JACOBIO PHARMACEUTICALS GROUP CO., LTD.

加科思藥業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1167)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

HIGHLIGHTS

During the Reporting Period, our Group continued advancing the development of our drug candidates and business operations, including the following milestones and achievements:

SHP2 Inhibitors

Our lead drug development programs include two clinical-stage, oral, small-molecule allosteric SHP2 inhibitors (JAB-3068 and JAB-3312), for the potential treatment of cancers driven by RAS signaling pathway and immune checkpoint pathway.

JAB-3312 (a SHP2 inhibitor)

- The global Phase Ib/IIa trial of JAB-3312 in combination with either a PD-1 antibody or a MEK inhibitor has been initiated. The IND approval was granted by the U.S. FDA in December 2020. The IND application with the NMPA was also approved in May 2021. The first two patients' dosage in the U.S. has been completed in May 2021. Our Group received a milestone payment of US$20 million pursuant to the license and collaboration agreement with AbbVie in July 2021. For details, please refer to the below "Collaboration with AbbVie" in this announcement.

JAB-3068 (a SHP2 inhibitor)

- The Phase I trial of JAB-3068 for the treatment of solid tumors in the U.S. is in the close-out process.

- The Phase IIa trial of JAB-3068 for the treatment of ESCC, HNSCC and NSCLC in China is currently ongoing.

- The Phase I/IIa trial of JAB-3068 in combination with a PD-1 antibody was initiated for the treatment of advanced solid tumors in China after the NMPA approval in December 2020. The first patient for this clinical trial was dosed in April 2021.

JAB-8263 (a BET inhibitor)

- JAB-8263 is an innovative, selective and potent small molecule inhibitor of BET family proteins regulating MYC transcription.

- The first patient enrollment of Phase I clinical trial of JAB-8263 for the treatment of MF and AML was completed in China in April 2021, and the first patient enrollment for solid tumor was completed in the U.S. in November 2020.

JAB-21822 (a KRAS G12C inhibitor)

- JAB-21822 is a potent, selective and oral small molecule drug candidate targeting mutant KRAS G12C protein.

- We have received the IND approval for JAB-21822 in patients with tumors harboring KRAS G12C mutation from the U.S. FDA and the NMPA in May 2021, respectively. The first patient enrollment of Phase I clinical trial of JAB-21822 was completed in China in July 2021. IND applications of new studies of JAB-21822 in monotherapy with specific co-mutation and in combination with PD-1 antibody have been submitted to the NMPA in August 2021.

IND-Enabling Stage Drug Candidates

- **JAB-BX102** – a humanized antibody against human CD73. An IND application of JAB-BX102 monotherapy and combination with PD-1 antibody in adult patients with advanced solid tumors will be filed with the U.S. FDA in September 2021, and the NMPA filing is expected to be submitted in the second half of 2021.

- **JAB-6343** – a potent and highly selective inhibitor that targets fibroblast growth factor receptor 4 (FGFR4). An IND application is expected to be filed in the second half of 2021.

- **JAB-2485** – a highly selective Aurora A kinase inhibitor developed for the treatment of various RB1-deficient tumors. An IND application is expected to be filed in the second half of 2021.

- **JAB-24000** – a small-molecule drug candidate targeting tumor metabolic pathway. The candidate has been nominated in March 2021 and is currently at the IND-enabling stage.

- **JAB-BX300** – a large molecule antibody targeting RAS pathway. The candidate has been nominated in March 2021 and is currently at the IND-enabling stage.

Other Key Selected Pre-clinical Programs

- **JAB-22000** – a small-molecule KRAS G12D inhibitor. It is currently in the lead optimization stage, targeting to file an IND application in 2022 to 2023.

- **JAB-26000** – a small-molecule drug targeting immuno-oncology pathway. It is currently in the lead optimization stage, targeting to file an IND application in 2022 to 2023.

- **JAB-23000** – a small-molecule KRAS G12V inhibitor. It is in the hit-to-lead stage, targeting to file an IND application in 2023 to 2024.

