾美仕市場調研諮詢(上海)有限公司). From June 2016 to November 2018, Dr. Feng served as a senior investment manager in the healthcare sector at SAIF Partners, a private equity firm that invests in information technology, healthcare and other industries in Asia. In December 2018, Dr. Feng joined LAV Advanced Management (Shanghai) Company Limited, a biomedical venture capital firm in China, where she currently serves as a vice president. In addition, Dr. Feng used to serve as a post-doctoral fellow in the Benoist-Mathis lab at Harvard Medical School, focusing on immunology research.

Dr. Feng obtained her bachelor's degree in biotechnology from Wuhan University (武漢大學) in June 2005 and her doctoral degree from the University of Alabama at Birmingham in May 2010.

Ms. Yanmin TANG (唐豔旻), aged 47, has been a Director since August 22, 2018 and was re-designated as a non-executive Director on August 20, 2020. Ms. Tang is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Ms. Tang also currently holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director	August 2018 to present
Jacobio HK	Director	August 2018 to present

From December 2002 to August 2015, Ms. Tang served as the general manager of Asia Baokang Pharmaceutical Consulting (Beijing) Co., Ltd. (亞洲保康藥業諮詢(北京)有限公司). Since December 2015, Ms. Tang has served as an investment partner of Suzhou Qiyuan Equity Investment Management Partnership Enterprise (Limited Partnership) (蘇州啟元股權投資管理合夥企業(有限合夥)) which is an investment arm of and is operated under Qiming Venture Partners. Since July 2017, Ms. Tang has also served as a director of Sinocelltech Group Ltd (北京神州細胞生物技術集團股份公司) (Shanghai Stock Exchange stock code: 688520). Ms. Tang also currently serves or previously served as a director in the following companies:

Name of company	Period
Beijing Sinotau International Pharmaceutical Technology Co., Ltd. (北京先通國際生物醫藥科技股份技術有限公司)	May 2016 to present
Beijing Sinotau Pharmaceutical Technology Co., Ltd. (北京先通生物醫藥技術有限公司)	May 2016 to present
Cure Genetics Co., Ltd (蘇州克睿基因生物科技有限公司)	July 2018 to present
Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技股份有限公司)	March 2019 to October 2019
Suzhou Keyue Biotech Co., Ltd (蘇州克愈生物科技有限公司)	October 2018 to present

Ms. Tang obtained her bachelor's degree in pharmacy in English from Shenyang Pharmaceutical University (瀋陽藥科大學) in July 1996 and her master's degree in business administration for senior management from Cheung Kong Graduate School of Business (長江商學院) in September 2008. Ms. Tang was certified as a pharmacist by Tianjin Municipal Human Resources and Social Security Bureau (天津市人力資源和社會保障局) in October 1997.

Dr. Dong LYU (呂東), aged 45, has been a non-executive Director since November 30, 2020. Dr. Lyu is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

From July 2011 to July 2016, Dr. Lyu served as a vice president of the pharmaceutical and medical device investment department at Shanghai Panxin Equity Investment Management Co., Ltd. (上海磐信股權投資管理有限公司). From September 2016 to September 2020, Dr. Lyu worked in PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司), where he served as the managing director prior to his resignation. Subsequently, in September 2020, Dr. Lyu joined Zhuhai Hillhouse Investment Management Holding Co., Ltd (珠海高瓴股權投資管理有限公司), where he currently serves as the managing director.

Dr. Lyu obtained his bachelor's degree in pharmacy from the Beijing Medical University (北京醫科大學) (currently known as the Peking University Health Science Center (北京大學醫學部)) in July 1996, his master's degree in pharmaceutics from the Peking University (北京大學) in June 2003 and his doctoral degree in social and administrative pharmacy from the China Pharmaceutical University (中國藥科大學) in June 2010.

Dr. Te-li CHEN (陳德禮), 51, has been a non-executive Director since August 20, 2020. Dr. Chen is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

Dr. Chen has over 23 years of experience in the medical industry. From May 1997 to August 2006, Dr. Chen served as a physician in Taipei Veterans General Hospital (台北榮民總醫院). From August 2006 to January 2016, Dr. Chen served as an associate professor in internal medicine in the National Yang-Ming University (國立陽明大學). Since July 2016, Dr. Chen has been serving as the chairman of the board and the general manager of BioGend Therapeutics Co., Ltd. (博晟生醫股份有限公司) (Taipei Exchange stock code: 6733) which principally engages in the production of medical equipment.

Dr. Chen obtained his bachelor's degree in medicine from the National Defense Medical Center (國防醫學院) in Taiwan in July 1995. Dr. Chen obtained his doctoral degree from the Institute of Tropical Medicine of the National Yang-Ming University (國立陽明大學) in Taiwan in June 2008. Dr. Chen was certified as a physician by the Ministry of Health and Welfare in Taiwan (台灣衛生福利部) in December 1995.

Independent Non-executive Directors

Dr. Ruilin SONG (宋瑞霖), aged 57, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

Dr. Song has been dedicated to the research of China's pharmaceutical policies, especially the policies for pharmaceutical innovation. Dr. Song has served as a member of the council of the Chinese Pharmaceutical Association (中國藥學會) (the "Association") since November 2009 and a member of the Pharmaceuticals Management Expert Committee (藥事管理專業委員會) of the Association since July 2016. Dr. Song is currently serving as the president of PhIRDA (中國醫藥創新促進會).

Dr. Song has been an independent director of Shanxi Zhendong Pharmaceutical Co., Ltd. (山西振東製藥股份有限公司) (Shenzhen Stock Exchange stock code: 300158) since June 2015, Boya Bio-pharmaceutical Group Co., Ltd. (博雅生物製藥集團股份有限公司) (Shenzhen Stock Exchange stock code: 300294) since March 2017, an independent director of Tibet Aim Pharm. Inc. (西藏易明西雅醫藥科技股份有限公司) (Shenzhen Stock Exchange stock code: 002826) since July 2015, a non-executive director of Shenzhen Chipscreen Biosciences Co., Ltd. (深圳微芯生物科技股份有限公司) (Shanghai Stock Exchange stock code: 688321) since June 2018, a non-executive director of Luye Pharma Group Ltd. (Stock Exchange stock code: 02186) since March 2017, and an independent non-executive director of Shanghai Henlius Biotech, Inc. (Stock Exchange stock code: 2696) since September 2019.

Notwithstanding Dr. Song's engagement as an independent non-executive director of six listed companies, Dr. Song confirmed that he would devote sufficient time to act as our independent non-executive Director based on the following:

- Dr. Song is neither a full time member of the above-named companies nor involved in the day-to-day operations or management of such companies. As such, he has no executive and management responsibility therein;

- based on the published annual reports for 2018 and 2019 of the other listed companies in which Dr. Song has directorships as of the Latest Practicable Date, he has participated, by personal attendance, by correspondence or by proxy, in over 95% of the board meetings of such listed companies during these two years;

- he is not a CEO or full-time executive director of any listed company;

- he does not have significant commitments at government or non-profit-making bodies;

- with his background and experience, Dr. Song is fully aware of the responsibilities and expected time involvement for an independent non-executive director. He has sufficient understanding of his role as independent director in different listed companies and of estimating the time required for attending to the affairs of each listed company. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to our Company;

- none of the above-named listed companies that he has a directorship with has questioned or complained about his time devoted to such companies; and

- Dr. Song's role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business, thus his engagement as our independent non-executive Director will not require his full-time participation.

- In addition, pursuant to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Board will regularly review whether each of the Directors is spending sufficient time in performing his responsibilities. Our Board will, from time to time, review the attendance record of the Directors in the Board and its committees meetings. The Board may request the relevant Director(s) to provide an update to the Board in relation to any changes to his significant commitments in the event any concerns arise as to the time committed to us by any Director. At the time where any re-election of Director is proposed, we will also set out in the circular to our Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting the reasons why the Board believes such individual should be elected, why such individual is considered to be independent by the Board and, if appropriate or otherwise required, whether such individual would be able to devote sufficient time to the Board.

Based on the foregoing, the Joint Sponsors concur with the Directors' view that the various positions currently held by Dr. Song will not result in Dr. Song not having sufficient time to act as our independent non-executive Director or not properly discharging his fiduciary duties as a director of our Company.

Dr. Song obtained his bachelor's degree in law from China University of Political Science and Law (中國政法大學) in July 1985, his master's degree in business administration from China Europe International Business School (中歐國際工商學院) in November 2004 and his doctoral degree in social and administrative pharmacy from China Pharmaceutical University (中國藥科大學) in December 2018.

Dr. Ge WU (吳革), aged 53, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

Dr. Wu has extensive experience in financial management and accounting. Dr. Wu has been successively serving as a lecturer from September 1994 to July 2001, an associate professor from July 2001 to December 2005 and a professor since December 2005 at the Accounting Department of the International Business School of University of International Business and Economics (對外經濟貿易大學).

Dr. Wu has been or was an independent director of Yunnan Bowin Technology Industry Co., Ltd (雲南博聞科技實業股份有限公司) (Shanghai Stock Exchange stock code: 600883) since May 2015, an independent non-executive director of Beijing North Star Company Limited (北京北辰實業股份有限公司) (Shanghai Stock Exchange stock code: 601588; Stock Exchange stock code: 0588) since May 2015, an independent director of Minsheng Investment Management Co., Ltd. (民生控股股份有限公司) (Shenzhen Stock Exchange stock code: 000416) since April 2019 and an independent director of Beijing Vastdata Technology Co., Ltd. (北京海量數據技術股份有限公司) (Shanghai Stock Exchange stock code: 603138) from June 2014 to June 2020.

Dr. Wu obtained his bachelor's degree in mathematics from Nanjing Normal University (南京師範大學) in July 1989, his master's degree in accounting from Nankai University (南開大學) in June 1994 and his doctoral degree in finance from University of International Business and Economics (對外經濟貿易大學) in June 2008.

Dr. Daqing CAI (蔡大慶), aged 55, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

From June 2016 to March 2019, Dr. Cai served as a director of Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技股份有限公司). In April 2018, Dr. Cai then founded Zhuhai Sherpa Equity Investment Management Co., Ltd. (珠海夏爾巴股權投資管理有限公司), a company engaging in venture capital investments and has been serving as a partner ever since. Since January 2019, Dr. Cai has been serving as a director at Sherpa Venture Capital (Cayman), Ltd. and Sherpa Healthcare Fund I GP, Ltd.

Dr. Cai was a director of Berry Genomics Co., Ltd. (成都市貝瑞和康基因技術股份有限公司) (Shenzhen Stock Exchange stock code: 000710) from July 2017 to April 2018 and a non-employee director of Bionano Genomics, Inc. (NASDAQ stock code: BNGO) from August 2018 to August 2019.

Dr. Cai obtained his bachelor's degree in biophysics from University of Science and Technology of China (中國科學技術大學) in July 1989, his master's degree in business administration from Yale University in August 1998 and his doctoral degree in vision science from University of California, Berkeley in May 1996.

Dr. Xiaoming WU (吳曉明), aged 66, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

Over the years, Dr. Wu has been a professional educator in pharmacy and has served as the editor-in-chief or deputy editor-in-chief of multiple academic journals in the pharmaceutical field. Dr. Wu served as the president from June 1997 to January 2013 at China Pharmaceutical University (中國藥科大學).

Dr. Wu has been serving as an independent director at Shanghai Medicilon Inc. (上海美迪西生物醫藥股份有限公司) (Shanghai Stock Exchange stock code: 688202) since April 2016, Boya Bio-pharmaceutical Group Co., Ltd. (博雅生物製藥集團股份有限公司) (Shenzhen Stock Exchange stock code: 300294) since March 2017, Beijing Aosaikang Pharmaceutical Co., Ltd. (北京奧賽康藥業股份有限公司) (Shenzhen Stock Exchange stock code: 002755) since February 2019 and Jiangsu Zenji Pharmaceuticals Ltd. (江蘇正濟藥業股份有限公司) (NEEQ stock code: 834804) since May 2020.

Dr. Wu received his doctoral degree in pharmaceutical sciences from Kyushu University (九州大學) in August 1993.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of our Group.

Name	Position	Age	Date of appointment	Time of joining our Group	Role and responsibility	Relationship with other Directors and senior management
Yinxiang WANG (王印祥)	Chief Executive Officer, Chairman of our Board	55	July 17, 2015[(1)]	July 2015	Overall strategic planning, business direction and operational management	N/A
Xiaojie WANG (王曉潔)	President of Administration	56	September 1, 2015	September 2015	Overall administration, operational and financial management	N/A
Shaojing HU (胡邵京)	President of Research and Development	57	February 1, 2017	February 2017	Directing and overseeing research and development	N/A
Yunyan HU (胡雲雁)	Senior Vice President	58	March 20, 2019	April 2017	Directing and overseeing research and development	N/A
Andrea Wang-Gillam (王宜)	Chief Medical Officer, Senior Vice President	50	July 16, 2020	July 2020	Directing clinical development of our Group's products	N/A
Wenlai Zhou (周文來)	Senior Vice President	52	November 1, 2019	September 2015	Directing biological and pharmaceutical research and development	N/A

Note:

(1) The date of appointment indicates the date of first appointment as senior management at Beijing Jacobio.

Yinxiang WANG (王印祥), see "— Board of Directors — Executive Directors" for details.

Xiaojie WANG (王曉潔), see "— Board of Directors — Executive Directors" for details.

Shaojing HU (胡邵京), see "— Board of Directors — Executive Directors" for details.

Yunyan HU (胡雲雁), see "— Board of Directors — Executive Directors" for details.

Andrea Wang-Gillam (王宜), aged 50, has been the Chief Medical Officer and a Senior Vice President of our Group since July 2020 and responsible for directing the clinical development of our Group's products.

Dr. Wang-Gillam has more than 10 years of experience in clinical research and development in the field of oncology. Prior to joining our Group, between June 2007 and July 2020, Dr. Wang-Gillam first served as an assistant professor, and starting from 2015, both an associate professor in oncology and the clinical director of the gastrointestinal oncology program at Washington University in St. Louis. From 2017 to July 2020, Dr. Wang-Gillam served as the director of the developmental therapeutics program of the division of oncology at the same university.

Dr. Wang-Gillam obtained her bachelor's degree in biology from Ouachita Baptist University in May 1993 and her doctorate of medicine and of philosophy (MD-PhD) from University of Arkansas for Medical Sciences in May 2001. Dr. Wang-Gillam has been a medical oncology specialist certified by the American Board of Internal Medicine (ABIM) since 2007.

Dr. Wenlai Zhou (周文來), aged 52, has been a Senior Vice President of our Company since August 2020 and responsible for directing biological and pharmaceutical research and development of our Group. Dr. Zhou served as a Director of the Company from August 2018 to August 2020. Dr. Zhou served a vice president from September 2015 to October 2019 and has been serving as a senior vice president since November 2019 and as a director since August 2018 at Beijing Jacobio. Dr. Zhou previously held the following positions in other subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Jacobio HK	Director	August 2018 to present
Jacomab	Supervisor	December 2016 to June 2019
	Manager	November 2017 to June 2019

Dr. Zhou has extensive experience in the research and development in the field of oncology. From June 2005 to June 2007, Dr. Zhou served as an associate in the Howard Hughes Medical Institute unit at the University of California, San Diego. From December 2007 to November 2008, Dr. Zhou served as a post-doctoral scholar at the School of Medicine of University of California, San Diego. From June 2009 to November 2014, Dr. Zhou served as a laboratory head and research investigator at Oncology Department at Novartis Institutes for BioMedical Research, Inc.

Dr. Zhou obtained his bachelor's degree in biology in July 1988 and his master's degree in science in July 1991 from Xinjiang University. Dr. Zhou obtained his doctoral degree in molecular biology from the University of Melbourne in October 2003. Dr. Zhou was certified as a biopharmaceutical professorate senior engineer by the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in June 2017.

Save as disclosed herein, no Directors or members of our senior management held any directorship positions in any listed companies in Hong Kong and overseas within the three years immediately preceding the date of this prospectus. There is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules. Save as disclosed herein, to the best of the knowledge, information and belief

of our Directors, there was no other matter with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Qing Xue (薛青), aged 32, was appointed as our joint company secretary on August 20, 2020. Since August 2019, Ms. Xue has been serving as the finance director of Beijing Jacobio, where she is responsible for the day-to-day financial management. Prior to joining our Group, from January 2010 to July 2019, Ms. Xue worked at an international accounting firm where she served as a senior audit manager prior to her resignation. Ms. Xue obtained her bachelor's degree in international accounting in July 2010 from Capital University of Economics and Business (首都經濟貿易大學). Ms. Xue is currently a member of the American Institute of Certified Public Accountants, a certified public accountant of the State Board of Accountancy of the Commonwealth of Virginia, a member and a fellow of the Association of Chartered Certified Accountants, a member of the Chartered Professional Accountants of British Columbia and a non-practising member of The Chinese Institute of Certified Public Accountants.

Ms. Ching Man Yeung (楊靜文), aged 36, was appointed as our joint company secretary on August 20, 2020. Ms. Yeung currently serves as a vice president of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司) ("SWCS"), where she is responsible for managing the company secretarial and compliance work for listed clients of SWCS. Prior to joining SWCS, Ms. Yeung worked for an international accounting firm and Listed Issuer Regulation, Listing & Regulatory Affairs Division of the Stock Exchange for over eleven years collectively. Ms. Yeung obtained her bachelor's degree in business administration from The Chinese University of Hong Kong in December 2006, her master's degree in corporate and financial law from The University of Hong Kong in December 2014 and her master's degree in corporate governance from The Open University of Hong Kong in August 2020. Ms. Yeung is currently a member of the Hong Kong Institute of Certified Public Accountants and also a member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date.

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company has established an audit committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The audit committee consists of one non-executive Director, Mr. Te-li Chen, and two independent non-executive Directors, Dr. Ge Wu and Dr. Daqing Cai. Dr. Ge Wu is appropriately qualified under Rules 3.10(2) and 3.21 of the Listing Rules. The chairman of the audit committee is Dr. Daqing Cai. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a remuneration committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code. The remuneration committee consists of one executive Director, Ms. Wang, one non-executive Director, Ms. Yanmin Tang, and three independent non-executive Directors, Dr. Ruilin Song, Dr. Ge Wu and Dr. Daqing Cai, with Dr. Ruilin Song as the chairman. The primary duties of the remuneration committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

Our Company has established a nomination committee (effective from the Listing Date) with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The nomination committee consists of one executive Director, Dr. Wang, one non-executive Director, Dr. Dong Lyu, and three independent non-executive Directors, Dr. Ruilin Song, Dr. Daqing Cai and Dr. Xiaoming Wu, with Dr. Wang as the chairman. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Code Provision A.2.1 of the Corporate Governance Code

Dr. Wang is our chairman of our Board and the chief executive officer of our Company. With extensive experience in the pharmaceutical industry and having served in our Company since its establishment, Dr. Wang is in charge of overall strategic planning, business direction and operational management of our Group. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and diverse individuals. Our Board currently comprises four executive Directors, four non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

Board Diversity

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out our objectives and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Board comprises twelve members, including four executive Directors, four non-executive Directors and four independent non-executive Directors. Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including business administration, applied physics, biological sciences, chemistry, engineering and law. Furthermore, our Board possesses members spanning a wide range of ages, from 37 years old to 66 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy, and our Board and the nomination committee of our Company will assess the Board composition regularly.