Other Key Events

- We launched our third research and development ("**R&D**") center in April 2021 in Shanghai, China, to attract and recruit the well-trained scientists and physicians across the world.

- In March 2021, our Company was selected as a constituent of each of the Hang Seng Composite Index, Hang Seng Composite Hong Kong – Listed Biotech Index and Hang Seng Healthcare Index.

- In August 2021, our Company entered into a share purchase agreement with Hebecell, pursuant to which our Company has agreed to purchase and subscribe, and Hebecell has agreed to allot and issue, 1,321,257 series A preferred shares of Hebecell with the consideration of US$25,000,000, which represents approximately 19.74% of the issued share capital of Hebecell on a fully-diluted and as converted basis upon completion of the closings of the share purchase agreement. While our Company is primarily focused on small molecule cancer drugs, it opportunistically develops and seeks collaboration and strategic investment opportunities for compelling biological technologies where our Company can leverage its existing expertise in cancer biology to treat diseases with unmet needs and enhance our innovative portfolio with new modalities. Through the strategic investment in Hebecell, our Group expects to pool complementary expertise and resources to further improve its layout in the fields of oncology and immunology, and extend our capability to explore clinical value of combination therapies between our current programs and allogeneic cell therapy. For details, please refer to the announcement published on websites of the Stock Exchange and the Company dated on August 31, 2021.

FINANCIAL HIGHLIGHTS

Revenue

We recorded revenue of RMB57.7 million for the six months ended June 30, 2021, which was attributable to the reimbursement of R&D costs generated from the license and collaboration agreement with AbbVie regarding the R&D, manufacture and commercialization of our SHP2 inhibitors.

Research and Development Expenses

Our research and development expenses increased by RMB50.7 million or 71.4% from RMB71.0 million for the six months ended June 30, 2020 to RMB121.7 million for the six months ended June 30, 2021, primarily due to the expansion of pre-clinical research portfolio associated with R&D activities and the increased staff costs accompanied with expanding of relative R&D departments.

Administrative Expenses

Our administrative expenses increased by RMB6.1 million or 49.2% from RMB12.4 million for the six months ended June 30, 2020 to RMB18.5 million for the six months ended June 30, 2021. This was primarily attributable to the increase of employee benefit expenses and other administrative expenses in line with our business expansion.

Loss for The Period

As a result of the above factors and taking into account our fair value changes of financial instruments with preferred rights from a loss of RMB733.1 million for the six months ended June 30, 2020 to nil for the six months ended June 30, 2021, the loss for the period decreased from RMB810.9 million for the six months ended June 30, 2020 to RMB136.6 million for the six months ended June 30, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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 that lack 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 Ireland Unlimited Company ("**AbbVie**"), a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV), 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 the 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 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. 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.

For details of any of the foregoing, please refer to the rest of this announcement, and, where applicable, the Prospectus and prior announcements published by our Company on the websites of the Stock Exchange and our Company.

Our Products and Product Pipeline

In the past five years, by leveraging our proprietary technologies and know-how in drug discovery and development, we have discovered and developed an innovative pipeline of drug candidates, including four assets in Phase I/II trials and several others at the IND-enabling stage. These drug candidates may have broad applicability across various tumor types and demonstrate combinatorial potential among themselves.

The following chart summarizes our pipeline, the development status of each clinical stage candidate and the selected IND-enabling stage candidates as of August 26, 2021.

Clinical stage candidates:

	Asset	Regimen	Indications	IND	Phase I	Phase IIa	Recent development	Upcoming Milestone (expected)
Clinical	**JAB-3068**	Mono	Solid tumors	*US trial*				
	SHP2	Mono	ESCC, HNSCC, NSCLC	*China trial*				
	abbvie	Combo w/PD-1 mAb	ESCC, HNSCC, NSCLC	*China trial*			IND approved and FPI in April 2021	
	JAB-3312	Mono	Solid tumors	*US trial*				
		Mono	Solid tumors	*China trial*				
	SHP2	Mono	BRAF class 3/ NF1 LOF mutant solid tumors	*US trial* *				Ph IIa FPI (2021 Q4)
	abbvie	Combo w/PD-1 mAb	NSCLC, HNSCC, ESCC	*Global trial* +			IND approved and FPI in May 2021	
		Combo w/MEKi	KRAS mut CRC, Pancreatic cancer	*Global trial* +			IND approved and FPI in May 2021	
		Combo w/KRAS G12Ci	KRAS G12C mut+NSCLC, CRC	*Global trial* +				Global Ph Ib/IIa FPI (2021 Q4)
	JAB-8263	Mono	Solid tumors	*US trial*				
	BET (MYC)	Mono	Solid tumors	*China trial*			IND approved and trials initiated 2021 Q1	
		Mono	MF and AML	*China trial*			IND approved and FPI in April 2021	
	JAB-21822	Mono	NSCLC, CRC	*US trial*			IND approved in May 2021	FPI (2021 Q3)
	KRAS G12C (SHP2/RAS)	Mono	NSCLC, CRC	*China trial*			IND approved and FPI in July 2021	
		Mono	NSCLC	*Global trial* *				FPI (2022 1H)
		Mono	NSCLC with specific co-mutation	*Global trial* *			IND submitted in August 2021	FPI (2022 1H)
		Combo w/PD-1 mAb	NSCLC	*China trial* +			IND submitted in August 2021	FPI (2022 1H)
		Combo w/SHP2i	NSCLC, CRC	*China trial* +				FPI (2022 1H)
		Combo w/EGFR mAb	CRC	*China trial* +				FPI (2022 1H)

IND-enabling stage candidates:

	Asset	Target	Indications	Lead optimization	Candidate IND-enabling	Recent development	Upcoming Milestone expected
IND-Enabling	JAB-BX102	CD73 mAb (I/O)	PD-(L)1 resistant CRC, melanoma, and CRPC			GLP-tox and GMP production of DS/DP completed	IND (2021 Q3)
	JAB-6343	FGFR4 (RTK)	HCC			GLP-tox and GMP API manufacturing completed	IND (2021 2H)
	JAB-2485	Aurora A (MYC/RB)	RB1-deficient tumors			GLP-tox and GMP production of DS/DP ongoing	IND (2021 2H)
	JAB-24000	Undisclosed (Tumor metabolic pathway)	NSCLC , HNSCC			Candidate nominated, entering into IND-enabling studies in Mar 2021	IND (2022)
	JAB-BX300	Undisclosed (RAS pathway)	PDAC, CRC			Candidate nominated, entering into IND-enabling studies in Mar 2021	IND (2022)
Lead Optimization	JAB-26000	Undisclosed (I/O)	SCLC , HNSCC , ESCC			Lead series identified and patent filed in Jan 2021	IND (2022-2023)
	JAB-22000	KRAS G12D (RAS)	PDAC, CRC, NSCLC			Lead series identified and patent filed in Nov 2020	IND (2022-2023)

Notes:

* *We will initiate Phase IIa study directly once RP2D is determined.*

\+ *We have initiated or will initiate Phase Ib/IIa studies directly once we receive IND approval.*

We believe there is tremendous potential for combinatorial strategy 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 adaptive drug resistance. We plan to explore the combination of our SHP2 and KRAS inhibitors. Please refer to the paragraphs headed "Business – I. Our Drug Candidates" of the Prospectus for more details.

Business Review

- ***JAB-3068 & JAB-3312***

  Our lead drug development programs include two clinical-stage, oral allosteric SHP2 inhibitors (JAB-3068 and JAB-3312), for the potential treatment of cancers driven by RAS signaling pathway and immune checkpoint pathway. We believe SHP2 inhibition is a promising novel therapeutic approach either as a monotherapy or in combination with other therapies for treating multiple cancer types. JAB-3068 is the second SHP2 inhibitor that received IND approval from the U.S. FDA to enter clinical development. 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. 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 our first-mover advantages in the market.