Our nomination committee is responsible for reviewing the diversity of our Board. After Listing, our nomination committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measureable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract and (ii) a confidentiality, intellectual property and non-competition agreement with our senior management members and other key personnel (other than Directors). Below sets forth the key terms of these contracts we normally enter into with our senior management and other key personnel.

Confidentiality

- *Confidentiality obligations*. The employee shall, during the course of employment with our Group and thereafter, keep in confidence all technical or trade secrets belonging to our Group or other third parties to whom our Group owes confidentiality obligations. Without our Group's written consent, the employee shall not leak, disclose, publish, announce, issue, teach, transfer or otherwise make available to any third party (including employees who are not privy to such trade secrets) any trade secrets belonging to our Group or other third parties to whom our Group owes confidentiality obligations in any manner and shall not utilize such trade secret beyond his or her scope of work.

Ownership of intellectual work products

- *Acknowledgement:* The employee acknowledges and agrees that our Group shall own all intellectual work products he or she produces, including but not limited to those produced (i) during the course of employment with our Group; (ii) within one year after his or her departure from our Group provided that the work products relate to any task assigned to the employee or are otherwise within the employee's scope of work; or (iii) mainly using the resources or information of our Group.

Non-competition

- *Non-competition obligation during employment term*. During the term of his/her employment with our Group, unless with our Group's written consent, the employee shall not (i) be engaged by any third party or our Group's clients which are in competition with or in partnership with our Group, (ii) directly or indirectly recommend or introduce our business to other companies, (iii) invest in businesses identical to, similar to or in competition with that of our Group, (iv) conduct our Group's business on his/her own account or (v) engage in any business that competes with our Group's in the name of persons other than our Group.

- *Non-competition obligation following termination of employment relationship*. Within two years after termination of the employment relationship between the employee and our Group, the employee shall not serve in any capacity at any company engaged in a business identical to that of our Group. Upon termination of the employment relationship, our Group and the employee shall agree on and sign a list of such restricted businesses.

Compensation for breach of covenants

- If the employee breaches the obligations under the confidentiality, intellectual property and non-competition agreement, our Group shall be entitled to recover from the employee any losses incurred and any profits earned as a result of breaches by the employee.

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including our Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate amount of remuneration (including salaries, discretionary bonuses, share-based compensation expenses and employer's social security costs, as applicable) which was paid to our Directors for the year ended December 31, 2018, the year ended December 31, 2019 and the six months ended June 30, 2020 were RMB15.2 million, RMB69.5 million and RMB3.5 million, respectively.

It is estimated that remuneration and benefits in kind (excluding any possible payment of discretionary bonus) equivalent to approximately RMB8.8 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ended December 31, 2020 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by our Group to our five highest paid individuals (including both employees and Directors) for the year ended December 31, 2018, the year ended December 31, 2019 and the six months ended June 30, 2020 were approximately RMB16.3 million, RMB73.9 million and RMB3.9 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived any emoluments.

Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Note 32 of the Accountant's Report set out in Appendix I to this prospectus.

FUTURE PLANS

For a detailed description of our future plans, please refer to the paragraphs headed "Business — Our Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$13.00 per Share, being the mid-point of the indicative Offer Price range of HK$12.00 to HK$14.00 per Share) will be approximately US$151.0 million (HK$1,170.5 million). We currently intend to apply such net proceeds we will receive from this offering for the following purposes:

(a) approximately 88.0%, or US$132.9 million (HK$1,030.1 million), will be used primarily for the clinical development and commercialization of the following products:

    (i) approximately 44.0%, or US$66.4 million (HK$515.0 million), will be used for planned clinical trials and preparation for registration filings of JAB-3068, of which (a) 14.8%, or US$22.3 million (HK$173.2 million), is expected to be used to fund planned registrational clinical trials to evaluate JAB-3068 as monotherapy for the treatment of NSCLC, ESCC and HNSCC and the preparation for registration filings in mainland China, Hong Kong and Macau (the "Territory"), and (b) 29.2%, or US$44.1 million (HK$341.8 million), is expected to be used to fund planned registrational clinical trials to evaluate the combination therapy of JAB-3068 and PD-1 antibody for the treatment of NSCLC, ESCC and HNSCC and preparation for registration filings in the Territory. As detailed in the paragraphs headed "Business — III. Collaboration with AbbVie," AbbVie would reimburse our costs and expenses incurred from and after the Effective Date which do not exceed 105% of the then-current development budget, and we would bear any costs and expenses in excess of the 105% threshold, subject to certain exceptions. In addition, we maintain our exclusive rights to develop, commercialize and manufacture the SHP2 Products for the purposes of seeking regulatory approval of and to commercialize such SHP2 Products in the Territory and will bear the costs and expenses so incurred, including but not limited to those related to registrational trials and registration filings in the Territory. We expect to incur such costs and expenses for registrational trials and registration filings during 2022 to 2024. The net proceeds allocated for conducting the above-mentioned R&D activities of JAB-3068 will not include our costs and expenses to be reimbursed by AbbVie;

    (ii) approximately 18.0%, or US$27.2 million (HK$210.7 million), will be used for planned clinical trials and preparation for registration filings of JAB-3312, of which (a) 7.6%, or US$11.5 million (HK$89.0 million), is expected to be used to fund planned registrational clinical trials to evaluate JAB-3312 as monotherapy for the treatment of NSCLC and preparation for registration filings in the Territory, and (b) 10.4%, or US$15.7 million (HK$121.7 million), is expected to be used to fund planned registrational clinical trials to evaluate JAB-3312 in combination with each of a MEK inhibitor and a KRAS G12C inhibitor for treatment of NSCLC and preparation for registration filings in the Territory. As detailed in the paragraphs headed "Business — III. Collaboration with AbbVie," AbbVie would reimburse our costs and expenses incurred from and after the Effective Date which do not exceed

105% of the then-current development budget, and we would bear any costs and expenses in excess of the 105% threshold, subject to certain exceptions. In addition, we maintain our exclusive rights to develop, commercialize and manufacture the SHP2 Products for the purposes of seeking regulatory approval of and to commercialize such SHP2 Products in the Territory and will bear the costs and expenses so incurred, including but not limited to those related to registrational trials and registration filings in the Territory. The net proceeds allocated for conducting the above-mentioned R&D activities of JAB-3312 will not include our costs and expenses to be reimbursed by AbbVie;

(iii) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for building our sales and marketing team and commercialization activities of JAB-3068 and JAB-3312 in the Territory. We plan to establish our internal sales and marketing teams at least one year before the anticipated commercial launch of our SHP2 products, which is expected to be as early as mid-2023;

(iv) approximately 10.0%, or US$15.1 million (HK$117.1 million), will be used for ongoing and planned clinical trials of JAB-8263, of which (a) 6.0%, or US$9.1 million (HK$70.2 million), is expected to be used to fund ongoing and planned clinical trials to evaluate JAB-8263 as monotherapy for the treatment of solid tumors in the U.S., and (b) 4.0%, or US$6.0 million (HK$46.8 million), is expected to be used to fund planned clinical trials to evaluate JAB-8263 as monotherapy for the treatment of solid tumors, MF and AML in China. We have enrolled the first patient in the Phase I trial in the U.S. in November 2020, and plan to enroll the first patient in the Phase I trial in China in the first half of 2021;

(v) approximately 8.0%, or US$12.1 million (HK$93.6 million), will be used for the pre-clinical and clinical development of JAB-21000 and the preparation of its IND filing; and

(vi) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for the early-stage drug discovery and development, including pre-clinical and clinical development of our other pipeline assets, discovery and development of new drug candidates.

(b) approximately 8.0%, or US$12.1 million (HK$93.6 million), will be used for the construction of our in-house GMP-compliant manufacturing facility, of which approximately US$3.5 million (HK$26.6 million) will be used for the lease of the buildings, approximately US$4.5 million (HK$35.0 million) will be used to the construction of infrastructure and decoration of facilities in compliance with GMP standards, and approximately US$4.2 million (HK$32.0 million) will be used for the construction of production lines, including the procurement of new machineries, instruments and equipment. Our manufacturing facility will be primarily used to manufacture and supply drug products for the clinical trials and commercial sale of our drug candidates, primarily including JAB-3068. It is estimated that the construction of the building will be completed by the end of 2022, and the construction of the production lines and other production facilities within the building will be completed by the end of 2023. Please also refer to the paragraph headed "Business — Our Strategies — Build manufacturing and commercialization capabilities in China"; and

(c) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for our general corporate and working capital purposes.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering would increase to approximately US$174.3 million (HK$1,351.1 million) (based on the mid-point Offer Price of HK$13.00 per Share). We intend to apply the additional net proceeds to the above uses in the proportions stated above.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK$14.00 per Share, being the high end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be increased by approximately US$11.9 million (HK$92.6 million), or (ii) assuming the Over-allotment Option is exercised in full, be increased by approximately US$13.7 million (HK$106.5 million). In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK$12.00 per Share, being the low end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be decreased by approximately US$11.9 million (HK$92.6 million), or (ii) assuming the Over-allotment Option is exercised in full, be decreased by approximately US$13.7 million (HK$106.5 million). In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with banks in Hong Kong or China.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.
China International Capital Corporation Hong Kong Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement dated December 8, 2020 and entered into among us, the Controlling Shareholders, the Joint Global Coordinators and the Hong Kong Underwriters, we are offering initially 9,648,000 Shares (subject to adjustment) for subscription by way of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus at the Offer Price.

Subject to (i) the Listing Committee granting the listing of, and permission to deal in, the Shares; (ii) the International Underwriting Agreement having been signed and becoming unconditional; and (iii) certain other conditions set forth in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, for their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to our Company, to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

  (i) any local, national, regional or international event or circumstance in the nature of force majeure (including any acts of government, declaration of a national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak, escalation, mutation or aggravation of disease, economic sanctions, strikes, labour disputes, other industrial actions, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, civil commotion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delay in transportation) in or affecting the Cayman Islands, the BVI, Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof) or any other jurisdiction relevant to the Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

  (ii) any change, or any development involving a prospective change, or any event or circumstance or series of events which is reasonably likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, securities or exchange control or any monetary or trading settlement system or other financial market (including without limitation conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including without limitation any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Singapore Stock Exchange or the London Stock Exchange;

(iv) any general moratorium on commercial banking activities in the Cayman Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), the PRC, New York (imposed at Federal or New York State level or other competent Authority), London, the European Union (or any member thereof) or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdiction; or

(v) any new law, or any change or any development involving a prospective change or any event or circumstance which is reasonably likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent Authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting Taxes or exchange control, currency exchange rates or foreign investment regulations (including without limitation a material devaluation of the United States dollar, the Hong Kong dollar, the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or

(viii) any litigation, dispute, legal action or claim of any third party or regulatory, administrative investigation or action being threatened or instigated or announced against any member of the Group; or

(ix) a Director or a member of the Group's senior management as named in this Prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(x) the chairman, the chief executive officer or any executive Director of the Company vacating his or her office; or

(xi) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xii) a contravention by any member of the Group or any Director of the Listing Rules or applicable laws; or

(xiii) a prohibition by an authority on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this Prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xv) the issue or requirement to issue by the Company of any supplement or amendment to this Prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

(xvi) any change or development involving a prospective change in, or a materialisation of any of the risks set out in the section headed "Risk Factors" of this Prospectus.

which, individually or in the aggregate, in the sole and absolute opinion of Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in any of the post hearing information pack, this Prospectus, the application forms, the formal notice, the announcement for adoption of mixed media offer (if any), the pricing disclosure package, the preliminary offering circular, the offering circular, the price determination agreement, the receiving bank agreement, the Hong Kong share registrar agreement, the cornerstone investment agreements and any agreement between the Company and the White Form eIPO Service Provider and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (collectively, the "**Offer Related Documents**") (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or any of the cornerstone agreements (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties as set out in the Hong Kong Underwriting Agreement; or

(v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings of the Company and the Controlling Shareholders as set out in the Hong Kong Underwriting Agreement; or

(vii) that approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(ix) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawing its consent to being named in this Prospectus or to the issue of any of the post hearing information pack, this Prospectus, the application forms, the formal notice and the announcement for adoption of mixed media offer (if any); or

(x) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group.

Undertakings Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any shares or other securities convertible into equity securities (whether or not of a class already listed) of our Company or enter into any agreement or arrangement to issue such Shares or securities at any time within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the exercise of the Over-allotment Option, or under any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Stock Borrowing Agreement), that it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "First Six-Month Period"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares in respect of which it is shown in this prospectus to be the beneficial owner(s) (as defined in Rule 10.07(2) of the Listing Rules); and

(b) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires (the "Second Six-Month Period"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or the group of the controlling shareholder of our Company would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to our Company and to the Stock Exchange that, during the First Six-Month Period, it will:

(a) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of such Shares so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Our Company will also inform the Stock Exchange as soon as it has been informed of the above matters, if any, by the Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters not to (except for the offer and sale of the Offer Shares pursuant to the Global Offering, the exercise of the Over-allotment Option, the Capitalization Issue and otherwise pursuant to the Listing Rules) and to procure each of the member of our Group shall not, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is the First Six-Month Period, without the prior written consent of the Joint Sponsors and Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, contract or offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts;

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including without limitation any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable);

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce or publicly disclose any intention to effect any transaction specified in (a), (b) or (c),

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company has undertaken to take all reasonable steps to ensure that such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of our Company.

Our Company has agreed and undertaken that it will not effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% (or such minimum public float requirements specified in Rule 8.08 of the Listing Rules) on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters and each of them that, without the prior written consent of the Joint Sponsors and Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) he or it will not, at any time during the First Six-Month Period:

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including without limitation any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts;

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);

(iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (i) and (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (i), (ii), and (iii) above,

in each case, whether any of the transaction specified in sub-paragraphs (i), (ii), and (iii) above is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the transaction will be completed within the First Six-Month Period);

(b) he or it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he or it will cease, whether individually or collectively with the other Controlling Shareholders to be a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company; and

(c) until the expiry of the Second Six-Month Period, in the event that he or it enters into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or offer to or agrees to or announce or publicly disclose any intention to effect any such transaction, he or it will take all reasonable steps to ensure that he or it will not create a disorderly or false market in the securities of our Company,

provided that the above undertaking shall not (x) apply to Shares acquired by the Controlling Shareholders subsequent to the completion of the Global Offering; or (y) prevent the Controlling Shareholders from using the Shares beneficially owned by the Controlling Shareholders as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, provided that (i) the Controlling Shareholders immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged, and (ii) when the Controlling Shareholders receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

Each of our Controlling Shareholders has agreed and undertaken that it will not, and each of them has further undertaken to procure that our Company will not, effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% (or such minimum public float requirements specified in Rule 8.08 of the Listing Rules) on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

Undertaking by Pre-IPO Investors

Undertaking by Qiming Venture Partners V, L.P., Qiming Venture Partners VI, L.P., Qiming Managing Directors Fund V, L.P., Qiming Managing Directors Fund VI, L.P.

Each of Qiming Venture Partners V, L.P., Qiming Venture Partners VI, L.P., Qiming Managing Directors Fund V, L.P., Qiming Managing Directors Fund VI, L.P. has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by HH SPR-III Holdings Limited

HH SPR-III Holdings Limited has undertaken (the "**Hillhouse Undertaking**") to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of November 27, 2020 and ending on, and including, the date that is six months from the Listing Date (the "**Hillhouse Lock-up Period**"), directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company held by it on the date of November 27, 2020 or any interest therein (the "**Hillhouse Relevant Shares**"); provided, that the foregoing sentence shall not apply to (a) transactions relating to any Shares acquired by it in open market transactions after the Listing, (b) any Hillhouse Relevant Shares which may be sold by it as part of the Global Offering pursuant to the International Underwriting Agreement in connection with the Listing, (c) any charge, mortgage or pledge by it of the Hillhouse Relevant Shares during the Hillhouse Lock-up Period in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) to secure a loan or financing facility made to it ("**Hillhouse Loan**") if prior to making the Hillhouse Loan, the person making the Hillhouse Loan gives a written undertaking (addressed to and in favor of the Company and, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) in terms satisfactory to them) agreeing to, and it undertakes to procure that such person will, be bound by its obligations and restrictions under the Hillhouse Undertaking as if such person were himself subject to such obligations and restrictions and which restrictions shall include any disposal of the Relevant Shares on exercise of any enforcement action or foreclosure following a default under the Hillhouse Loan, or (d) any transfers to any of its affiliates, whether directly or indirectly, provided that, prior to such transfer, such affiliate(s) gives a written undertaking (addressed to and in favor of the Company and, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) in terms satisfactory to them) agreeing to, and it undertakes to procure that such affiliate(s) will, be bound by its obligations and restrictions under the Hillhouse Undertaking as if such affiliate(s) were itself subject to such obligations and restrictions.

In the event the Joint Global Coordinators release any other substantial shareholder of the Company upon the International Underwriting Agreement in connection with the Listing becomes effective from the lock-up restrictions similar to those in the Hillhouse Undertaking with respect to any portion of their Shares, the Joint Global Coordinators shall notify it in writing and release it from the lock-up restrictions under the Hillhouse Undertaking on a pro rata basis. For purposes of the Hillhouse Undertaking, a "substantial shareholder" refers to a beneficial owner, as of the close of business on the date of November 27, 2020, of more than 5% of the outstanding Shares of the Company (for purposes of determining record of beneficial ownership of a shareholder, all Shares held by investment funds or vehicles affiliated with such shareholder shall be aggregated).

Undertaking by LAV Coda Limited and LAV Biosciences Fund V, L.P.

Each of LAV Coda Limited and LAV Biosciences Fund V, L.P. has undertaken (the "**LAV Undertaking**") to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date (the "**LAV Lock-up Period**"), directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein held by it (or the relevant affiliates who have been transferred the Shares held by it) (the "**LAV Relevant Shares**"); provided, that the foregoing sentence shall not apply to (a) transactions relating to

any Shares acquired by it in open market transactions after the Listing, or (b) transfer of all or part of the LAV Relevant Shares to any of its affiliate(s), provided that in such case: (x) prior to such transfer, such affiliate(s) gives a written undertaking (addressed to and in favor of the Company and, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) in terms satisfactory to them); (y) it and its affiliate(s) shall be treated as being the investor in respect of all the LAV Relevant Shares held by them and shall jointly and severally bear all liabilities and obligations imposed by the LAV Undertaking; and (z) if at any time prior to expiration of the LAV Lock-up Period, such affiliate(s) ceases or will cease to be its affiliate(s), such affiliate(s) shall (and it shall procure that such affiliate(s) shall) immediately, and in any event before ceasing to be its affiliate(s), fully and effectively transfer the LAV Relevant Shares such affiliate(s) holds to it or its another affiliate(s), which shall give or be procured by it to give a written undertaking (addressed to and in favour of the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) in terms satisfactory to them) agreeing to the bound by its obligations and restrictions under the LAV Undertaking, as if such affiliate(s) were itself subject to such obligations and restrictions and shall jointly and severally bear all liabilities and obligations imposed by the LAV Undertaking.