  JAB-3068 and JAB-3312 have 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 strategies.

  JAB-3068 Monotherapy:

  We have completed the Phase I dose finding portion in the Phase I/IIa trial of JAB-3068 in China.

  Our Phase I trial in the U.S. is in the close-out process.

  In the U.S. Phase I trial, the interim results identified the maximum tolerated dose and recommended Phase II dose (RP2D). The dose escalation phase of Phase I/IIa trial in China showed a similar safety profile of JAB-3068 to the U.S. study. The tolerability of JAB-3068 further supported the development of JAB-3068 in the Phase IIa stage.

  We are currently evaluating the clinical efficacy of JAB-3068 in three solid tumor types in the Phase IIa stage in China.

  JAB-3068 in combination with PD-1 antibody mAb study in China:

  We have initiated a Phase I/IIa trial of JAB-3068 in combination with a PD-1 antibody for the treatment of advanced solid tumors in China after NMPA approval in December 2020. The first patient for this clinical trial was dosed in April 2021.

JAB-3312 Monotherapy:

We are evaluating JAB-3312 in Phase I trials in both China and the U.S. The dose escalation phase has been completed in the U.S.

We enrolled the first patient for the China trial in July 2020 and the trial is ongoing.

We also plan to further explore JAB-3312 as monotherapy in biomarker driven solid tumors such as BRAF class 3 and NF1 LOF mutant solid tumors.

JAB-3312 in combination with PD-1 antibody mAb/MEK inhibitor/KRAS G12C inhibitor global study:

We have initiated a global Phase Ib/IIa trial to evaluate our JAB-3312 in combination with either a PD-1 antibody or a MEK inhibitor for patients with advanced solid tumors. The IND approval was granted by the U.S. FDA in December 2020. The IND application with the NMPA was also approved in May 2021.

The first two patients' dosage in the U.S. of the global trial was completed in May 2021. Our Group received a milestone payment of US$20 million pursuant to the license and collaboration agreement with AbbVie in July 2021. For details, please refer to the below "Collaboration with AbbVie" in this announcement.

We also plan to explore JAB-3312 in combination with a KRAS G12C inhibitor for a variety of solid tumors.

Collaboration with AbbVie:

We have entered into a license and collaboration agreement with AbbVie to develop and commercialize our SHP2 inhibitors on a global basis in May 2020, including JAB-3068 and JAB-3312 (the "**AbbVie Collaboration**"). Under the license and collaboration 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, sub-licensable license to research, develop, manufacture, commercialize and otherwise exploit our SHP2 inhibitors. As we have exercised the 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 to seek regulatory approval of and to commercialize in the Territory and, subject to limited exceptions, we are entitled to 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.

This collaboration provides strong validation of our internally discovered SHP2 programs and ensures the maximization of their medical and commercial value on a global scale.

Our Group has completed the first two patients' dosage in the U.S. of the global trial which is a Phase Ib/IIa study of JAB-3312 in combination with the PD-1 antibody Pembrolizumab and MEK inhibitor Binimetinib for the treatment of advanced solid tumors. This progress in clinical development has qualified our Group for a milestone payment according to the license and collaboration agreement. Pursuant to the terms of the license and collaboration agreement with AbbVie, our Group has received a milestone payment of US$20 million in July 2021.

For more details of our collaboration with AbbVie, please refer to the paragraphs headed "Business – III. Collaboration with AbbVie" of the Prospectus.

- **JAB-8263**

Our JAB-8263 is an innovative, selective and potent small molecule inhibitor of BET family proteins regulating MYC transcription. 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 the IND approval for JAB-8263 from the U.S. FDA for the treatment of solid tumors. We also received the IND approval from the NMPA for JAB-8263 for the treatment of solid tumors, MF and AML in November 2020. The first patient enrollment was completed in the U.S. in November 2020 and was completed in China in April 2021.

- **JAB-21822**

Our lead KRAS inhibitor candidate, JAB-21822, is a potent, selective and orally 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 or EGFR anti-body. In our internal head-to-head pre-clinical animal studies, JAB-21822 has shown a superior pharmacokinetics (PK) profile and favorable tolerability as well as the 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).

We have received the IND approvals for JAB-21822 in patients with tumors harboring a KRAS G12C mutation from the U.S. FDA and the NMPA in May 2021, respectively. The first patient enrollment of Phase I clinical trial of JAB-21822 was completed in China in July 2021. In addition, IND applications of new studies of JAB-21822 in monotherapy with specific co-mutation and in combination with PD-1 antibody were submitted to the NMPA in August 2021. We also plan to explore JAB-21822 in combination with a SPH2 inhibitor and an EGFR antibody.

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 therapies. 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.

- **IND-Enabling Stage Drug Candidates**

  We have also developed a diverse pipeline of assets targeting various other major and critical pathways involved in cancer (including RAS, MYC, 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. These include potentially first-in-class and/or best-in-class 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 pipeline drug candidates.

  - ***JAB-BX102*** – JAB-BX102 is a humanized inhibitory antibody against human CD73, for the treatment of PD-1 antibody resistant cancer, such as CRC. The GMP production of JAB-BX102 drug substance and drug product have been completed. We expect to file the IND application for JAB-BX102 monotherapy and combination with PD-1 antibody in adult patients with advanced solid tumours with the U.S. FDA in September 2021. The IND application with the NMPA is expected to be filed in the second half of 2021.

  - ***JAB-6343*** – JAB-6343 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). We are developing JAB-6343 for the treatment of advanced HCC with FGF19 overexpression. The GLP-tox and GMP API manufacturing have been completed. We expect to file an IND application in the second half of 2021.

  - ***JAB-2485*** – JAB-2485 is highly selective an Aurora A kinase inhibitor developing for the treatment of various RB1-deficient tumors such as SCLC. Loss of function mutations in the RB1 is common in several treatment refractory cancers such as SCLC and triple-negative breast cancer (TNBC). While loss-of-function mutations (such as in RB1) have historically been untargetable, cancer cells with loss of function of RB1 lead to dependency on Aurora A kinase for their survival. The GLP-tox and GMP production of drug substance and drug production of JAB-2485 have been initiated. We expect to file an IND application in the second half of 2021.

  - ***JAB-24000*** – JAB-24000 is targeting tumor metabolic pathway developed for the treatment of solid tumors including NSCLC and HNSCC. 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. JAB-24000 can also be used in combination with SHP2 inhibitors or KRAS inhibitors. The first patent filing was made in May 2020. The drug candidate has been nominated in March 2021 and is currently at the IND-enabling stage. Currently, there is only one program in Phase I clinical stage in respective drug classes globally, therefore JAB-24000 has the potential to be among the first few market entrants.

  - ***JAB-BX300*** – JAB-BX300 is a large molecule antibody targeting RAS pathway for the treatment of pancreatic and other solid tumors with KRAS mutations. The first patent filing was in September 2019. The drug candidate has been nominated in March 2021 and is currently at the IND-enabling stage. Currently, there is only one program in Phase I clinical stage in respective drug classes globally, therefore JAB-BX300 has the potential to be among the first few market entrants.

- **Our Selected Preclinical Programs**

  - ***JAB-22000*** – JAB-22000 is a small-molecule KRAS G12D inhibitor. Lead series with high potency and selectivity have been identified and our first patent filing was made in November 2020. Subsequent patent filings have covered multiple directions. It is currently in the lead optimization stage, targeting to file an IND application in 2022 to 2023. Currently, there is no clinical stage small molecule KRAS G12D programs globally, therefore JAB-22000 has the potential to be among the first few market entrants.