Undertaking by BioEngine Capital Holding Limited

BioEngine Capital Holding Limited has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by Time Sky Holdings Limited

Time Sky Holdings Limited has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by LAV Brassicanapus, L.P.

LAV Brassicanapus, L.P. has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by CICC Biomedical Fund L.P.

CICC Biomedical Fund L.P., has undertaken (the "**CICC Fund Undertaking**") to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the Listing Date and ending on, and including, the date that is six months from the Listing Date (the "**CICC Fund Lock-up Period**"), directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein (the "**CICC Fund Relevant Shares**"); provided, that the foregoing sentence shall not apply to (a) transactions relating to any Shares acquired by it after the Listing Date; or (b) any transfers of the CICC Fund Relevant Shares to any of its affiliate(s), provided that in such case: (x) prior to such transfer, such affiliate(s) gives a written undertaking (addressed to and in favor of the Company and, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) in terms satisfactory to them) agreeing to, and it undertakes to procure that such affiliate(s) will, be bound by its obligations and restrictions under the CICC Fund Undertaking as if such affiliate(s) were itself subject to such obligations and restrictions; (y) it and its affiliate(s) shall be treated as being the investor in respect of all the CICC Fund Relevant Shares held by them and shall jointly and severally bear all liabilities and obligations imposed by the CICC Fund Undertaking; and (z) if at any time prior to expiration of the CICC Fund Lock-up Period, such affiliate(s) ceases or will cease to be its affiliate(s), such affiliate(s) shall (and it shall procure that such affiliate(s) shall) immediately, and in any event before ceasing to be our affiliate(s), fully and effectively transfer the CICC Fund Relevant Shares such affiliate(s) holds to it or its another affiliate(s), which shall give or be procured by it to give a written undertaking (addressed to and in favour of the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) in terms satisfactory to them) agreeing to the bound by its obligations and restrictions under the CICC Fund Undertaking, as if such affiliate(s) were itself subject to such obligations and restrictions and shall jointly and severally bear all liabilities and obligations imposed by the CICC Fund Undertaking.

Undertaking by Fangyuan Growth SPC – PCJ Healthcare Fund SP

Fangyuan Growth SPC – PCJ Healthcare Fund SP has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by Danqing Biotheus Investment Limited

Danqing Biotheus Investment Limited has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by Olive Rise Holdings Limited

Olive Rise Holdings Limited has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by YueKai Investment Management Limited

YueKai Investment Management Limited has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

Undertaking by Wordspharma Ltd

Wordspharma Ltd has undertaken to each of the Company and the Joint Global Coordinators (acting on behalf of all the Underwriters) that, except with the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period commencing on the date of December 3, 2020 and ending on, and including, the date that is six months from the Listing Date, directly or indirectly, conditionally or unconditionally, dispose of any Shares or other securities of the Company or any interest therein; provided, that the foregoing sentence shall not apply to transactions relating to any Shares acquired by it in open market transactions after the Listing.

The International Offering

In connection with the International Offering, it is expected that we, and each of the Controlling Shareholders will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering.

Under the International Underwriting Agreement, it is expected that our Company will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time within 30 days from the last day for lodging applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 14,471,400 additional Offer Shares, representing 15.0% of the number of Offer Shares initially being offered under the Global Offering, at the Offer Price to cover over-allocations in the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an underwriting commission of 3% of the aggregate Offer Price payable for such Offer Shares initially offered under the Global Offering. The Underwriters may receive a discretionary incentive fee of up to 1% of the aggregate Offer Price payable for such the Offer Shares under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option). Assuming the Over-allotment Option is not exercised at all, and based on an Offer Price of HK$13.00 per Share (being the mid-point of the indicative Offer Price range of HK$12.00 to HK$14.00 per Share), the aggregate commissions and fees (including the maximum discretionary incentive fee), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering to be borne by our Company (collectively the "**Commissions and Fees**") are estimated to amount to approximately HK$83.7 million in aggregate.

The Commissions and Fees were determined after arm's length negotiations between our Company and the Underwriters and/or other parties by reference to the current market conditions.

Indemnity

Each of our Company and the Controlling Shareholders has jointly and severally undertaken to indemnify the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this prospectus, none of the Hong Kong Underwriters is interested legally or beneficially in any shares in any member of our Company or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, securities

investment and proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period set out in "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the followings:

(a) the Syndicate Members (other than the Stabilizing Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 9,648,000 Shares (subject to adjustment/reallocation as mentioned below) in Hong Kong set out in "The Hong Kong Public Offering" below; and

(b) the International Offering of initially 86,828,100 Shares (subject to adjustment and the Over-allotment Option below) outside the United States in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or another available exemption from registration under the U.S. Securities Act.

Investors may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 12.7% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 14.3% of the enlarged issued share capital of our Company immediately after completion of the Global Offering.

Conditions of the Global Offering

Acceptance of all applications for Offer Shares will be conditional on, among other things:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) and the approval for such listing and permission not subsequently having been revoked prior to the commencement of trading in the Shares on the Stock Exchange;

(b) the Offer Price being duly agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 8:00 a.m. on Monday, December 21, 2020.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before Tuesday, December 15, 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse immediately, and the Stock Exchange will be notified immediately. Notice of the lapse of the Global Offering will be published by our Company on the website of our Company (**www.jacobiopharma.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) on the day following such lapse. In such situation, all application monies will be returned, without interest, to the applicants on the terms set out in "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates issued in respect of the Offer Shares will only become valid certificates of title at 8:00 a.m. on Monday, December 21, 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 9,648,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.27% of our Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" above.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an

interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$14.00 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner set out in "— Pricing" below, is less than the maximum Offer Price of HK$14.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Subject to reallocation set out below, the International Offering will consist of an initial offering of 86,828,100 Offer Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering and approximately 11.4% of our Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Stabilizing Manager or its affiliates or any person acting for it may over-allocate up to and not more than an aggregate of 14,471,400 additional Offer Shares, which is approximately 15.0% of the Offer Shares initially available under the Global Offering, and cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangement or a combination of these means.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the commencement of trading in the Shares on the Stock Exchange until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to 14,471,400 additional Offer Shares,

representing approximately 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to solely cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 1.87% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by Underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement date of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. Any market purchases of the Shares will be effected in compliance with all applicable laws and regulatory requirements. However, the Stabilizing Manager has been or will be appointed as stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules, as amended, under the SFO and hence, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, include (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Wednesday, January 13, 2021 being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilization period.

Following any over-allocation of Offer Shares in connection with the Global Offering, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, its affiliates or any person acting on its behalf may cover such over-allocation by, among other methods, using Shares purchased by Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Offer Shares which can be over-allocated will not exceed the number of Offer Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 14,471,400 Offer Shares, representing no more than 15.0% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (on its own or through its affiliates) may choose to borrow up to 14,471,400 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Dr. Wang's SPV 1, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager and/or its affiliates and Dr. Wang's SPV 1 on or around December 14, 2020.

If the Stock Borrowing Agreement with Dr. Wang's SPV 1 is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager (on its own or through its affiliates) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Dr. Wang's SPV 1 on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, (b) the day on which the Over-allotment Option is exercised in full and all relevant Shares have been issued and allotted by the Company, or (c) such earlier time as the Stabilizing Manager and/or its affiliates and Dr. Wang's SPV 1 may from time to time agree in writing.

The shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Dr. Wang's SPV 1 by the Stabilizing Manager (on its own or through its affiliates) in relation to such shares borrowing arrangement.

PRICING

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Monday, December 14, 2020 (Hong Kong time) and in any event on or before Tuesday, December 15, 2020 (Hong Kong time), by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per International Offer Share under the International Offering based on the Hong Kong dollar price per International Offer Share under the International Offering, as determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$14.00 per Offer Share and is expected to be not less than HK$12.00 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$14.00 per Offer Share plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of our Company (**www.jacobiopharma.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) notices of the reduction in the number of Offer Shares or the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range.

Supplemental listing documents will also be issued by our Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced.

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include such information as agreed with the Hong Kong Stock Exchange which may change materially as a result of any such reduction. In the absence of any such notice of reduction published as described in this paragraph, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Hong Kong Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The Offer Price for Shares under the Global Offering is expected to be announced on Friday, December 18, 2020. The level of indications of interest in the Global Offering, the level of applications and the basis of allotment of Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Friday, December 18, 2020 on the website of our Company (**www.jacobiopharma.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**).

ALLOCATION

Allocation Under the Hong Kong Public Offering

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (subject to the reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering set out below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will consist of 4,824,000 Hong Kong Offer Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will consist of 4,824,000 Hong Kong Offer Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 4,824,000 Offer Shares, being the number of Hong Kong Offer Shares initially allocated to each pool, being 50% of the 9,648,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering, are to be rejected.

Allocation Under the International Offering

The International Offering will include selective marketing of International Offer Shares in the United States only to QIBs in reliance on Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as well as to institutional and professional investors and other investors who are anticipated to have a sizeable demand for such International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such

allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of our Company and its shareholders as a whole.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 require a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering under certain circumstances.

The initial allocation of Offer Shares under the Hong Kong Public Offering shall not be less than 10.0% of the Global Offering. In the event of full or over-subscription in both the Hong Kong Public Offering and the International Offering, the Joint Global Coordinators shall apply a clawback mechanism following the closing of application lists on the following basis:

(a) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Joint Global Coordinators, in its absolute discretion, may (but shall not be obliged to) reallocate up to 9,648,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 19,296,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$12.00 per Offer Share (being the low-end of the Offer Price range stated in this prospectus);

(b) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 28,944,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

(c) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 38,592,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering;

(d) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 48,240,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In the event of under-subscription in the International Offering but full or over-subscription in the Hong Kong Public Offering, the Joint Global Coordinators, in their absolute discretion, may (but shall not be obliged to) reallocate up to 9,648,000 Offer Shares from the International Offering to the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 19,296,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at HK$12.00 per Offer Share (being the low-end of the Offer Price range stated in this prospectus).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

DEALING ARRANGEMENT

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, December 21, 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, December 21, 2020. The Shares will be traded in board lots of 300 Shares each. The stock code of the Shares is 1167.

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at **www.jacobiopharma.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any questions about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8690 (i) from 9:00 a.m. to 9:00 p.m. on Wednesday, December 9, 2020 to Friday, December 11, 2020; (ii) from 9:00 a.m. to 6:00 p.m. on Saturday, December 12, 2020 and Sunday, December 13, 2020; and (iii) from 9:00 a.m. to 12:00 noon on Monday, December 14, 2020.

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

   (a) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(b) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(a) or (2)(b) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and not a U.S. person (within the meaning of Regulation S under the U.S. Securities Act) or are a person described in paragraph h(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules or any relevant waivers that have been granted by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions set out in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States and not a U.S. persons (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria set out in "Personal Collection" below to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by anyone as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 300 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		HK$		HK$		HK$
300	4,242.32	4,500	63,634.85	60,000	848,464.68	750,000	10,605,808.50
600	8,484.65	6,000	84,846.47	75,000	1,060,580.85	900,000	12,726,970.20
900	12,726.97	7,500	106,058.09	90,000	1,272,697.02	1,050,000	14,848,131.90
1,200	16,969.29	9,000	127,269.70	105,000	1,484,813.19	1,200,000	16,969,293.60
1,500	21,211.62	10,500	148,481.32	120,000	1,696,929.36	1,350,000	19,090,455.30
1,800	25,453.94	12,000	169,692.94	135,000	1,909,045.53	1,500,000	21,211,617.00
2,100	29,696.26	13,500	190,904.55	150,000	2,121,161.70	2,100,000	29,696,263.80
2,400	33,938.59	15,000	212,116.17	300,000	4,242,323.40	2,700,000	38,180,910.60
2,700	38,180.91	30,000	424,232.34	450,000	6,363,485.10	3,900,000	55,150,204.20
3,000	42,423.23	45,000	636,348.51	600,000	8,484,646.80	4,824,000(1)	68,216,560.27

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "— 2. Who can apply" above may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8690 which is available (i) from 9:00 a.m. to 9:00 p.m. on Wednesday, December 9, 2020 to Friday, December 11, 2020; (ii) from 9:00 a.m. to 6:00 p.m. on Saturday, December 12, 2020 and Sunday, December 13, 2020; and (iii) from 9:00 a.m. to 12:00 noon on Monday, December 14, 2020.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, December 9, 2020 until 11:30 a.m. on Monday, December 14, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, December 14, 2020 or such later time under "— 10. Effect of Bad Weather on the Opening of the Application Lists" below.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Commitment of Sustainability

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider will contribute HK$2 for each "JACOBIO PHARMACEUTICALS GROUP CO., LTD." **White Form eIPO** application submitted via the website **www.eipo.com.hk** to support sustainability.

6. APPLYING THROUGH CCASS EIPO SERVICE

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS phone system by calling (+852) 2979 7888 or through the CCASS Internet system (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers and the Hong Kong Share Registrar.

Applying through CCASS EIPO service

Where you have applied through **CCASS EIPO** service (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures set out in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving of **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree with our Company, for itself and for the benefit of each Shareholder and each Director, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder and each Director, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of our Company or any rights or obligations conferred or imposed by our Company Ordinances or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association of our Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with our Company (for our Company itself and for the benefit of each Shareholder) that Shares in our Company are freely transferable by their holders;

- authorise our Company to enter into a contract on its behalf with each director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Applying through CCASS EIPO service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions(1)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, December 9, 2020	**–**	**9:00 a.m. to 8:30 p.m.**
Thursday, December 10, 2020	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, December 11, 2020	**–**	**8:00 a.m. to 8:30 p.m.**
Monday, December 14, 2020	**–**	**8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, December 9, 2020 until 12:00 noon on Monday, December 14, 2020 (24 hours daily, except on Monday, December 14, 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, December 14, 2020, the last application day or such later time set out in "10. Effect of Bad Weather on the Opening of the Application Lists" below.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal information collection statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

(a) processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;

(b) compliance with applicable laws and regulations in Hong Kong and elsewhere;

(c) registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;

(d) maintaining or updating the Company's Register of Members;

(e) verifying identities of the holders of the Company's Shares;

(f) establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;

(g) distributing communications from the Company and its subsidiaries;

(h) compiling statistical information and profiles of the holder of the Company's Shares;

(i) disclosing relevant information to facilitate claims on entitlements; and

(j) any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

(a) the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;

(b) where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;

(c) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;

(d) the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and

(e) any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in "Corporate Information" or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS phone system/CCASS Internet system for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, December 14, 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service in respect of a minimum of 300 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 300 Hong Kong Offer Shares must be in one of the numbers set out in "How to Apply for Hong Kong Offer Shares — 4. Minimum Application Amount and Permitted Numbers".

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering — Pricing."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, December 14, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, December 14, 2020 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates set out in "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, December 18, 2020 on our Company's website at **www.jacobiopharma.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.jacobiopharma.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Friday, December 18, 2020;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, December 18, 2020 to 12:00 midnight on Thursday, December 24, 2020;

- by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, December 18, 2020, Monday, December 21, 2020, Tuesday, December 22, 2020 and Wednesday, December 23, 2020;

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** services or through the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$14.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — The Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, December 18, 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS set out below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Friday, December 18, 2020. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, December 21, 2020 provided that the Global Offering has become unconditional and the right of termination set out in "Underwriting" has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, December 18, 2020, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, December 18, 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

If you apply through CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, December 18, 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner set out in "— 11. Publication of Results" above on Friday, December 18, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, December 18, 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your **broker** or **custodian** to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS phone system and the CCASS Internet system (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, December 18, 2020. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, December 18, 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JACOBIO PHARMACEUTICALS GROUP CO., LTD., GOLDMAN SACHS (ASIA) L.L.C. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of JACOBIO PHARMACEUTICALS GROUP CO., LTD. (formerly known as JACOBIO (CAY) PHARMACEUTICALS CO., LTD.) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-60, which comprises the consolidated balance sheets as at 31 December 2018 and 2019 and 30 June 2020, the Company's balance sheets as at 31 December 2018 and 2019 and 30 June 2020 and the consolidated statements of loss, the consolidated statements of comprehensive loss, the consolidated statements of changes in shareholders' equity/(deficit) and the consolidated statements of cash flows for each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 9 December 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 2019 and 30 June 2020 and the consolidated financial position of the Group as at 31 December 2018 and 2019 and 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of loss, the consolidated statement of comprehensive loss, the consolidated statement of changes in shareholders' equity/(deficit) and the consolidated statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 33 to the Historical Financial Information which contains information about the dividends paid by JACOBIO PHARMACEUTICALS GROUP CO., LTD. in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
9 December 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The financial statements of the Group for Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB") ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all amounts are rounded to the nearest thousand yuan (RMB'000), unless otherwise stated.