  - ***JAB-26000*** – JAB-26000 is a targeting immuno-oncology pathway for the treatment of a variety of solid tumors such as SCLC, HNSCC and ESCC. The first patent filing was in January 2021. It is currently in the lead optimization stage, targeting to file an IND application in 2022 to 2023. Currently, there is only one program in Phase I clinical stage in respective drug classes globally, therefore JAB-26000 has the potential to be among the first few market entrants.

  - ***JAB-23000*** – JAB-23000 is a small-molecule KRAS G12V inhibitor. JAB-23000 project is in the hit-to-lead stage, targeting to file an IND application in 2023 to 2024.

Corporate Development

- In March 2021, our Company was selected as a constituent of each of the Hang Seng Composite Index, Hang Seng Composite Hong Kong-Listed Biotech Index and Hang Seng Healthcare Index.

- We launched our third R&D center in April 2021 in Shanghai, China, to attract and recruit the well-trained scientists and physicians across the world.

- In August 2021, our Company entered into a share purchase agreement with Hebecell, pursuant to which our Company has agreed to purchase and subscribe, and Hebecell has agreed to allot and issue, 1,321,257 series A preferred shares of Hebecell with the consideration of US$25,000,000, which represents approximately 19.74% of the issued share capital of Hebecell on a fully-diluted and as converted basis upon completion of the closings of the share purchase agreement. While our Company is primarily focused on small molecule cancer drugs, it opportunistically develops and seeks collaboration and strategic investment opportunities for compelling biological technologies where our Company can leverage its existing expertise in cancer biology to treat diseases with unmet needs and enhance our innovative portfolio with new modalities. Through the strategic investment in Hebecell, our Group expects to pool complementary expertise and resources to further improve its layout in the fields of oncology and immunology, and extend our capability to explore clinical value of combination therapies between our current programs and allogeneic cell therapy. For details, please refer to the announcement published on websites of the Stock Exchange and the Company dated on August 31, 2021.

- We have a solid patent portfolio to protect our drug candidates and technologies. As of June 30, 2021, we owned (i) two issued patent in China; (ii) two issued patents in the U.S.; (iii) two issued patents in Australia; (iv) four issued patents in Taiwan (China); (v) two issued patents in Japan; (vi) one issued patent in Indonesia; (vii) one issued patent in South Korea; and (viii) 101 pending patent applications, including one allowed patent application in South Africa, one allowed patent application in Europe, ten patent applications in China, nine patent applications in the U.S., seven PCT filings, and 73 patent applications in other jurisdictions.

Impact of the COVID-19 Outbreak

An outbreak of a novel strain of coronavirus causing coronavirus disease 2019 ("**COVID-19**") emerged in late 2019, which has materially and adversely affected the global economy.

Since the outbreak, we have deployed various measures to mitigate any impact the COVID-19 pandemic may have on our business, especially our ongoing clinical trials. We have endeavored to provide a safe work environment and adopted a thorough disease prevention scheme to protect our employees. There remains uncertainty regarding the future impact of the pandemic globally. Our Company is striving to minimize delays and disruptions and we believe that the COVID-19 pandemic did not significantly and materially affect our operation. However, the potential negative impact on our global operations in the future, including clinical trial recruitment and participation and regulatory interactions, may be difficult to predict.

Future and Outlook

We are a front runner in selecting, discovering and developing potential first-in-class therapies with innovative mechanisms for global oncology treatment. By continuing to strengthen our drug discovery platform and to advance our pipeline, we expect to obtain global market leadership with a number of transforming therapies and expect to 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:

- **Develop our SHP2 and KRAS lead assets in China and worldwide**

  We are one of the early movers globally in developing allosteric drugs, including two lead assets – SHP2 inhibitors and KRAS G12C inhibitors at the clinical stage, which we expect to be the key revenue drivers. In 2021, we will continue to advance the development of each of our SHP2 and KRAS assets to reach important milestones.

  Regarding the SHP2 inhibitors, a phase I/II trial of JAB-3312 combined with a PD-1 antibody or a MEK inhibitor is onging globally. The first two patients' dosage in the U.S was completed in May 2021. We also plan to explore JAB-3312 in combination with KRAS G12C inhibitor for a variety of solid tumors. A Phase I/II JAB-3068 plus a PD-1 antibody trial was initiated in China in April 2021. By executing this global clinical development plan in an efficient and timely manner, we believe that we can establish our SHP2 inhibitors as monotherapy and the backbone drugs for combination therapies for multiple solid tumors.

  With regards to our KRAS G12C inhibitor program, the IND application for a Phase I/II trial of JAB-21822 in patients with tumors harboring a KRAS G12C mutation has been approved by the NMPA and the U.S. FDA in May 2021. The enrollment of the first patient for these trials was completed in China in July 2021. In addition, IND applications of new studies of JAB-21822 in monotherapy with specific co-mutation and in combination with PD-1 antibody were submitted to the NMPA in August 2021. We also plan to explore JAB-21822 in combination with a SPH2 inhibitor and an EGFR antibody. 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.

  Other than JAB-21822, we also have two discovery programs of small molecule KRAS inhibitors targeting G12D (JAB-22000) and G12V (JAB-23000) mutations, which will initially be developed for the treatment of pancreatic, CRC and NSCLC. JAB-22000 is currently in the lead optimization stage and we expect to file the IND application in 2022 to 2023. JAB-23000 is currently in the hit to lead optimization stage and we expect to file an IND application in 2023 to 2024. In addition to small molecules, we also discovered a large molecule antibody targeting RAS pathway, JAB-BX300, for the treatment of pancreatic and other solid tumors with KRAS mutations. JAB-BX300 has been recently nominated drug candidate and is currently in IND-enabling stage. We expect to file an IND application in 2022 for this program.

  As we have both SHP2 and KRAS assets in our pipeline, we are well-positioned to explore the clinical benefits of this science-based combination therapy.

- **Continuously progress and expand the additional pipeline 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 assets, we will continue to progress our rich pipeline including several early-stage drug candidates that target a variety of other major and critical pathways.

  With regards to our BET inhibitor JAB-8263, the enrollment of the first patient in the U.S. was completed in November 2020 and the enrollment of the first patient in China was completed in April 2021.

  Leveraging our strong internal research capabilities, we will continue to advance our IND-enabling stage assets towards the IND filing and clinical development in 2021. Except for JAB-21822 (KRAS G12C inhibitor), we expect to submit 3 additional IND applications including JAB-BX100 (CD73 antibody), JAB-2485 (Aurora A kinase inhibitor), and JAB-6343 (FGFR4 inhibitor) in 2021. In addition, JAB-24000 (tumor metabolic pathway) and JAB-BX300 are currently in the IND-enabling stage. We expect to file an IND application in 2022 for JAB-24000 and JAB-BX300.

  We will continue to explore possible science-based combinations amongst our pipeline drug candidates.

- **Strengthen our talent pool and increase multi-regional presence**

  In order to execute our global development strategy, we have established dual R&D centers in both Beijing, China and Massachusetts, the U.S., the two main global R&D hubs. Besides, we launched our third R&D center in April 2021 in Shanghai, China, to attract and recruit the well-trained scientists and physicians across the world.

  Our clinical development team has expanded its global footprint with clinical networks in China and the U.S. and is expected to expand to other territories in the future. Our global clinical development capabilities are well demonstrated by our rapid implementation of ten ongoing clinical trials, including multi-regional clinical trials ("**MRCT**") following specific regulatory requirements.

  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 are committed to exploring cutting-edge anti-cancer therapies, with this belief, we plan to enrich our scientific teams in both China and the U.S..

- **Enhance our advanced research and development platform**

  We have built an integrated research platform to enable our strategic focus on the research and development of innovative drugs in oncology with large unmet medical needs. 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.

We believe that R&D is key to driving our therapeutic strategy and maintaining our competitiveness in the biopharmaceutical industry. With this belief, we are committed to further strengthening and advancing our R&D platforms to continuously fuel innovation.