CONSOLIDATED STATEMENTS OF LOSS

	Notes	Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000
Research and development expenses	*6*	(84,887)	(138,976)	(54,129)	(71,012)
Administrative expenses	*6*	(22,786)	(71,081)	(6,850)	(12,374)
Other income	*8*	3,889	10,046	3,123	3,380
Other gains – net	*9*	2,351	5,841	387	1,069
Operating loss		(101,433)	(194,170)	(57,469)	(78,937)
Finance income	*10*	446	5,332	2,988	1,831
Finance expenses	*10*	(2,043)	(1,374)	(610)	(719)
Finance (expenses)/ income – net	*10*	(1,597)	3,958	2,378	1,112
Fair value losses in financial instruments with preferred rights	*21*	(52,905)	(235,605)	(99,964)	(733,079)
Loss before income tax		(155,935)	(425,817)	(155,055)	(810,904)
Income tax expense	*11*	–	–	–	–
Loss for the year/period		(155,935)	(425,817)	(155,055)	(810,904)
Loss attributable to:					
Owners of the Company		(149,212)	(424,811)	(154,117)	(810,896)
Non-controlling interests		(6,723)	(1,006)	(938)	(8)
		(155,935)	(425,817)	(155,055)	(810,904)
Loss per share attributable to owners of the Company:					
– Basic and diluted (in RMB per share) *(Note)*	*12*	(3.41)	(9.71)	(3.52)	(12.08)

Note: The basic and diluted loss per share presented above has not taken into account the proposed capitalisation issue of 530,542,224 shares pursuant to the shareholders' resolution dated 30 November 2020, as set out in Note 12, because the proposed capitalisation issue has not become effective as of the date of this report.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Notes	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loss for the year/period		(155,935)	(425,817)	(155,055)	(810,904)
Other comprehensive income/(loss):					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		–	33	(34)	(5)
Items that will not be reclassified to profit or loss:					
Changes in fair value of financial instruments with preferred rights due to own credit risk	*21*	(197)	(5,693)	(1,667)	(3,518)
Other comprehensive loss for the year/period, net of tax		(197)	(5,660)	(1,701)	(3,523)
Total comprehensive loss		(156,132)	(431,477)	(156,756)	(814,427)
Total comprehensive loss attributable to:					
Owners of the Company		(149,409)	(430,471)	(155,818)	(814,419)
Non-controlling interests		(6,723)	(1,006)	(938)	(8)
		(156,132)	(431,477)	(156,756)	(814,427)

CONSOLIDATED BALANCE SHEETS

	Notes	As at 31 December 2018 RMB'000	As at 31 December 2019 RMB'000	As at 30 June 2020 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	28,479	26,630	24,628
Right-of-use assets	*14*	6,808	7,400	5,326
Intangible assets	*15*	3,889	–	–
Other receivables and prepayments	*16*	9,389	11,213	11,318
Total non-current assets		48,565	45,243	41,272
Current assets				
Other receivables and prepayments	*16*	4,198	3,746	8,970
Cash and bank balances	*17*	420,833	314,338	405,481
Total current assets		425,031	318,084	414,451
Total assets		473,596	363,327	455,723
SHAREHOLDERS' DEFICIT				
Deficit attributable to owners of the Company				
Share capital	*24*	30	30	53
Other reserves	*25*	103,483	85,206	75,893
Share-based compensation reserve	*26*	12,428	81,072	87,878
Accumulated losses		(211,306)	(636,117)	(1,447,013)
		(95,365)	(469,809)	(1,283,189)
Non-controlling interests		(1,880)	(269)	14
Total shareholders' deficit		(97,245)	(470,078)	(1,283,175)

	Notes	As at 31 December 2018 RMB'000	As at 31 December 2019 RMB'000	As at 30 June 2020 RMB'000
LIABILITIES				
Non-current liabilities				
Lease liabilities	*20*	15,467	10,807	10,561
Deferred income	*19*	8,442	6,612	4,662
Financial instruments with preferred rights	*21*	528,967	770,265	1,689,359
Total non-current liabilities		552,876	787,684	1,704,582
Current liabilities				
Trade payables	*22*	9,002	12,737	17,317
Other payables and accruals	*23*	8,963	23,960	8,726
Lease liabilities	*20*	–	9,024	8,273
Total current liabilities		17,965	45,721	34,316
Total liabilities		570,841	833,405	1,738,898
Total deficit and liabilities		473,596	363,327	455,723

COMPANY'S BALANCE SHEETS

	Notes	As at 31 December 2018 RMB'000	As at 31 December 2019 RMB'000	As at 30 June 2020 RMB'000
ASSETS				
Non-current assets				
Investments in subsidiaries	*1.2(e)*	457,305	717,334	764,121
Current assets				
Other receivables and prepayments		–	–	4,956
Cash and bank balances	*17*	376,904	235,114	377,328
Total current assets		376,904	235,114	382,284
Total assets		834,209	952,448	1,146,405
SHAREHOLDERS' EQUITY/(DEFICIT)				
Share capital	*24, 29*	30	30	53
Other reserves	*29*	331,202	325,509	321,992
Share-based compensation reserve	*26, 29*	12,428	81,072	87,878
Accumulated losses	*29*	(2,668)	(224,428)	(953,157)
Total shareholders' equity/(deficit)		340,992	182,183	(543,234)
LIABILITIES				
Non-current liabilities				
Financial instruments with preferred rights	*21*	493,217	770,265	1,689,359
Current liabilities				
Other payables and accruals		–	–	280
Total liabilities		493,217	770,265	1,689,639
Total equity/(deficit) and liabilities		834,209	952,448	1,146,405

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICIT)

		Attributable to owners of the Company						
		Share capital	Other reserves	Share-based compensation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018		–	103,710	708	(62,094)	42,324	7,414	49,738
Comprehensive loss								
Loss for the year		–	–	–	(149,212)	(149,212)	(6,723)	(155,935)
Changes in fair value of financial instruments with preferred right due to own credit risk	*21*	–	(197)	–	–	(197)	–	(197)
Transactions with owners								
Reorganisation	*1.2, 24*	29	(29)	–	–	–	–	–
Contributions from shareholders	*24, 25*	1	17,048	–	–	17,049	–	17,049
Dividends to shareholders	*25*	–	(17,049)	–	–	(17,049)	–	(17,049)
Share-based payments	*26*	–	–	11,720	–	11,720	–	11,720
Disposal of a subsidiary	*28*	–	–	–	–	–	(2,571)	(2,571)
Balance at 31 December 2018		30	103,483	12,428	(211,306)	(95,365)	(1,880)	(97,245)

		Attributable to owners of the Company						
		Share capital	Other reserves	Share-based compensation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		30	103,483	12,428	(211,306)	(95,365)	(1,880)	(97,245)
Comprehensive (loss)/income								
Loss for the year		–	–	–	(424,811)	(424,811)	(1,006)	(425,817)
Exchange differences on translation of foreign operations		–	33	–	–	33	–	33
Changes in fair value of financial instruments with preferred right due to own credit risk	*21*	–	(5,693)	–	–	(5,693)	–	(5,693)
Transactions with owners								
Share-based payments	*26*	–	–	68,644	–	68,644	–	68,644
Transaction with non-controlling interests	*25*	–	(12,617)	–	–	(12,617)	2,617	(10,000)
Balance at 31 December 2019		30	85,206	81,072	(636,117)	(469,809)	(269)	(470,078)

		Attributable to owners of the Company						
		Share capital	Other reserves	Share-based compensation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		30	103,483	12,428	(211,306)	(95,365)	(1,880)	(97,245)
Comprehensive loss								
Loss for the period		–	–	–	(154,117)	(154,117)	(938)	(155,055)
Exchange differences on translation of foreign operations		–	(34)	–	–	(34)	–	(34)
Changes in fair value of financial instruments with preferred right due to own credit risk	*21*	–	(1,667)	–	–	(1,667)	–	(1,667)
Transactions with owners								
Share-based payments	*26*	–	–	354	–	354	–	354
Transaction with non-controlling interests	*25*	–	(12,617)	–	–	(12,617)	2,617	(10,000)
Balance at 30 June 2019 (Unaudited)		30	89,165	12,782	(365,423)	(263,446)	(201)	(263,647)

		Attributable to owners of the Company						
		Share capital	Other reserves	Share-based compensation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020		30	85,206	81,072	(636,117)	(469,809)	(269)	(470,078)
Comprehensive loss								
Loss for the period		–	–	–	(810,896)	(810,896)	(8)	(810,904)
Exchange differences on translation of foreign operations		–	(5)	–	–	(5)	–	(5)
Changes in fair value of financial instruments with preferred right due to own credit risk	*21*	–	(3,518)	–	–	(3,518)	–	(3,518)
Transactions with owners								
Contributions from shareholders		23	1	–	–	24	–	24
Share-based payments	*26*	–	–	6,806	–	6,806	–	6,806
Transactions with non-controlling interests	*25*	–	(5,791)	–	–	(5,791)	291	(5,500)
Balance at 30 June 2020		53	75,893	87,878	(1,447,013)	(1,283,189)	14	(1,283,175)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cash flows from operating activities					
Cash used in operations	*27*	(80,080)	(115,620)	(47,492)	(73,412)
Interest received		187	2,595	1,361	1,409
Net cash used in operating activities		(79,893)	(113,025)	(46,131)	(72,003)
Cash flows from investing activities					
Purchases of property, plant and equipment		(11,080)	(3,342)	(1,728)	(748)
Purchase of intangible assets		(5,000)	–	–	–
Proceeds from disposal of property, plant and equipment		–	23	6	3
Purchases of wealth management products		(150,610)	(26,000)	(26,000)	(12,000)
Proceeds from disposal of wealth management products		178,120	26,000	14,600	12,000
Receipt of investment income on wealth management products		1,511	425	89	100
Payments for deposits with original maturities of over 3 months		(25,218)	(201,384)	(201,384)	(69,481)
Proceeds from settlement of deposits with original maturities of over 3 months		25,218	201,384	–	–
Interest received on deposits with original maturities of over 3 months		259	2,737	–	–
Net proceed on disposal of a subsidiary	*28*	1,384	–	–	–
Repayment from a third party		–	60	60	–
Payment for lease deposits		–	(176)	(176)	–
Net cash generated from/ (used in) investing activities		14,584	(273)	(214,533)	(70,126)

	Notes	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cash flows from financing activities					
Interest paid		–	(179)	(75)	(1,771)
Proceeds from issuance of financial instruments with preferred rights		376,627	–	–	182,497
Transactions with non-controlling interests		–	(10,000)	–	(5,500)
Contributions from shareholders		17,049	–	–	24
Dividends paid to shareholders		(17,049)	–	–	–
Repayment to a limited partner of a subsidiary		(20,000)	–	–	–
Advance and repayment from/to a third party		–	12,000	12,000	(12,000)
Advance and repayment from/to a non-controlling shareholder		200	(200)	–	–
Principal elements of lease payments		–	(692)	(253)	(424)
Prepayments of listing expenses		–	–	–	(84)
Net cash generated from financing activities		356,827	929	11,672	162,742
Net increase/(decrease) in cash and cash equivalents		291,518	(112,369)	(248,992)	20,613
Cash and cash equivalents at beginning of the year/period		126,865	420,833	420,833	314,338
Effects of exchange rate changes on cash and cash equivalents		2,450	5,874	(4,504)	1,049
Cash and cash equivalents at end of the year/period	*17*	420,833	314,338	167,337	336,000

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

JACOBIO PHARMACEUTICALS GROUP CO., LTD. (formerly known as JACOBIO (CAY) PHARMACEUTICALS CO., LTD.) (the "Company") was incorporated on 1 June 2018 in the Cayman Islands as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, "the Group") are principally engaged in research and development of new drugs (the "Listing Business").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation, the Listing Business was carried out by Jacobio Pharmaceuticals Co., Ltd. ("Beijing Jacobio") and its subsidiaries (the "Operating Companies").

Beijing Jacobio was incorporated in the People's Republic of China (the "PRC" or "China") on 17 July 2015.

In May 2018, the shareholders of Beijing Jacobio (the "then shareholders of Beijing Jacobio") entered into an agreement to determine the reorganisation as set out below (the "Reorganisation") to establish the Company as the ultimate holding company of the Listing Business and recapitalise Beijing Jacobio. Pursuant to the Reorganisation, each of the shareholders of Beijing Jacobio would become the shareholders of the Company with substantially the same rights and shareholding percentages in Beijing Jacobio before and after the Reorganisation, and the Company would become the holding company of the companies now comprising the Group. The Reorganisation mainly involved the following:

(a) Incorporation of the Company

On 1 June 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of United State dollar ("USD") 50,000 divided into 500,000,000 ordinary shares of per value of USD0.0001 each.

(b) Incorporation of an offshore subsidiary

On 3 July 2018, the Company established JACOBIO (HK) PHARMACEUTICALS CO., LIMITED ("Jacobio HK") in Hong Kong with an issued share capital of Hong Kong dollar ("HKD") 10,000 divided into 10,000 ordinary shares of per value of HKD1.00 each, as its wholly owned subsidiary.

(c) Acquisition of Beijing Jacobio

On 31 July 2018, Jacobio HK acquired 93.82% shares of Beijing Jacobio from the then shareholders of Beijing Jacobio excluding Suzhou Lirui Equity Investment Centre (Limited Partnership) ("Suzhou Lirui"), whose shares were subsequently acquired on 9 April 2019. Upon completion of these transactions, Beijing Jacobio is wholly owned by Jacobio HK.

(d) Issuance of shares of the Company

On 31 July 2018, the board of directors of the Company approved to issue or reserve shares to the then shareholders of Beijing Jacobio or their designated parties.

(e) As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries as if they were in existence during the Track Record Period:

Name of subsidiaries	Place and date of incorporation	Registered/ Issued share capital	Principal activities	Effective interests held by the Group			
				As at 31 December		As at 30 June	As of the date of this report
				2018	2019	2020	
Directly held:							
Jacobio HK	Hong Kong, 3 July 2018	10,000 shares of par value HKD1.00	Investing holding	100.00%	100.00%	100.00%	100.00%
Indirectly held:							
Beijing Jacobio	the PRC, 17 July 2015	RMB210,000,000	Research and development of new drugs	100.00%	100.00%	100.00%	100.00%
Jacomab Pharmaceuticals Co., Ltd. (i)	the PRC, 7 December 2016	RMB5,400,000	Research and development of new drugs	50.00%	100.00%	100.00%	100.00%
Jacobio-Beta Pharmaceuticals Co., Ltd. (iii)	the PRC, 20 January 2016	RMB5,000,000	Research and development of new drugs	90.00%	90.00%	100.00%	–
Jacobio-Gamma Pharmaceuticals Co., Ltd. ("Jacobio-Gamma") (ii)	the PRC, 20 January 2016	RMB7,320,000	Research and development of new drugs	62.50%	62.50%	48.77%	–
Jacobio-Delta Pharmaceuticals Co., Ltd. (iii)	the PRC, 21 September 2017	RMB100,000	Research and development of new drugs	100.00%	100.00%	100.00%	–
JACOBIO (US) PHARMACEUTICALS, INC.	the United States of America ("United States" or "U.S."), 20 December 2018	5,000 shares of par value USD1.00	Research and development of new drugs	100.00%	100.00%	100.00%	100.00%

(i) The Group had control over Jacomab Pharmaceuticals Co., Ltd. by controlling its operating activities during the Track Record Period. The Company acquired the remaining 50% equity interests in Jacomab Pharmaceuticals Co., Ltd. on 25 June 2019 (Note 25 (c)).

(ii) The Group had control over Jacobio-Gamma by designating 2 out of total 3 board members in Jacobio-Gamma during the Track Record Period, though it reduced its effective interests in Jacobio-Gamma to 48.77% on 17 April 2020. Jacobio-Gamma was deregistered on 10 August 2020.

(iii) Jacobio-Beta Pharmaceuticals Co., Ltd. and Jacobio-Delta Pharmaceuticals Co., Ltd. were deregistered on 9 October 2020.

(iv) Investments in subsidiaries

The Company's subsidiaries are unlisted companies and the investments in subsidiaries are accounted for at cost.

1.3 Basis of Presentation

Immediately prior to and after the Reorganisation, the Listing Business is conducted through the Operating Companies. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business. Accordingly, the Group resulting from the Reorganisation is regarded as a recapitalisation of the Listing Business under the Operating Companies and, for the purpose of this report, the Historical Financial Information has been prepared and presented as the consolidated basis as if the Reorganisation had occurred historically and presented with the assets and liabilities of the Operating Companies recognised and measured at the carrying amounts of the Listing Business under the consolidated financial statements of the Operating Companies for the Track Record Period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation

The principal accounting policies applied in the preparation of Historical Financial Information are in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

As at 30 June 2020, the Group had net current assets of RMB380,135,000, total deficit of RMB1,283,175,000 and accumulated losses of RMB1,447,013,000. For the six months ended 30 June 2020, the Group had net loss of RMB810,904,000 and net operating cash outflow of RMB72,003,000. The Group's business is in the new drug development stage with significant expenditures for research and development activities. As at 30 June 2020, the total deficit was mainly due to financial instruments with preferred rights issued to investors with carrying amount of RMB1,689,359,000 under non-current liabilities. Such financial instruments with preferred rights would not be contractually redeemable within the next 12 months period, subject to redemption and other clauses as set out in Note 21. These financial instruments with preferred rights shall automatically be converted into ordinary shares upon the closing of the global offering. Taking these into consideration, the directors believe that the Group will have sufficient available financial resources generated by financing activities to meet its obligations falling due and working capital requirements in the next 12 months from the date of issuance of these financial statements. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information on a going concern basis.

New and amended standards adopted by the Group

All effective standards, amendments to standards and interpretations of IFRS that are mandatory for the financial year beginning 1 January 2020, including IFRS 16 "Leases", are consistently applied to the Group for the Track Record Period.

New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

		Effective for accounting periods beginning on or after
Amendment to IFRS 16	COVID-19 related rent concessions	1 June 2020
Amendment to IAS 16	Property, Plant and Equipment – proceeds before intended use	1 January 2022
Amendment to IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendment to IFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated balance sheets, and consolidated statements of changes in equity respectively.

(i) Business combination

The Group applies the acquisition method to account for business combinations except for business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date; any gain or loss arising from such remeasurement is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognise at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognise in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the business acquired the difference is recognised directly in profit or loss as a bargain purchase.

(ii) Changes in ownership interests without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transaction – that is, as transactions with equity owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is the Company's functional and the Group's presentation currency. The functional currency of a subsidiary of the Company, which operates business in the U.S., is USD.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in consolidated statements of comprehensive income in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within other gains – net.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for balance sheets presented are translated at the closing rate at the date of that balance sheets;

(ii) Income and expenses for consolidated statements of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvement and certain leased plant and equipment, the shorter lease term as follows:

– Machinery and equipment	5-10 years
– Office equipment and furniture	3-5 years
– Leasehold improvement	Shorter of remaining lease term or estimated useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statements of comprehensive income.

2.6 Intangible assets

(a) Non-proprietary technologies

Acquired non-proprietary technologies are initially recorded at cost incurred to acquire and are amortised on a straight-line basis over their estimated useful lives.

(b) Research and development

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed drug product and all the following can be demonstrated:

– The technical feasibility to complete the development project so that it will be available for use or sale;

– The intention to complete the development project to use or sell the intangible asset;

– The ability to use or sell the intangible asset;

– The manner in which the development project will generate probable future economic benefits for the Group;

– The availability of adequate technical, financial and other resources to complete the development project and use or sell the intangible asset; and

– The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalised development costs are amortised using the straight-line method over the life of the related intangible asset. Amortisation shall begin when the asset is available for use.

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred.

During the Track Record Period, there were no development costs meeting these criteria and capitalised as intangible assets.

2.7 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

– Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

See Note 18 for details about each type of financial assets.

(b) Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognise in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

– Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains – net.

– Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognise in profit or loss and presented net in the consolidated statements of comprehensive income within other gains – net in the period in which it arises.

During the Track Record Period, no amount is recognised in respect of financial assets at fair value through other comprehensive income.

(c) Derecognition of financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions:

– The rights to receive cash flows from the asset have expired; or

– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost and other receivables on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash at bank and on hand, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within 1 year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Financial instruments with preferred rights

Financial instruments with preferred rights are preferred shares issued by the Company that are redeemable upon occurrence of certain future events. Each Preferred Share (has the meaning given in Note 21) shall be converted into fully-paid and non-assessable ordinary shares, based on the then-effective applicable conversion price after the respective date on which relevant class of shares are issued. Each Preferred Share shall automatically be converted into ordinary share at the then respective effective applicable conversion price upon (i) the closing of a qualified initial public offering ("IPO") agreed by the Company and the preferred shareholders, or (ii) the written consent of the majority of each class of the Preferred Shares.

The Group designated redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Subsequent to initial recognition, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

2.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.15 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting dates in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

(i) Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(ii) Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

(b) Pension, housing funds, medical insurances and other social insurances obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Share-based payments

(i) Equity-settled share-based payment transaction

The Group operates equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

– Including any market performance conditions;

– Excluding the impact of any service and non-market performance vesting conditions;

– Including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement date and grant date.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

(ii) Share-based payment transaction among group entities

The grant by the Company of its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Where the grants relate to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statements of comprehensive income over the expected useful life of the relevant asset on straight-line basis or deducted from the carrying amount of the asset and released to the consolidated statements of comprehensive income by way of a reduced depreciation charge.

2.18 Leases

The Group leases properties for operation. Rental contracts are typically made for a fixed period of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:

– Fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

– Amounts expected to be payable by the lessee under residual value guarantees;

– The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

– Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

– The amount of the initial measurement of lease liability

– Any lease payments made at or before the commencement date less any lease incentives received

– Any initial direct costs, and

– Restoration costs

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 2.7).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise IT equipment and small items of office furniture.

2.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20 Loss per share

To calculate loss per share, the Company assumes the capital structure upon the Reorganisation had been in effect historically as stated in Note 1.2.

(a) Basic loss per share

Basic loss per share is calculated by dividing:

– The loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

– By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

– The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

– The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective group entities' functional currency. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's exposure to foreign currency risk at 31 December 2018 and 2019 and 30 June 2020 mainly comes from cash and bank balances and financial instruments with preferred right in USD.

As at 31 December 2018 and 2019 and 30 June 2020, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, net loss would have been approximately RMB5,250,000, RMB23,605,000 and RMB74,866,000 higher/lower.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from other payable to a third party with variable rates (Note 23), which expose the Group to cash flow interest rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss would approximately increase by nil, RMB60,000 and nil for the year ended 31 December 2018 and 2019 and six months end 30 June 2020, respectively.

(b) Credit risk

Credit risk mainly arises from cash and bank balances, and trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The credit risk of cash and bank balances is considered to be low because the counterparties are state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. The directors of the Company do not expect any losses and no loss allowance provision for short-term bank deposits and bank balances.

For trade and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group applies the simplified approach for the Group's trade receivables using a lifetime expected loss provision. As at 31 December 2018 and 2019 and 30 June 2020, the Group had no balance in respect of trade receivables. Thus, no loss allowance provision for trade receivables was recognised during the Track Record Period.

Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The directors of the Company do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(c) Liquidity risk

The Group aims to maintain sufficient cash to meet operating capital requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2018					
Trade payables	9,002	–	–	–	9,002
Other payables and accruals excluding non-financial liabilities	3,151	–	–	–	3,151
Lease liabilities	–	8,580	8,552	–	17,132
Total	12,153	8,580	8,552	–	29,285
As at 31 December 2019					
Trade payables	12,737	–	–	–	12,737
Other payables and accruals excluding non-financial liabilities	15,985	–	–	–	15,985
Lease liabilities	9,496	9,567	2,126	–	21,189
Total	38,218	9,567	2,126	–	49,911

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2020					
Trade payables	17,317	–	–	–	17,317
Other payables and accruals excluding non-financial liabilities	3,387	–	–	–	3,387
Lease liabilities	8,529	9,582	1,606	–	19,717
Total	29,233	9,582	1,606	–	40,421

The Group recognises financial instruments with preferred rights at fair value through profit or loss. Accordingly, financial instruments with preferred rights are managed on a fair value basis rather than by maturing dates.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. The Group may adjust the amount of dividends paid to shareholders, provide returns for shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total borrowings and lease liabilities less cash and bank balances. Adjusted capital comprises all components of equity as shown in the consolidated balance sheets and preferred shares on an as-if-converted basis. As at 31 December 2018 and 2019 and 30 June 2020, the Group has no net debt outstanding.

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

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

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

Specific valuation techniques used to value financial instruments include:

– Quoted market prices or dealer quotes for similar instruments;

– Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and

– A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

The following table presents the Group's liabilities that were measured at fair value at 31 December 2018 and 2019 and 30 June 2020:

	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities				
Financial instruments with preferred rights	–	–	528,967	528,967

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities				
Financial instruments with preferred rights	–	–	770,265	770,265

	As at 30 June 2020			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities				
Financial instruments with preferred rights	–	–	1,689,359	1,689,359

Should the discount rate used in discounted cash flow method be higher/lower by 100 basis points from management's estimates, the estimated fair value carrying amounts of financial instruments with preferred rights as at 31 December 2018 and 2019 and 30 June 2020 would have been RMB43,490,000 lower/RMB44,068,000 higher, RMB64,025,000 lower/RMB41,395,000 higher, RMB143,744,000 lower/RMB126,846,000 higher, respectively.

There were no changes in valuation techniques during the Track Record Period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The changes and valuations of level 3 instruments for the years ended 31 December 2018 and 2019 and six months end 30 June 2020 are presented in Note 21.

The carrying amounts of the Group's other financial assets and liabilities, including cash and bank balances, other receivables, lease liabilities, trade payables and other payables, approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of fair value of financial instruments with preferred rights

The financial instruments with preferred rights issued by the Company are not traded in an active market and the respective fair values are determined using valuation techniques. The Group used the discounted cash flow method and back-solve method to determine the underlying share value and adopted the equity allocation model to determine the fair value of the financial instruments with preferred rights as at each date of issuance and at the end of each reporting period. Key assumptions, such as discount rate, risk-free interest rate, volatility, discount for lack of marketability ("DLOM") and probability for a qualified IPO are disclosed in Note 21. Any change in key assumptions used in the discounted cash flow method and the equity allocation model will have impacts on the fair values.

(b) Recognition of share-based compensation expenses

As mentioned in Note 26, equity-settled share-based compensation plans were granted to the employees. The directors have used the Black-Scholes model to determine the total fair value of the share options and used back-solve method to determine the total fair value of the restricted shares granted to employees, which are to be expensed over the vesting period. Significant estimate on assumptions, such as the risk-free interest rate, expected volatility, estimation of vesting period and dividend yield, is required to be made by the directors in applying the methods.

(c) Current and deferred income taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies who had tax losses.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the Track Record Period, the Group is principally engaged in the research and development of new drugs. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, the Group's results were primarily derived in the PRC during the Track Record Period.

6 EXPENSES BY NATURE

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Employee benefits expenses *(Note 7)*	42,312	111,338	19,743	30,652
Testing fee	30,335	48,189	20,366	26,190
Raw materials and consumables used	14,516	24,057	7,062	9,359
Depreciation and amortisation	8,512	13,187	8,185	4,873
Professional services expenses	3,754	3,555	1,286	6,383
Short-term leases expenses	2,482	3,489	1,670	2,002
Utilities and office expenses	2,370	3,361	1,751	1,758
Listing expenses	–	–	–	516
Travelling and transportation expenses	1,145	1,288	405	300
Auditor's remuneration	73	127	32	130
Others	2,174	1,466	479	1,223
Total	107,673	210,057	60,979	83,386

7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Wages, salaries and bonuses	23,134	30,653	15,056	20,482
Share-based compensation expenses *(Note 26)*	11,720	68,644	354	6,806
Social security costs and housing benefits	5,848	9,797	3,413	2,311
Other employee benefits	1,610	2,244	920	1,053
	42,312	111,338	19,743	30,652

The employees of the Group are members of a state-managed pension scheme operated by the local government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

(a) Employee benefits expenses by nature

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Research and development expenses	26,907	44,905	14,971	23,516
Administrative expenses	15,405	66,433	4,772	7,136
	42,312	111,338	19,743	30,652

8 OTHER INCOME

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Government grants	2,378	9,621	2,861	3,280
Investment income on wealth management products	1,511	425	262	100
	3,889	10,046	3,123	3,380

9 OTHER GAINS – NET

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Net foreign exchange gains	2,450	5,841	387	1,069
Loss on disposal of a subsidiary *(Note 28)*	(99)	–	–	–
	2,351	5,841	387	1,069

10 FINANCE (EXPENSES)/INCOME – NET

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Finance income				
– Interest income	446	5,332	2,988	1,831
Finance expenses				
– Interest costs on amounts due to limited partners of a subsidiary (a)	(1,342)	–	–	–
– Interest costs on other payable to a third party *(Note 23)*	–	(478)	(191)	(244)
– Interest costs on lease liabilities	(701)	(896)	(419)	(475)
	(2,043)	(1,374)	(610)	(719)
Finance (expenses)/income – net	(1,597)	3,958	2,378	1,112

(a) Pursuant to the partnership agreement of a subsidiary of the Group, Beijing Yitang Chuangxin Venture Capital Center (Limited Partnership) (formerly known as Beijing Yitang Jacobio Venture Capital Center (Limited Partnership)) ("Yitang Chuangxin" or the "Fund"), RMB1,342,000 should be paid to the limited partners of Yitang Chuangxin as their investment interests for the period ended the date on which the Group ceased indirect control over Yitang Chuangxin (Note 28).

11 INCOME TAX EXPENSE

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Current income tax expense	–	–	–	–
Deferred income tax expense	–	–	–	–
	–	–	–	–

(a) The Group's principal applicable taxes and tax rates are as follows:

Cayman Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

Hong Kong

Hong Kong profits tax rate is 16.5% up to 1 April 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HKD2 million and 16.5% for any assessable profits in excess. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

United States

The subsidiary incorporated in Massachusetts, United States is subject to statutory United States federal corporate income tax at a rate of 21%. It is also subject to the state income tax in Massachusetts at a rate of 8% during the Track Record Period.

Mainland China

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to enterprise income tax at a rate of 25% on the taxable income.

Pursuant to the relevant laws and regulations, a subsidiary of the Company has been eligible as a High/New Technology Enterprise ("HNTE") which is subject to a tax concession rate of 15% during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for that year.

(b) Numerical reconciliation of income tax expense

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Loss before income tax	(155,935)	(425,817)	(155,055)	(810,904)
Tax credits calculated at statutory tax rate of 25%	(38,984)	(106,454)	(38,764)	(202,726)
Impact of applying different tax rate	865	55,441	24,033	182,076
Expenses not deductible for taxation purposes	18,294	20,445	2,056	1,951
Super deduction of research and development expenses	(9,507)	(17,065)	(7,089)	(9,471)
Tax losses not recognised as deferred tax assets	29,332	47,633	19,764	28,170
Income tax expense	–	–	–	–

As at 31 December 2018 and 2019 and 30 June 2020, the Group had unused tax losses of approximately RMB190,511,000, RMB377,707,000 and RMB490,384,000 respectively that can be carried forward against future taxable income. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future taxable income.

The unused tax losses of the Group were mainly from the subsidiaries incorporated in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE and Small and Medium-sized Technological Enterprises issued in July 2018, which retrospectively effects from 1 January 2018, the accumulated tax losses which did not expire from 2018 will have expiries extending from 5 years to 10 years from then on.

12 LOSS PER SHARE

(a) Basic loss per share

Basic and diluted loss per share reflecting the effect of the issuance of ordinary shares by the Company are presented as follows.

To calculate loss per share, the capital structure in July 2018 when the Reorganisation completed is pushed back assuming it had been in effect historically. Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding.

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
			(Unaudited)	
Loss attributable to owners of the Company for the year/period (RMB'000)	(149,212)	(424,811)	(154,117)	(810,896)
Weighted average number of fully paid ordinary shares in issue (in thousands) (i)	43,764	43,764	43,764	67,102
Basic loss per share (in RMB per share) (ii)	(3.41)	(9.71)	(3.52)	(12.08)

(i) 29,499,000 Series A preferred shares without redemption rights ("Series A Preferred Shares") and 2,812,193 Founders' Series B Preferred Shares (has the meaning given in Note 21) are treated as ordinary shares for the purpose to calculate loss per share as they are recognised in equity and have no preferred right as to dividends compared with ordinary shares.

Movement of number of fully paid ordinary shares outstanding for the reported periods are shown in Note 24.

(ii) The calculation of basic loss per share has not considered the shares which were issued but not fully paid as dividends shall be declared and paid according to the amounts paid on the shares.

(b) Diluted loss per share

The Group had potential dilutive shares throughout the Track Record Period related to the shares held for share award scheme. Due to the Group's negative financial results during the Track Record Period, shares held for share award scheme has anti-dilutive effect on the Group's loss per share. Thus, diluted loss per share is equivalent to the basic loss per share.

The basic and diluted loss per share as presented above has not taken into account the proposed capitalisation issue of 530,542,224 shares pursuant to the shareholders' resolution dated 30 November 2020 because the proposed capitalisation issue has not become effective as of the date of this report.

13 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Office equipment and furniture	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018				
Cost	19,214	1,268	6,292	26,774
Accumulated depreciation	(2,460)	(508)	(1,670)	(4,638)
Net book value	16,754	760	4,622	22,136
Year ended 31 December 2018				
Opening net book amount	16,754	760	4,622	22,136
Additions	8,821	852	833	10,506
Disposal of a subsidiary *(Note 28)*	–	(7)	–	(7)
Depreciation charge	(2,209)	(453)	(1,494)	(4,156)
Closing net book value	23,366	1,152	3,961	28,479
As at 31 December 2018				
Cost	28,035	2,104	7,125	37,264
Accumulated depreciation	(4,669)	(952)	(3,164)	(8,785)
Net book value	23,366	1,152	3,961	28,479
As at 1 January 2019				
Cost	28,035	2,104	7,125	37,264
Accumulated depreciation	(4,669)	(952)	(3,164)	(8,785)
Net book value	23,366	1,152	3,961	28,479
Year ended 31 December 2019				
Opening net book amount	23,366	1,152	3,961	28,479
Additions	2,735	388	427	3,550
Disposals	(4)	(19)	–	(23)
Depreciation charge	(3,039)	(532)	(1,805)	(5,376)
Closing net book value	23,058	989	2,583	26,630
As at 31 December 2019				
Cost	30,766	2,473	7,552	40,791
Accumulated depreciation	(7,708)	(1,484)	(4,969)	(14,161)
Net book value	23,058	989	2,583	26,630

	Machinery and equipment	Office equipment and furniture	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2019				
Cost	28,035	2,104	7,125	37,264
Accumulated depreciation	(4,669)	(952)	(3,164)	(8,785)
Net book value	23,366	1,152	3,961	28,479
Six months ended 30 June 2019 (Unaudited)				
Opening net book amount	23,366	1,152	3,961	28,479
Additions	562	244	185	991
Disposals	–	(6)	–	(6)
Depreciation charge	(1,398)	(260)	(790)	(2,448)
Closing net book value	22,530	1,130	3,356	27,016
As at 30 June 2019 (Unaudited)				
Cost	28,597	2,342	7,310	38,249
Accumulated depreciation	(6,067)	(1,212)	(3,954)	(11,233)
Net book value	22,530	1,130	3,356	27,016
As at 1 January 2020				
Cost	30,766	2,473	7,552	40,791
Accumulated depreciation	(7,708)	(1,484)	(4,969)	(14,161)
Net book value	23,058	989	2,583	26,630
Six months ended 30 June 2020				
Opening net book amount	23,058	989	2,583	26,630
Additions	622	140	23	785
Disposals	–	(3)	–	(3)
Depreciation charge	(1,503)	(247)	(1,049)	(2,799)
Effects of exchange rate changes	13	2	–	15
Closing net book value	22,190	881	1,557	24,628
As at 30 June 2020				
Cost	31,404	2,612	7,575	41,591
Accumulated depreciation	(9,214)	(1,731)	(6,018)	(16,963)
Net book value	22,190	881	1,557	24,628

Depreciation of property, plant and equipment has been charged to the consolidated statements of loss as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Research and development expenses	3,458	4,543	2,078	2,354
Administrative expenses	698	833	370	445
	4,156	5,376	2,448	2,799

14 RIGHT-OF-USE ASSETS

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Leased properties	6,808	7,400	5,326

The Group leases properties for own use. Information about leases for which the Group is a lessee is presented below:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Cost	10,053	14,567	14,567	14,567
Accumulated depreciation	(3,245)	(7,167)	(5,093)	(9,241)
Net book amount	6,808	7,400	9,474	5,326
Opening net book amount	10,053	6,808	6,808	7,400
Additions	–	4,514	4,514	–
Depreciation charge	(3,245)	(3,922)	(1,848)	(2,074)
Closing net book amount	6,808	7,400	9,474	5,326

The consolidated statements of loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Depreciation charge of right-of-use assets	3,245	3,922	1,848	2,074
Interest costs on lease liabilities	701	896	419	475
Expenses relating to short-term leases	2,482	3,489	1,670	2,002
The cash outflow for leases as operating activities	2,581	2,653	1,428	2,477
The cash outflow for leases as investing activities	–	176	176	–
The cash outflow for leases as financing activities	–	870	328	1,473

15 INTANGIBLE ASSETS

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Non-proprietary technologies				
Cost	5,000	5,000	5,000	5,000
Accumulated amortisation	(1,111)	(5,000)	(5,000)	(5,000)
Net book value	3,889	–	–	–
Opening net book amount	–	3,889	3,889	–
Additions	5,000	–	–	–
Amortisation charge	(1,111)	(3,889)	(3,889)	–
Closing net book value	3,889	–	–	–

The non-proprietary technologies were used for a research and development programme. The non-proprietary technologies were amortised on a straight-line basis over their estimated useful lives of 1.5 years upon initial recognition and was accelerated amortised in June 2019 due to the termination of the research and development programme.

The amortisation charge has been charged to the consolidated statements of loss as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Research and development expenses	1,111	3,889	3,889	–

16 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Value added tax recoverable	9,099	12,580	13,043
Prepayments for goods and services	4,115	2,332	6,432
Prepayments to suppliers of property, plant and equipment	290	2	155
Prepayments of listing expenses	–	–	84
Other receivables	83	45	574
	13,587	14,959	20,288
Less: non-current portion (a)	(9,389)	(11,213)	(11,318)
Current portion	4,198	3,746	8,970

(a) The non-current portion of other receivables and prepayments includes value added tax recoverable that could not be utilised in the coming 12 months and prepayments to suppliers of property, plant and equipment.

17 CASH AND BANK BALANCES

(a) The following tables present the Group's and the Company's cash and bank balances at 31 December 2018 and 2019 and 30 June 2020:

The Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Cash on hand			
– RMB	–	10	–
Cash at bank			
– RMB	32,623	16,165	213,438
– USD	388,210	298,163	192,043
	420,833	314,338	405,481

The Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Cash at bank			
– RMB	–	–	208,713
– USD	376,904	235,114	168,615
	376,904	235,114	377,328

(b) Reconciliation to consolidated statements of cash flows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Cash and bank balances	420,833	314,338	405,481
less: Deposits with original maturities of over 3 months	–	–	(69,481)
Cash and cash equivalents	420,833	314,338	336,000

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost			
– Other receivables *(Note 16)*	83	45	574
– Cash and bank balances *(Note 17)*	420,833	314,338	405,481
	420,916	314,383	406,055
Financial liabilities			
Financial liabilities at amortised cost			
– Trade payables *(Note 22)*	9,002	12,737	17,317
– Other payables and accruals excluding non-financial liabilities	3,151	15,985	3,387
Lease liabilities *(Note 20)*	15,467	19,831	18,834
Financial instruments with preferred rights *(Note 21)*	528,967	770,265	1,689,359
	556,587	818,818	1,728,897

19 DEFERRED INCOME

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Government grants			
Income-related grants (a)	4,516	3,404	1,899
Asset-related grants (b)	3,926	3,208	2,763
	8,442	6,612	4,662
To be realised within 12 months	5,234	4,070	2,409
To be realised after more than 12 months	3,208	2,542	2,253
	8,442	6,612	4,662

(a) The income-related grants are mainly subsidies received from the government for compensating the Group's research and development activities with regards to certain projects. The amount of government grants that credited to the consolidated statements of comprehensive loss is disclosed in Note 8.

(b) The asset-related grants are subsidies received from the government for compensating the Group's purchase of property, plant and equipment.

20 LEASE LIABILITIES

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Current	–	9,024	8,273
Non-current	15,467	10,807	10,561
	15,467	19,831	18,834

The Group leases properties for own use and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowing rates of the Group ranging from 4.75% to 5.50%.

For the total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases are disclosed in Note 14.

21 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS

The Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Convertible redeemable preferred shares	528,967	770,265	1,689,359
Non-current portion	528,967	770,265	1,689,359

The Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Convertible redeemable preferred shares	493,217	770,265	1,689,359
Non-current portion	493,217	770,265	1,689,359

The details and key terms of these financial instruments with preferred rights are summarised as follows:

Series B Preferred Shares

In September 2017, Beijing Jacobio issued 31,960,000 shares at a cash consideration of RMB95,880,000. On 31 July 2018 and 9 April 2019, these shares were converted into 18,524,193 Series B convertible preferred shares ("Series B Preferred Shares") of the Company, including 15,712,000 shares with redemption rights (Note (c)(iii)) ("Series B Redeemable Preferred Shares") and 2,812,193 shares without redemption rights ("Founders' Series B Preferred Shares", "Founders" has the meaning given in Note (c)(i)).

Series C Preferred Shares

The Company issued 22,000,000 shares of Series C convertible preferred shares ("Series C Preferred Shares") at cash consideration of USD55,000,000 (equivalent to RMB376,627,000) in August 2018.

Series C+ Preferred Shares

The Company issued 7,135,556 shares of Series C+ convertible preferred shares ("Series C+ Preferred Shares") at cash consideration of USD26,000,000 (equivalent to RMB182,497,000) in February 2020.

Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares are collectively referred as "Preferred Shares". The key terms of the Preferred Shares are summarised as follows:

(a) Conversion right of the Preferred Shares

Each Preferred Share shall be converted into fully-paid and non-assessable ordinary shares, based on the then-effective applicable conversion price after the respective date on which relevant class of shares are issued. The initial conversion ratio for Preferred Share to ordinary share is 1:1.

The conversion price is the respective applicable issue price per ordinary share. No adjustment in the respective applicable conversion price shall be made in respect of the issuance of additional ordinary shares unless the issue price per share for an additional ordinary share issued or deemed to be issued by the Company is less than the respective applicable conversion price in effect on the date of and immediately prior to such issue.

Each Preferred Share shall automatically be converted into ordinary share at the then respective effective applicable conversion price upon (i) the closing of a qualified IPO agreed by the Company and the preferred shareholders, or (ii) the written consent of the majority of each class of the Preferred Shares.

A qualified IPO is defined as an IPO on a recognised regional or national securities exchange with an offering price (exclusive of underwriting commissions and expenses) that reflects the market capitalisation of the Company is not less than an agreed level.

(b) Liquidation preferences of Preferred Shares

In the event of any liquidation (as defined below), dissolution or winding up of the Company, either voluntarily or involuntarily, the convertible preferred shareholders shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation preference amount per share is calculated as follows:

The liquidation amount of Series C+ Preferred Shares and Series C Preferred Shares is the preferred share unit price, plus an annual simple rate of 10% of the preferred share unit price for a period of time commencing from the delivery date to the actual payment date of the settlement and any declared but unpaid dividends thereon up to the date of the settlement.

The liquidation amount of Series B Preferred Shares is the preferred share unit price, plus an annual simple rate of 8% of the preferred share unit price for a period of time commencing from the delivery date to the actual payment date of the settlement and any declared but unpaid dividends thereon up to the date of the settlement.

A liquidation event means (i) any liquidation, dissolution or winding up, either voluntarily or involuntarily, of the Company and (ii) any transaction involving (a) any sale, disposition, lease or conveyance by the Company of all or substantially all of its assets (including the sale or exclusive licensing of all or substantially all the intellectual property assets of the Company); or (b) any merger or consolidation of the Company with or into any other corporation or corporations or other entity or entities or any other corporate reorganisation after which the holders

of the Company's voting shares prior to such transaction own or control less than a majority (means more than 50% of votes of each class of shares or more than 50% of votes of the directors) of the outstanding voting shares of the surviving corporation or other entity on account of shares held by them prior to the transaction.

(c) Redemption rights of Redeemable Preferred Shares

Series B Redeemable Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares are collectively referred as "Redeemable Preferred Shares". The holders of Redeemable Preferred Shares have the right to require the Company to redeem the preferred shares when the following events happen:

(i) Any material breach of the agreements between shareholders and/or the articles of the companies of the Group, any of the founders including Yinxiang Wang, Shaojing Hu, Xiaojie Wang and Yunyan Hu (collectively the "Founders"), and any companies including Yakovpharma Ltd, Emmanuelhupharma Ltd, Risepharma Ltd, Hmed Ltd, Willgenpharma Ltd, and Johwpharma Ltd. (collectively the "Founder Holdcos");

(ii) Any material violation of laws by the companies of the Group, any of Founder Holdcos and/or Founders, which results in material adverse effect on any company of the Group; or

(iii) Material dishonesty of any company of the Group and/or the management of the companies of the Group (including the Founder Holdcos and/or the Founders), which results in material adverse effect on any company of the Group, each Redeemable Preferred Shares shall be redeemable at the option of such holder of the Redeemable Preferred Shares, out of funds legally available (including capital) therefor.

The redemption amount is the same with the liquidation amount disclosed in Note (b) as above.

The Group designated Redeemable Preferred Shares as financial liabilities at fair value through profit or loss because the financial instruments with preferred rights have embedded derivatives for the conversion feature.

The movements of financial instruments with preferred rights for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 are set out below:

As at 1 January 2018	99,238
Issuance	376,627
Fair value losses recognised in profit or loss	52,905
Changes in fair value due to own credit risk recognised in other comprehensive income	197
As at 31 December 2018	528,967
As at 1 January 2019	528,967
Fair value losses recognised in profit or loss	235,605
Changes in fair value due to own credit risk recognised in other comprehensive income	5,693
As at 31 December 2019	770,265
As at 1 January 2019	528,967
Fair value losses recognised in profit or loss	99,964
Changes in fair value due to own credit risk recognised in other comprehensive income	1,667
As at 30 June 2019 (Unaudited)	630,598
As at 1 January 2020	770,265
Issuance	182,497
Fair value losses recognised in profit or loss	733,079
Changes in fair value due to own credit risk recognised in other comprehensive income	3,518
As at 30 June 2020	1,689,359

The Company has engaged an independent valuer to determine the fair value of Preferred Shares. The discounted cash flow method and back-solve method were used to determine the underlying share value and the equity allocation model was adopted to determine the fair value of the financial instruments with preferred rights as at each date of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of financial instruments with preferred rights as at 31 December 2018 and 2019 and 30 June 2020 are as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
Discount rate	24.00%	22.00%	21.00%
Risk-free interest rate	2.50%	1.64%	0.19%
Volatility	67.37%	62.70%	65.25%
DLOM	13.52%	7.36%-11.94%	6.16%-11.66%
Probability for a qualified IPO	25.00%	45.00%	60.00%

22 TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Less than 1 year	9,002	12,352	17,277
Between 1 and 2 years	–	385	–
Between 2 and 3 years	–	–	40
	9,002	12,737	17,317

The carrying amounts of trade payables are mainly denominated in RMB, and approximate their fair values.

23 OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	5,393	7,033	4,971
Payables for purchase of property, plant and equipment	2,853	2,773	2,963
Tax payables	419	942	368
Other payable to a third party (a)	–	12,478	–
Short-term leases payables	–	695	256
Others	298	39	168
Total	8,963	23,960	8,726

(a) Other payable to a third party was guaranteed by a related party (Note 31(b)). At 31 December 2019, other payable to a third party bore an interest rate of 4.75% per annum. The total amount was settled in May 2020.

24 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Number of preferred shares	Nominal value of preferred shares
		USD'000		USD'000
Authorised:				
Upon incorporation	500,000,000	50	–	–
Re-designation upon issuance of then preferred shares at share conversion (a)	(66,267,193)	(7)	66,267,193	7
As at 31 December 2018	433,732,807	43	66,267,193	7
Re-designation upon issuance of then preferred shares at share conversion (b)	(3,756,000)	–	3,756,000	–
As at 31 December 2019	429,976,807	43	70,023,193	7
Re-designation upon issuance of then preferred shares at share conversion (c)	(7,135,556)	(1)	7,135,556	1
As at 30 June 2020	422,841,251	42	77,158,749	8

	Number of shares in equity	Share capital	
		USD'000	RMB'000
Issued and fully paid:			
Reorganisation	42,763,526	4	29
Contributions from shareholders	1,000,000	–	1
As at 31 December 2018 (d)	43,763,526	4	30
As at 31 December 2019 (d)	43,763,526	4	30
Contributions from shareholders	33,445,200	3	23
As at 30 June 2020 (d)	77,208,726	7	53

(a) The Company re-designated 66,267,193 ordinary shares as preferred shares, including 29,499,000 Series A Preferred Shares, 11,956,000 Series B Redeemable Preferred Shares, 2,812,193 Founders' Series B Preferred Shares on 31 July 2018 and 22,000,000 Series C Preferred Shares on 22 August 2018 (Note 21).

(b) The Company re-designated 3,756,000 ordinary shares as Series B Redeemable Preferred Shares on 9 April 2019 (Note 21).

(c) The Company re-designated 7,135,556 ordinary shares as Series C+ Preferred Shares on 27 February 2020 (Note 21).

(d) As at 31 December 2018 and 2019, 34,487,474 shares have not been paid out of 78,251,000 issued shares recognised in equity, which include 45,939,807 ordinary shares, 29,499,000 Series A Preferred Shares and 2,812,193 Founders' Series B Preferred Shares.

As at 30 June 2020, 8,579,274 shares have not been paid out of 85,788,000 issued shares recognised in equity, which include 53,476,807 ordinary shares, 29,499,000 Series A Preferred Shares and 2,812,193 Founders' Series B Preferred Shares.

25 OTHER RESERVES

	Capital reserve	Losses from financial instruments with preferred rights due to own credit risk	Foreign currency translation reserve (a)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	104,206	(496)	–	103,710
Reorganisation *(Note 1.2)*	(29)	–	–	(29)
Contributions from shareholders (b)	17,048	–	–	17,048
Dividends to shareholders (b)	(17,049)	–	–	(17,049)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(197)	–	(197)
As at 31 December 2018	104,176	(693)	–	103,483
As at 1 January 2019	104,176	(693)	–	103,483
Exchange differences on translation of foreign operations	–	–	33	33
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(5,693)	–	(5,693)
Transaction with non-controlling interests (c)	(12,617)	–	–	(12,617)
As at 31 December 2019	91,559	(6,386)	33	85,206
As at 1 January 2019	104,176	(693)	–	103,483
Exchange differences on translation of foreign operations	–	–	(34)	(34)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(1,667)	–	(1,667)
Transaction with non-controlling interests (c)	(12,617)	–	–	(12,617)
As at 30 June 2019 (Unaudited)	91,559	(2,360)	(34)	89,165

	Capital reserve	Losses from financial instruments with preferred rights due to own credit risk	Foreign currency translation reserve (a)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	91,559	(6,386)	33	85,206
Contributions from shareholders	1	–	–	1
Exchange differences on translation of foreign operations	–	–	(5)	(5)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(3,518)	–	(3,518)
Transaction with non-controlling interests (d)	(5,791)	–	–	(5,791)
As at 30 June 2020	85,769	(9,904)	28	75,893

(a) Foreign currency translation reserve represents the difference arising from the translation of financial information of a subsidiary of the Company, which has a functional currency different from the presentation currency of the Company.

(b) On 22 August 2018, the Company issued 1,000,000 ordinary shares to a shareholder at a consideration of USD2,500,000 (equivalent to RMB17,049,000), and RMB17,048,000 was recognised in capital reserve.

On the same date, pursuant to the shareholder's resolution of the Company, a special dividend ("Special Dividend") at an aggregate amount of USD2,500,000 (equivalent to RMB17,049,000) was declared to Risepharma Ltd and Hmed Ltd (Note 26 (d)).

Capital reserve is distributable under the Companies Law of the Cayman Islands.

(c) On 25 June 2019, the Group acquired the remaining 50% of the shares of an insignificant subsidiary Jacomab Pharmaceuticals Co., Ltd. ("Jacomab") from an independent third party at a consideration of RMB10,000,000. Upon the completion of the transaction, Jacomab is wholly owned by the Group.

(d) On 22 May 2020, the Group acquired the remaining 10% of the shares of an insignificant subsidiary Jacobio-Beta Pharmaceuticals Co., Ltd. ("Jacobio-Beta") from an independent third party at a consideration of RMB5,500,000. Upon the completion of the transaction, Jacobio-Beta is wholly owned by the Group.

26 SHARE-BASED PAYMENTS

(a) 2017 employee incentive plan

On 1 January 2017, 19 eligible employees ("Grantees A") were granted 4,540,000 share options of Beijing Jacobio which are vested when Grantees A complete a five-year service period ("2017 Plan"). The exercise price of the options is RMB1.00 per ordinary share.

The fair value of the share options granted on the grant date, have been valued to be RMB0.78 per share, by an independent qualified valuer using Black-Scholes model. Key assumptions are set as below:

Risk-free interest rate	2.85%
Expected volatility	75.82%

No options were forfeited during the year ended 31 December 2018 and 2019.

Upon the Reorganisation, certain shares of the Company were reserved for 2017 Plan.

(b) Modification of 2017 Plan

On 1 March 2020, Grantees A were granted 2,231,864 restricted shares at a consideration of RMB0.1 per ordinary share, taking place of the 4,540,000 share options under 2017 Plan. The Group records the incremental fair value, amounting to RMB4,151,000, and the remaining expense of the original share options granted, amounting to RMB1,298,000, in the consolidated statements of comprehensive loss pursuant to the modified vesting schedule set out below.

Vesting date	Number of restricted shares vested
At the date of modification	1,115,932
1 January 2021	557,966
1 January 2022	557,966
	2,231,864

The fair value of the shares granted have been valued by an independent qualified valuer using Black-Scholes model as at the grant date. Key assumptions are set as below:

Risk-free interest rate	2.20%
Expected volatility	64.13%

(c) Amendment to subscription price of certain shares

On 20 August 2019, the shareholders of the Company approved to waive the subscription price of certain shares of the Company to the certain shareholders of RMB67,936,000, which was deemed as a share incentive to the certain shareholders.

(d) Special incentive to certain shareholders

On 22 August 2018, the Special Dividend (Note 25(b)) was declared to Risepharma Ltd and Hmed Ltd as a deemed redemption of 1,000,000 ordinary shares that should have been issued to them during the Reorganisation.

The difference between the consideration of the deemed redemption and the fair value of the 1,000,000 ordinary shares, which is RMB11,012,000, was deemed as a special share-based payment to Risepharma Ltd and Hmed Ltd.

(e) 2020 employee incentive plan

On 1 March 2020, 608,205 restricted shares were granted to certain employees of the Group at a consideration of RMB0.1 per share ("2020 Plan"). The Group records the expenses arising from 2020 Plan in the consolidated statements of comprehensive loss pursuant to the vesting schedule set out below.

Vesting date	Number of restricted shares vested
1 March 2020	29,038
1 September 2020	27,038
4 April 2021	25,000
1 September 2021	27,038
1 March 2022	99,513
4 April 2022	25,000
1 September 2022	27,038
1 March 2023	99,513
4 April 2023	25,000
1 March 2024	99,513
4 April 2024	25,000
1 March 2025	99,514
	608,205

The fair value of the restricted shares under the 2020 Plan is RMB28.03 per share at the grant date, which has been valued by an independent qualified valuer using back-solve method.

(f) Expenses arising from share-based payment transactions

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
2017 Plan and Modification of 2017 Plan	708	708	354	3,636
Amendment to subscription price of certain shares	–	67,936	–	–
Special incentive to certain shareholders	11,012	–	–	–
2020 Plan	–	–	–	3,170
	11,720	68,644	354	6,806

As at 31 December 2018 and 2019 and 30 June 2020, the accumulated expenses arising from share-based payment transactions amounting to RMB12,428,000, RMB81,072,000 and RMB87,878,000 respectively are recognised in the share-based compensation reserve.

27 CASH USED IN OPERATIONS

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Loss before income tax	(155,935)	(425,817)	(155,055)	(810,904)
Adjustments for:				
– Depreciation of property, plant and equipment	4,156	5,376	2,448	2,799
– Amortisation of intangible assets	1,111	3,889	3,889	–
– Depreciation of right-of-use assets	3,245	3,922	1,848	2,074
– Investment income on wealth management products	(1,511)	(425)	(262)	(100)
– Loss on disposal of a subsidiary	99	–	–	–
– Fair value changes in financial instruments with preferred rights	52,905	235,605	99,964	733,079
– Finance expenses/(income) – net	1,597	(3,958)	(2,378)	(1,112)
– Share-based compensation expenses	11,720	68,644	354	6,806
– Net foreign exchange gains	(2,450)	(5,841)	(387)	(1,069)
Changes in working capital:				
– Other receivables and prepayments	(6,598)	(1,720)	(543)	(4,669)
– Trade payables	6,792	3,735	(1,220)	4,580
– Other payables and accruals	1,482	2,800	(836)	(2,946)
– Deferred income	3,307	(1,830)	4,686	(1,950)
Cash used in operations	(80,080)	(115,620)	(47,492)	(73,412)

28 DISPOSAL OF A SUBSIDIARY

On 6 September 2018, the Group disposed Yitang Xinchuang (Beijing) Investment Management Co., Ltd. ("Yitang Xinchuang"), a subsidiary of the Group, which is the general partner and Fund manager of Yitang Chuangxin prior to the disposal.

The consideration received and the net assets of the disposed subsidiary at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	7
Other receivables and prepayments	27
Financial assets at fair value through profit or loss	26,000
Cash and cash equivalents	1,146
Other payables and accruals	(21,980)
Net assets	5,200
Non-controlling interests	(2,571)
	2,629
Loss on disposal of a subsidiary *(Note 9)*	(99)
Consideration	2,530

Net inflow of cash and cash equivalents in respect of disposal of a subsidiary:

	RMB'000
Cash considerations received during the year	2,530
Less: Cash and cash equivalents disposed	(1,146)
Net cash inflow on disposal of a subsidiary	1,384

29 STATEMENTS OF CHANGES IN EQUITY/(DEFICIT) OF THE COMPANY

	Share capital	Other reserves	Share-based compensation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 June 2018 (date of incorporation)	–	–	–	–	–
Comprehensive loss					
Loss for the period	–	–	–	(2,668)	(2,668)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(727)	–	–	(727)
Transactions with owners					
Reorganisation	29	331,930	1,003	–	332,962
Contributions from shareholders	1	17,048	–	–	17,049
Dividends to shareholders	–	(17,049)	–	–	(17,049)
Share-based payments	–	–	11,425	–	11,425
Balance at 31 December 2018	30	331,202	12,428	(2,668)	340,992
Balance at 1 January 2019	30	331,202	12,428	(2,668)	340,992
Comprehensive loss					
Loss for the year	–	–	–	(221,760)	(221,760)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(5,693)	–	–	(5,693)
Transactions with owners					
Share-based payments	–	–	68,644	–	68,644
Balance at 31 December 2019	30	325,509	81,072	(224,428)	182,183

	Share capital	Other reserves	Share-based compensation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	30	331,202	12,428	(2,668)	340,992
Comprehensive loss					
Loss for the period	–	–	–	(98,994)	(98,994)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(1,667)	–	–	(1,667)
Transactions with owners					
Share-based payments	–	–	354	–	354
Balance at 30 June 2019 (Unaudited)	30	329,535	12,782	(101,662)	240,685
Balance at 1 January 2020	30	325,509	81,072	(224,428)	182,183
Comprehensive loss					
Loss for the period	–	–	–	(728,729)	(728,729)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(3,518)	–	–	(3,518)
Transactions with owners					
Contributions from shareholders	23	1	–	–	24
Share-based payments	–	–	6,806	–	6,806
Balance at 30 June 2020	53	321,992	87,878	(953,157)	(543,234)

30 COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not provided in the Historical Financial Information.

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Contracted but not provided for			
– Property, plant and equipment	816	235	1,141

In September 2019, the Group entered into an agreement with Beijing Economic-Technological Development Area Administration Commission on a total capital expenditure of no less than RMB140 million for the new-drug research and development base. The capital expenditure is expected to be incurred from 2022 to 2025.

(b) Operating lease commitments

As at 31 December 2018, 31 December 2019 and 30 June 2020, the future aggregate minimum lease payment for short-term lease and low-value lease under irrevocable lease contracts are as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Less than 1 year	1,594	1,977	1,822

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Yinxiang Wang	Director of the Company
Wenlai Zhou	Director of the Company
Risepharma Ltd	Entity controlled by a director of the Company
Hmed Ltd	Entity controlled by a director of the Company

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period.

(b) Transactions

(i) Purchases of non-proprietary technologies

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Wenlai Zhou *(Note 15)*	5,000	–	–	–

(ii) Dividends to shareholders

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Risepharma Ltd *(Note 25(b))*	10,228	–	–	–
Hmed Ltd *(Note 25(b))*	6,821	–	–	–
	17,049	–	–	–

(iii) Guarantee provided by related parties

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Yinxiang Wang *(Note 23)*	–	12,000	12,000	–

The above guarantee was for other payable to a third party, which had a principal amount of RMB12,000,000 and bore an interest rate of 4.75% per annum. The guarantee was released in May 2020 as the settlement of this payable (Note 23).

(c) Key management compensation

Key management includes directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Salaries and other short-term employee benefits	5,251	5,949	2,833	3,893
Share-based compensation expenses	11,262	68,186	125	1,337
	16,513	74,135	2,958	5,230

32 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors emoluments

Directors emoluments for the Track Record Period are set out as follows:

	Emoluments paid or receivable in respect of a person's services as a director					
	Fees	Salaries	Discretionary Bonuses	Share-based compensation expenses	Employer's social security costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2018						
Yinxiang Wang (i)	–	952	144	–	125	1,221
Xiaojie Wang (i)	–	460	304	6,607	117	7,488
Shaojing Hu (i)	–	829	144	–	125	1,098
Yunyan Hu (i)	–	553	304	4,405	111	5,373
Wenlai Zhou (ii)	–	654	304	–	125	1,083
Wei Long (ii)	–	–	–	250	–	250
Qingqing Yi (ii)	–	–	–	–	–	–
Su-chi Wang (ii)	–	–	–	–	–	–
Weidong Lin (ii)	–	–	–	–	–	–
Yanmin Tang (i)	–	–	–	–	–	–
Guoyao Xia (iii)	–	–	–	–	–	–
	–	3,448	1,200	11,262	603	16,513

	Emoluments paid or receivable in respect of a person's services as a director					
	Fees	Salaries	Discretionary Bonuses	Share-based compensation expenses	Employer's social security costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019						
Yinxiang Wang (i)	–	1,151	200	26,060	126	27,537
Xiaojie Wang (i)	–	663	200	14,675	38	15,576
Shaojing Hu (i)	–	1,023	200	14,675	126	16,024
Yunyan Hu (i)	–	751	200	9,327	126	10,404
Wenlai Zhou (ii)	–	819	200	3,199	126	4,344
Wei Long (ii)	–	–	–	250	–	250
Qingqing Yi (ii)	–	–	–	–	–	–
Su-chi Wang (ii)	–	–	–	–	–	–
Weidong Lin (ii)	–	–	–	–	–	–
Yanmin Tang (i)	–	–	–	–	–	–
Guoyao Xia (iii)	–	–	–	–	–	–
	–	4,407	1,000	68,186	542	74,135

	Emoluments paid or receivable in respect of a person's services as a director					
	Fees	Salaries	Discretionary Bonuses	Share-based compensation expenses	Employer's social security costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2019 (Unaudited)						
Yinxiang Wang (i)	–	544	100	–	64	708
Xiaojie Wang (i)	–	261	100	–	18	379
Shaojing Hu (i)	–	487	100	–	64	651
Yunyan Hu (i)	–	373	100	–	64	537
Wenlai Zhou (ii)	–	394	100	–	64	558
Wei Long (ii)	–	–	–	125	–	125
Qingqing Yi (ii)	–	–	–	–	–	–
Su-chi Wang (ii)	–	–	–	–	–	–
Weidong Lin (ii)	–	–	–	–	–	–
Yanmin Tang (i)	–	–	–	–	–	–
Guoyao Xia (iii)	–	–	–	–	–	–
	–	2,059	500	125	274	2,958

	Emoluments paid or receivable in respect of a person's services as a director					
	Fees	Salaries	Discretionary Bonuses	Share-based compensation expenses	Employer's social security costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2020						
Yinxiang Wang (i)	–	632	1,110	–	35	1,777
Xiaojie Wang (i)	–	424	70	28	20	542
Shaojing Hu (i)	–	506	85	–	35	626
Yunyan Hu (i)	–	391	65	28	35	519
Wenlai Zhou (ii)	–	375	75	–	35	485
Wei Long (ii)	–	–	–	1,281	–	1,281
Qingqing Yi (ii)	–	–	–	–	–	–
Su-chi Wang (ii)	–	–	–	–	–	–
Weidong Lin (ii)	–	–	–	–	–	–
Yanmin Tang (i)	–	–	–	–	–	–
Guoyao Xia (iii)	–	–	–	–	–	–
Ting Feng (i), (iii)	–	–	–	–	–	–
	–	2,328	1,405	1,337	160	5,230

(i) In August 2020, Yinxiang Wang, Xiaojie Wang, Shaojing Hu and Yunyan Hu were re-designated as executive directors of the Company, and Yanmin Tang and Ting Feng were re-designated as non-executive directors of the Company.

(ii) In August 2020, Wenlai Zhou, Wei Long, Qingqing Yi, Su-chi Wang and Weidong Lin resigned as directors of the Company.

(iii) In February 2020, Guoyao Xia resigned as a director of the Company, and Ting Feng was designated as a director of the Company.

(iv) In August 2020, Chao Han and Te-li Chen were designated as non-executive directors of the Company.

(v) In November 2020, Chao Han resigned as a non-executive director of the Company, and Dong Lyu was designated as a non-executive director of the Company.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 31, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

(f) Five highest paid individuals

For the years ended 31 December 2018 and 2019 and six months ended 30 June 2019 and 2020, the five individuals whose emoluments were the highest in the Group include 5, 5, 4 and 3 directors, whose emoluments are reflected in the analysis presented in Note (a). The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Salaries	–	–	650	1,593
Share-based compensation expenses	–	–	–	1,527
Social security costs, housing benefits and other employee benefits	–	–	23	52
	–	–	673	3,172

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
			(Unaudited)	
Emolument bands				
HKD500,001 – HKD1,000,000	–	–	1	1
HKD1,000,001 – HKD1,500,000	–	–	–	–
HKD1,500,001 – HKD2,000,000	–	–	–	–
HKD2,000,001 – HKD2,500,000	–	–	–	1
HKD2,500,001 – HKD3,000,000	–	–	–	–
	–	–	1	2

33 DIVIDENDS

Except for the Special Dividend disclosed in Note 25(b), no other dividend was declared or paid by the Company during the Track Record Period.

34 SUBSEQUENT EVENTS

(a) On 29 May 2020, the Group entered into a license and collaboration agreement (the "AbbVie Agreement"), as amended and effective on 31 July 2020, with AbbVie Ireland Unlimited Company ("AbbVie"), a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV) to research, develop, manufacture and commercialise certain src homology region 2 domain-containing phosphatase-2 inhibitors ("SHP2 Inhibitors"), including JAB-3068 and JAB-3312, and the products containing such SHP2 Inhibitors for any indications.

Pursuant to the AbbVie Agreement, the Group received an upfront payment of USD45,000,000 from AbbVie in September 2020. In addition, AbbVie will reimburse the Group's costs and expenses incurred subject to the terms of the AbbVie Agreement, pay the Group up to USD810,000,000 in the aggregate upon the achievement of specified development, commercialisation and sales milestones, and pay the Group tiered royalties on aggregate annual net sales.

(b) On 16 July 2020, 1,200,000 share options of the Company were granted to certain employees, and each 25% of the share options granted will be vested on the 2nd to the 5th anniversary of the grant date respectively. The exercise price of the share options granted is USD0.0001 per ordinary share and shall be adjusted to USD4.00 per ordinary share retroactively if the entire share options granted to an individual are not fully vested.

On 20 July 2020, 50,000 restricted shares of the Company were granted to an individual and vested immediately. 388,000 restricted shares of the Company were granted to the Founders of the Company, and each one third of the restricted shares granted will be vested on every anniversary of the grant date from 2021 to 2023 respectively. The exercise price of 198,000 restricted shares granted is USD0.0001 per ordinary share, and the exercise price of 240,000 restricted shares granted is RMB0.1 per ordinary share.

(c) On 5 August 2020, 2,000,000 ordinary shares of the Company were issued to Blesspharma Ltd and Honourpharma Ltd as reservation of shares for share incentive plan which have not been granted. Up to the date of this report, these shares have been fully paid.

(d) In July 2020 and in August 2020, RMB17,155,000 was received by the Company as the subscription price of 8,579,274 shares that were issued but not fully paid before 30 June 2020 (Note 24(d)).

(e) Pursuant to the shareholders' resolution dated 30 November 2020, the authorised share capital of the Company will be amended to USD100,000 divided into 1,000,000,000 ordinary shares of a nominal or par value of USD0.0001 each, conditional and immediately upon (i) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the ordinary shares in issue and to be issued; and (ii) the obligations of the underwriters under each of the underwriting agreements becoming unconditional and each of the underwriting agreements not being terminated.

(f) Pursuant to the capitalisation issue, as per the shareholders' resolution dated 30 November 2020, the directors of the Company are authorised to allot and issue a total of 530,542,224 ordinary shares credited as fully paid at par to the holders of the ordinary shares on the register of members of the Company at the close of business on the date immediately preceding the date on which the global offering becoming unconditional in proportion to their respective shareholdings.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.

The information set forth in this Appendix II does not form part of the "Accountant's Report" received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2020 and based on the consolidated net tangible liabilities attributable to the owners of the Company as at 30 June 2020 as shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

This unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2020 or at any future date.

	Audited consolidated net tangible liabilities attributable to the owners of the Company as at 30 June 2020	Estimated impact related to the conversion of the Preferred Shares upon Listing	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 June 2020	Unaudited pro forma adjusted consolidated net tangible assets per share	
	Note 1	Note 2	Note 3		Note 4	Note 5
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$12.00 per share	(1,283,189)	1,689,359	917,176	1,323,346	1.87	2.20
Based on an Offer Price of HK$14.00 per share	(1,283,189)	1,689,359	1,074,688	1,480,858	2.10	2.47

Notes:

(1) The audited consolidated net tangible liabilities attributable to the owners of the Company as at 30 June 2020 is extracted from the Accountant's Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net liabilities attributable to the owners of the Company as at 30 June 2020 of RMB1,283,189,000.

(2) All Preferred Shares will be automatically converted to ordinary shares upon the Listing. The Series B Redeemable Preferred Shares, the Series C Preferred Shares and the Series C+ Preferred Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted consolidated net tangible liabilities attributable to the owners of the Company will be increased by RMB1,689,359,000, being the carrying amount of the financial instruments with preferred rights, as of 30 June 2020.

(3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$12.00 and HK$14.00 per share after deduction of the estimated underwriting fees and other related expenses (excluding RMB516,000 listing expenses which have been accounted for in the consolidated statements of loss prior to 30 June 2020) payable by the Company, and takes no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase shares as described in the section headed "Share Capital" in this prospectus.

(4) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 706,757,510 shares were in issue (excluding the 8,579,274 ordinary shares that were not fully paid before 30 June 2020 and 2,000,000 shares issued on 5 August 2020 and the Capitalization Issue related to these shares) assuming that the Capitalization Issue, Global Offering and the conversion of the Preferred Shares to ordinary shares had been completed on 30 June 2020 but takes no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase shares as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK$1.00 to RMB0.85041. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

B ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of JACOBIO PHARMACEUTICALS GROUP CO., LTD.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of JACOBIO PHARMACEUTICALS GROUP CO., LTD. (formerly known as JACOBIO (CAY) PHARMACEUTICALS CO., LTD.) (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2020 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 9 December 2020, in connection with the proposed initial public offering of the shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 June 2020 as if the proposed initial public offering had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended 30 June 2020, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars,* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong,
9 December 2020

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the Companies Law (as amended) of the Cayman Islands (the "Companies Law").

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2018 under the Companies Law. Our Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("Memorandum") and its Amended and Restated Articles of Association ("Articles").

1 MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, inter alia, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

1.2 By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2 ARTICLES OF ASSOCIATION

The Articles were adopted on 30 November 2020. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of our Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(c) Alteration of capital

Our Company may, by an ordinary resolution of its members:

(i) increase its share capital by the creation of new shares of such amount as it thinks expedient;

(ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares;

(iii) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions;

(iv) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum;

(v) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(vi) make provision for the allotment and issue of shares which do not carry any voting rights;

(vii) change the currency of denomination of its share capital; and

(viii) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) Transfer of shares

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as our Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as our Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that our Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of our Company in respect of that share.

Our Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless our Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

Our Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which our Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

Our Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as our Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as our Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Power of our Company to purchase its own shares

Our Company may purchase its own shares subject to certain restrictions and our Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

(g) Calls on shares and forfeiture of shares

Our Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the

day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as our Board shall fix from the day appointed for payment to the time of actual payment, but our Board may waive payment of such interest wholly or in part. Our Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20% per annum as our Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, our Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of our Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if our Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as our Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, our Board shall have the power to appoint any person as a Director either to fill a casual vacancy on our Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by our Board shall not be taken into account in determining our Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of our Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. Our Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by our Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of our Company. The period for lodgement of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from our Board.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(i) resign;

(ii) dies;

(iii) is declared to be of unsound mind and our Board resolves that his office be vacated;

(iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) he is prohibited from being or ceases to be a director by operation of law;

(vi) without special leave, is absent from meetings of our Board for six consecutive months, and our Board resolves that his office is vacated;

(vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(viii) is removed from office by the requisite majority of our Directors or otherwise pursuant to the Articles.

From time to time our Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as our Board may determine, and our Board may revoke or terminate any of such appointments. Our Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as our Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by our Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as our Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of our Company or the holder of the share, it is liable to be redeemed.

Our Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless our Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and our Company has received an indemnity in such form as our Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of our Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor our Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of our Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of our Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, our Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of our Board which would have been valid if such regulation had not been made.

(d) Borrowing powers

Our Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(e) Remuneration

Our Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by our Board or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among our Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. Our Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company, performs services which in the opinion of our Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as our Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as our Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

Our Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of our Company or companies with which our Company is associated in business, or may make contributions out of our Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

Our Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by our Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(g) Loans and provision of security for loans to Directors

Our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more of our Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with our Company or any of its subsidiaries

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as our Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. Our Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of our Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to our Company.

A Director shall not vote or be counted in the quorum on any resolution of our Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of either:

    (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or

    (B) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of our Board

Our Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and our Company's name

To the extent that the same is permissible under the Companies Law and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed, with the sanction of a special resolution of our Company.

2.5 Meetings of Member

(a) Special and ordinary resolutions

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands (the "Registrar of Companies") within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting:

(i) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and

(ii) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands.

On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(i) at least two members;

(ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members holding shares in our Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual general meetings

Our Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by our Board.

(d) Notices of meetings and business to be conducted

An annual general meeting of our Company shall be called by at least 21 days' notice in writing, and any other general meeting of our Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside

Hong Kong may notify our Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the Listing Rules, a notice or document may also be served or delivered by our Company to any member by electronic means.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in our Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

Extraordinary general meetings shall also be convened on the requisition of one or more members holding at the date of deposit of the requisition, not less than one tenth of the paid up capital of our Company having the right of voting at general meetings.

(e) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(f) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as our Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.6 Accounts and audit

Our Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and of the assets and liabilities of our Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as our Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of our Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by our Board or our Company in general meeting.

Our Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of our Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), our Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with our Board. The auditors' remuneration shall be fixed by our Company in general meeting or by our Board if authority is so delegated by the members.

The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by our Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(b) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(c) our Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where our Board or our Company in general meeting has resolved that a dividend should be paid or declared, our Board may resolve:

(i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our Board may think fit.

Upon the recommendation of our Board, our Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever our Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

Our Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as our Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by our Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by our Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time).

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under Cayman Islands law, as summarized in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(a) if our Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(b) if our Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3 CAYMAN ISLANDS COMPANY LAW

Our Company was incorporated in the Cayman Islands as an exempted company on 1 June 2018 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all aspects of the Cayman Islands law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in Section 37 of the Companies Law;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its

articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands' courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to:

(a) all sums of money received and expended by it;

(b) all sales and purchases of goods by it; and

(c) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (as amended) of the Cayman Islands (the "TIA Law"), make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to Section 6 of the Tax Concessions Law (as amended) of the Cayman Islands (the "Tax Concessions Law"), our Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our Company or its operations; and

(b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our Company:

    (i) on or in respect of the shares, debentures or other obligations of our Company; or

    (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law.

The undertaking for our Company is for a period of 20 years from 27 October 2020.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered

office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the TIA Law.

3.15 Register of Directors and officers

Pursuant to the Companies Law, our Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies and any change must be notified to the Registrar of Companies within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by:

(a) an order of the court;

(b) voluntarily by its members; or

(c) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that:

(a) the company is or is likely to become insolvent; or

(b) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors.

A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (ie the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands' courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands on June 1, 2018 under the Companies Law as an exempted company with limited liability. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in Appendix III to this prospectus.

Our registered place of business in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 2, 2020. Ms. Ching Man Yeung has been appointed as our agent for the acceptance of service of process and notices in Hong Kong.

2. Changes in the Share Capital of Our Company

As at the date of our incorporation, our authorized share capital was US$50,000, divided into 500,000,000 Shares of par value of US$0.0001 each. On the same day, 1 subscriber Share was allotted and issued to our initial subscriber, Harneys Fiduciary (Cayman) Limited, which transferred one Share to Ms. Hu's SPV, a BVI company wholly-owned by Ms. Hu, and allotted and issued one Share each to Ms. Wang's SPV and Dr. Wang's SPV 1, BVI companies wholly-owned by Ms. Wang and Dr. Wang, respectively.

The following alterations in the share capital of our Company have taken place within the two years immediately preceding the date of this prospectus:

(a) On April 9, 2019, an aggregate of 3,756,000 Series B Preferred Shares of a par value of US$0.0001 each (as defined below), were allotted and issued to LAVB;

(b) On July 29, 2019, 1,500,000 Ordinary Shares of a par value of US$0.0001 of our Company have been authorized and reserved for issuance under our Company's stock incentive plan, constituting an aggregate of 7,537,000 Ordinary Shares being authorized and reserved for issuance under our Company's stock incentive plan;

(c) On February 27, 2020, the authorized capital of our Company of US$50,000 divided into (a) 429,976,807 Ordinary Shares of par value of US$0.0001 each, (b) 29,499,000 Series A Preferred Shares (c) 18,524,193 Series B Preferred Shares, and (d) 22,000,000 Series C Preferred Shares, were reclassified and re-designated into (a) 422,841,251 Ordinary Shares, (b) 29,499,000 Series A Preferred Shares, (c) 18,524,193 Series B Preferred Shares, (d) 22,000,000 Series C Preferred Shares and (e) 7,135,556 Series C+ Preferred Shares;

(d) On February 27, 2020, our Company issued and allotted 7,135,556 Series C+ Preferred Shares to the following shareholders:

Name of Shareholder	Number of Shares
LAV Coda	914,815
LAV Biosciences	1,829,630
QM Venture VI	1,870,772
QM Fund VI	50,339
Hillhouse	1,372,222
Fangyuan	1,097,778

(e) On February 27, 2020, our Company issued and allotted 1,769,919 Ordinary Shares, to the following shareholders:

Name of Shareholder	Number of Shares
Ms. Wang's SPV	1,032,500
Ms. Hu's SPV	737,419

(f) On May 19, 2020, pursuant to our Company's employee incentive arrangements, our Company issued and allotted 5,767,081 Ordinary Shares, out of the pool reserved for our Company's stock incentive plan, to the following shareholders:

Name of Shareholder	Number of Shares
Gloryviewpharma Ltd	4,369,081
Willgenpharma Ltd	1,398,000

(g) On August 5, 2020, pursuant to our Company's employee incentive arrangements, our Company issued and allotted 2,000,000 Ordinary Shares, out of the pool reserved for our Company's stock incentive plan, to the following shareholders:

Name of Shareholder	Number of Shares
Honourpharma Ltd	1,300,000
Blesspharma Ltd	700,000

Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

Beijing Jacobio

On March 13, 2019, the registered capital of Beijing Jacobio was increased by RMB79,860,000 to RMB203,400,000.

On June 4, 2020, the registered capital of Beijing Jacobio was increased by RMB6,600,000 to RMB210,000,000.

Jacomab

On August 12, 2019, the registered capital of Jacomab was increased by RMB400,000 to RMB5,400,000.

4. Resolutions of the Shareholders of our Company Passed on November 30, 2020

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on November 30, 2020, it was resolved, among others:

(a) the Memorandum and Articles of Association were approved and adopted, and will come into effect upon Listing;

(b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (2) the execution and delivery of the International Underwriting Agreement on or about December 14, 2020; and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:

    (i) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering;

    (ii) the grant of the Over-allotment Option by our Company to the International Underwriters to allot and issue up to 15% of the Offer Shares initially available under the Global Offering to cover, among other things, the over-allocations in the International Offering was approved;

    (iii) the proposed Listing was approved and our Directors were authorized to implement such Listing; and

    (iv) all the issued and unissued Preferred Shares be re-designated and re-classified as ordinary Shares, having the rights and restrictions as set out in the Memorandum and the Articles;

(c) the authorised share capital of our Company be increased from US$50,000 divided into 500,000,000 shares to US$100,000 divided into 1,000,000,000 shares by the creation of an additional of 500,000,000 shares of par value of US$0.0001 each; and

(d) upon the re-designation and re-classification of the share capital of our Company referred to in paragraph (b)(iv) above and subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, our Directors be authorized to allot and issue a total of 530,542,224 Shares credited as fully paid at par value to the Shareholders on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becomes unconditional (or as it/they may direct) in proportion to their respective shareholdings in our Company (as nearly as possible without fractions) by way of capitalization of the sum of US$53,054.22 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares, in each case to be effective on the Listing Date;

(e) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option. This general mandate to issue Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever is the earliest;

(f) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. This general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest; and

(g) the general unconditional mandate as mentioned in paragraph (c) above would be extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option).

5. Repurchase of our Shares

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own Shares on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchase of Shares (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutive documents of a listed company, the laws of the jurisdiction in which the listed company is incorporated or otherwise established. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by a listed company may be made out of the funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not make a new issue or announce a proposed new issue of shares for a period of 30 days after any repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the listed company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

A listed company may not make any repurchase of shares after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Reporting Requirements

Certain information relating to repurchases of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day on which the listed company makes a purchase of its shares. The report must state the total number of shares purchased by the listed company the previous day, the purchase price per share or the highest and lowest prices paid for such purchases. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including the number of shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing its shares from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling its shares to the company.

(b) Reasons for Repurchase

Our Directors believe that it is in the best interest of us and our Shareholders for our Directors to have general authority from the Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit us and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association, the Companies Law or other applicable laws of Cayman Islands and the Listing Rules. On the basis of our current financial condition as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

Exercise in full of the current repurchase mandate, on the basis of 771,136,980 Shares in issue after completion of the Global Offering (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 77,113,698 Shares being repurchased by us during the period prior to:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us or our subsidiaries. Our Directors have undertaken with the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association, the Companies Law or any other applicable laws of Cayman Islands.

If, as a result of a repurchase of our Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

No core connected person, as defined in the Listing Rules, has notified us that he/she or it has a present intention to sell his/her or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

6. Our Corporate Reorganization

The companies comprising our Group underwent corporate restructuring in preparation for the Listing. Please refer to the section headed "History, Development and Corporate Structure" in this prospectus for further details.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a cornerstone investment agreement dated December 4, 2020 entered into among our Company, LAV Prime Limited, LAV Amber Limited, Goldman Sachs (Asia) L.L.C. (高盛(亞洲)有限責任公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which LAV Prime Limited and LAV Amber Limited have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased with US$10,000,000 and US$5,000,000, respectively;

(b) a cornerstone investment agreement dated December 4, 2020 entered into among our Company, Matthews International Capital Management, LLC, Goldman Sachs (Asia) L.L.C. (高盛(亞洲)有限責任公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Matthews International Capital Management, LLC has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased with US$15,000,000;

(c) a cornerstone investment agreement dated December 4, 2020 entered into among our Company, HBC Asia Healthcare Opportunities V LLC, Goldman Sachs (Asia) L.L.C. (高盛(亞洲)有限責任公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which HBC Asia Healthcare Opportunities V LLC has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased with US$10,000,000;

(d) a cornerstone investment agreement dated December 4, 2020 entered into among our Company, Octagon Investments Master Fund LP, Goldman Sachs (Asia) L.L.C. (高盛(亞洲)有限責任公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Octagon Investments Master Fund LP has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased with US$10,000,000;

(e) a cornerstone investment agreement dated December 4, 2020 entered into among our Company, Superstring Capital Master Fund LP, Goldman Sachs (Asia) L.L.C. (高盛(亞洲)有限責任公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Superstring Capital Master Fund LP has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased with US$5,000,000;

(f) a cornerstone investment agreement dated December 4, 2020 entered into among our Company, Sage Partners Master Fund, Goldman Sachs (Asia) L.L.C. (高盛(亞洲)有限責任公司) and China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), pursuant to which Sage Partners Master Fund has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 300 Shares) that may be purchased with US$5,000,000; and

(g) the Hong Kong Underwriting Agreement.

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, our material registered trademarks were as follows:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
1	Jacobio	PRC	Beijing Jacobio	17245637	35	October 27, 2026
2	Jacobio	PRC	Beijing Jacobio	17245639	44	August 27, 2026
3	加思科	PRC	Beijing Jiasike	17245640	5	August 27, 2026
4	加思科	PRC	Beijing Jiasike	17245641	44	August 27, 2026
5	加思科	PRC	Beijing Jiasike	17245642	42	August 27, 2026
6	加思科	PRC	Beijing Jiasike	17245643	35	August 27, 2026
7	Jacobio	PRC	Beijing Jacobio	17245645	35	June 27, 2027
8	Jacobio	PRC	Beijing Jacobio	17245646	44	September 27, 2027
9	Jacobio	PRC	Beijing Jacobio	17245647	42	September 27, 2027
10	加科思 Jacobio	PRC	Beijing Jacobio	18083815	44	August 6, 2027
11	加科思 Jacobio	PRC	Beijing Jacobio	18083816	42	August 13, 2027
12	加科思 Jacobio	PRC	Beijing Jacobio	18083817	35	August 13, 2027
13	加科思 Jacobio	PRC	Beijing Jacobio	18083818	5	August 6, 2027
14	加科思	PRC	Beijing Jacobio	18083819	44	November 27, 2026
15	加科思	PRC	Beijing Jacobio	18083820	35	November 20, 2026
16	加科思	PRC	Beijing Jacobio	18083821	5	November 27, 2026
17	加科思	PRC	Beijing Jacobio	18083822	42	November 27, 2026

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Expiry date
18	JACOBIOPHARMA	PRC	Beijing Jacobio	20686898	42	September 13, 2027
19	JACOBIOPHARMA	PRC	Beijing Jacobio	20686899	44	September 13, 2027
20	JACOBIOPHARMA	PRC	Beijing Jacobio	20686900	5	September 13, 2027
21	JACOBIOPHARMA	PRC	Beijing Jacobio	20686901	35	September 13, 2027
22	加科天实 Jacomab	PRC	Jacomab	28316321	42	November 27, 2028
23	加科天实 Jacomab	PRC	Jacomab	28316322	5	November 27, 2028

(b) Patents

For discussion of the details of the material patents and material filed patent applications by our Company in connection with our clinical and pre-clinical drug candidates, please refer to the paragraphs headed "Business — IV. Intellectual Property" in this prospectus.

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

(c) Copyrights

As of the Latest Practicable Date, our material copyrights were as follows:

Registration No.	Title of Copyright	Place of Filing	Name of copyright holder	Date of Registration
2018SR162145	Jacobio Clinical Data Management System V1.0 (加科思臨床數據管理系統V1.0)	PRC	Beijing Jacobio	March 13, 2018
2018SR162139	Jacobio Clinical Project Management System V1.0 (加科思臨床項目管理系統V1.0)	PRC	Beijing Jacobio	March 13, 2018
2018SR163728	Jacobio compound biological data statistics system V1.0 (加科思化合物生物數據統計系統V1.0)	PRC	Beijing Jacobio	March 13, 2018
2018SR162187	Jacobio Medical Statistical Analysis System V1.0 (加科思醫學統計分析系統V1.0)	PRC	Beijing Jacobio	March 13, 2018
2018SR162646	Jacobio Material Inventory Management System V1.0 (加科思物料庫存管理系統V1.0)	PRC	Beijing Jacobio	March 13, 2018
2018SR163731	Jacobio Bioanalysis Sample Management System V1.0 (加科思生物分析樣品管理系統V1.0)	PRC	Beijing Jacobio	March 13, 2018

(d) Domain Names

As of the Latest Practicable Date, our material domain names were as follows:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	jacobiopharma.com	Beijing Jacobio	December 26, 2014	December 26, 2021

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed:

Name of Director/ Chief Executive	Capacity/ nature of interest[1]	Name of company	Number of Shares immediately after the completion of the Listing[1]	Approximate percentage of shareholding immediately after the completion of the Listing
Dr. Wang	Interest in controlled corporation; interest held jointly with another person	our Company[2]	277,098,975	36.48%
Ms. Wang	Interest in controlled corporation; interest held jointly with another person	our Company[3]	277,098,975	36.48%
Dr. Hu	Interest in controlled corporation; interest held jointly with another person	our Company[4]	277,098,975	36.48%

Name of Director/ Chief Executive	Capacity/ nature of interest[1]	Name of company	Number of Shares immediately after the completion of the Listing[1]	Approximate percentage of shareholding immediately after the completion of the Listing
Ms. Hu	Interest in controlled corporation; interest held jointly with another person	our Company[5]	277,098,975	36.48%

Notes:

1. All interests stated are long position and after adjustment pursuant to the Capitalization Issue.

2. The entire share capital of each of Dr. Wang's SPV 1 and Dr. Wang's SPV 2 is directly owned by Dr. Wang and indirectly wholly owned by Dr. Wang and Ms. Zhu Shen, the spouse of Dr. Wang, respectively, and the voting rights of the Shares held by Willgenpharma Ltd and Honourpharma Ltd which are intended to used for employee incentive purposes are exercisable by Dr. Wang. Accordingly, Dr. Wang is deemed to be interested in such number of Shares held by Dr. Wang's SPV 1, Dr. Wang's SPV 2 and Willgenpharma Ltd and Honourpharma Ltd. Dr. Wang is also deemed to be interested in all Shares held by Wordspharma Ltd, a company wholly-owned by Ms. Zhu Shen as Ms. Zhu Shen is the spouse of Dr. Wang. In addition, each of Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, and Honourpharma Ltd is also deemed to be interested in all Shares held by Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Dr. Hu, Dr. Hu's SPV, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

3. The entire share capital of Ms. Wang's SPV is directly owned by Ms. Wang, and the voting rights of the Share held by Gloryviewpharma Ltd and Blesspharma Ltd which are intended to used for employee incentive purposes are exercisable by Ms. Wang. Accordingly, Ms. Wang is deemed to be interested the Shares held by Ms. Wang's SPV, Gloryviewpharma Ltd and Blesspharma Ltd. In addition, each of Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Honourpharma Ltd, Dr. Hu, Dr. Hu's SPV, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

4. The entire share capital of Dr. Hu's SPV is directly owned by Dr. Hu. Accordingly, Dr. Hu is deemed to be interested in the Shares held by Dr. Hu's SPV. In addition, each of Dr. Hu and Dr. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

5. The entire share capital of Ms. Hu's SPV is wholly owned by Ms. Hu. Accordingly, Ms. Hu is deemed to be interested in such number of Shares held by Ms. Hu's SPV. In addition, each of Ms. Hu and Ms. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Dr. Hu and Dr. Hu's SPV as they are parties acting in concert.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders of other members of our Group

So far as our Directors are aware, as at the Latest Practicable Date, no persons are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

2. Particulars of Directors' Service Contracts and Letters of Appointment

Each of Dr. Wang, Ms. Wang, Dr. Hu, and Ms. Hu, being our executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the executive Director or our Company.

Each of Dr. Ting Feng, Ms. Yanmin Tang, Mr. Te-li CHEN and Dr. Dong Lyu, being our non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the non-executive Director or our Company.

Each of Dr. Ruilin Song, Dr. Ge Wu, Dr. Daqing Cai, and Dr. Xiaoming Wu, being our independent non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days' notice in writing served by either the independent non-executive Director or our Company.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

The aggregate amount of remuneration (including salaries, discretionary bonuses, share-based compensation expenses and employer's social security costs, as applicable) which was paid to our Directors for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 were approximately RMB15.2 million, RMB69.5 million and RMB3.5 million, respectively.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB8.8 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2020 under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by our Group to our five highest paid individual (including both employees and Directors) for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 were approximately RMB16.3 million, RMB73.9 million and RMB3.9 million, respectively.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 as (a) an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and

(d) each of our executive and non-executive Directors have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates (as defined in the Listing Rules) had interests in any business other than our business, which compete, or is likely to compete, either directly or indirectly with our business that would require disclosure under Rule 8.10 of the Listing Rules.

D. OTHER INFORMATION

1. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

2. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

3. Estate Duty

Our Directors confirmed that no material liability for estate duty is likely to fall on any member of our Group.

4. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

5. Application for Listing

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue (including the Shares issued pursuant to the conversion of the Preferred Shares and the Capitalization Issue) and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be allotted. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2020 (being the date to which the latest audited financial statements of our Group were made up) up to the date of this prospectus.

7. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed "Underwriting — Underwriting Arrangements and Expenses — The International Offering — Commission and Expenses."

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Goldman Sachs (Asia) L.L.C.	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
King & Wood Mallesons	PRC legal adviser
Walkers (Hong Kong)	Cayman Islands legal advisers
Frost & Sullivan (Beijing) Inc.	Industry consultant

9. Consents

Each of the experts named in paragraph headed "8. Qualifications of Experts" above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

10. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors' fees payable by us in respect of the Joint Sponsors' services as sponsors for the Listing are US$0.6 million.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Taxation of Holders of Our Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

13. Miscellaneous

Save as otherwise disclosed in this prospectus:

(i) none of our Directors or experts referred to in the section headed "— D. Other Information — 8. Qualifications of Experts" of this appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) none of our Directors or experts referred to in the section headed "— D. Other Information — 8. Qualifications of Experts" of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(iii) save for the Underwriting Agreements, none of the experts referred to under the section headed "— D. Other Information — 8. Qualifications of Experts" of this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(iv) within the two years preceding the date of this prospectus, no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(v) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group;

(vi) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;

(vii) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(viii) our Company has no outstanding convertible debt securities or debentures;

(ix) no capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(x) there is no arrangement under which future dividends are waived or agreed to be waived;

(xi) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus; and

(xii) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is being or proposed to be sought.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) a copy of the **GREEN** Application Form; (ii) copies of each of the material contracts referred to in the section headed "Appendix IV — Statutory and General Information — B. Further Information about the Business of our Company — 1. Summary of material contracts"; and (iii) the written consents issued by each of the experts and referred to in section headed "Appendix IV — Statutory and General Information — D. Other information — 8. Qualifications of Experts".

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of O'Melveny & Myers at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and Articles of Association;

(b) the accountant's report of our Group for the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of the Group for each of the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020;

(d) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the market research report prepared by Frost & Sullivan (Beijing) Inc. referred to in the section headed "Industry Overview" in this prospectus;

(f) the PRC legal opinions issued by King & Wood Mallesons, our legal adviser on PRC law, in respect of our general matters and property interests;

(g) the letter issued by Walkers (Hong Kong), our legal advisers on Cayman Islands law, summarizing certain aspects of Companies Law referred to in the section headed "Appendix III — Summary of the Constitution of our Company and Cayman Islands Company Law";

(h) the Companies Law;

(i) the material contracts referred to in the section headed "Appendix IV — Statutory and General Information — B. Further Information about the Business of our Company — 1. Summary of Material Contracts";

(j) the service agreements and letters of appointment referred to in "Appendix IV — Statutory and General Information — C. Further Information about Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts and Letters of Appointment"; and

(k) the written consents referred to in the section headed "Appendix IV — Statutory and General Information — D. Other Information — 9. Consents".

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