- **Expand our manufacturing capabilities in China**

  We are building our in-house GMP-compliant manufacturing facilities to expand our manufacturing 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.

- **Capture global market opportunities and expand to compelling area of research through collaborations**

  On the coattails of our landmark collaboration with AbbVie for our SHP2 portfolio inhibitors, we plan to continue exploring partnerships around the world to fulfill people's shared dream of curing cancer and living a better life. We intend to find the most suitable and resourceful partners for collaboration to expand our footprint of global development and the commercialization of our drug candidates. Through our recent collaboration with Hebecell, we are expanding our pipeline of novel medicines from small molecule and antibody therapeutics to off-the-shelf cell therapies. We will continue exploring partnerships around the world to look for compelling areas of research that have been primarily out of reach for many of the world's patients.

We are committed to be an innovative biopharmaceutical company that enjoys global market shares. To achieve this goal, we plan to build fully functional capabilities including R&D, manufacturing and commercialization in China, and obtain global market shares by partnering with top MNCs. We strive to deploy our innovation engine for creating a robust pipeline in the fight against cancer for the benefit of patients around the world.

Cautionary Statement under Rule 18A.08(3) of the Listing Rules: Our Company cannot guarantee that it will be able to successfully develop or ultimately market our Core Products. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Financial Review

Revenue

	Six months ended June 30,			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Revenue from the license and collaboration agreement	**57,689**	**100**	**–**	**–**

Our revenue increased from nil for the six months ended June 30, 2020 to RMB57.7 million for the six months ended June 30, 2021, which was attributable to the R&D costs reimbursement generated from the license and collaboration agreement with AbbVie regarding the R&D, manufacture and commercialization of our SHP2 inhibitors.

Cost of Revenue

	Six months ended June 30,			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Clinical trial expenses of our SHP2 inhibitors	**53,133**	**100**	**–**	**–**

Our cost of revenue consists of research and development expenses related to our SHP2 inhibitors. For the six months ended June 30, 2021, we recorded cost of revenue of RMB53.1 million, mainly attributable to the clinical trial expenses of our SHP2 inhibitors, as compared with nil for the six months ended June 30, 2020. Before we have entered into the license and collaboration agreement with AbbVie, the research and development expenses related to our SHP2 inhibitors were recorded in research and development expenses.

Gross Profit

	Six months ended June 30,			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Gross profit from the license and collaboration agreement	**4,556**	**100**	**–**	**–**

As a result of the foregoing, our gross profit increased from nil for the six months ended June 30, 2020 to RMB4.6 million for the six months ended June 30, 2021.

Other Income

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Government grants	**3,624**	3,280
Investment income on wealth management products	**–**	100
Total	**3,624**	3,380

Our other income increased from RMB3.4 million for the six months ended June 30, 2020 to RMB3.6 million for the six months ended June 30, 2021, primarily attributable to an increase in government grants of RMB0.3 million.

Other (Losses)/Gains – Net

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(14,631)**	1,069
Net fair value gains on derivative financial instruments	**2,701**	–
Total	**(11,930)**	1,069

The decrease in other gains was primarily attributable to the depreciation of US dollar and HK dollar for the six months ended June 30, 2021 which has resulted in foreign exchange losses of RMB14.6 million for the six months ended June 30, 2021.

Our other gains and losses consisted primarily of gains or losses due to fluctuations in the exchange rates between Renminbi and US dollar and between Renminbi and HK dollar. Our other losses and gains decreased by RMB15.7 million from gains of RMB1.1 million for the six months ended June 30, 2020 to losses of RMB14.6 million for six months ended June 30, 2021, which was mainly attributable to foreign exchange losses in connection with bank balances and cash dominated in US dollar and HK dollar and the depreciation of US dollar and HK dollar against Renminbi for the six months ended June 30, 2021, compared to the appreciation of US dollar against Renminbi for the six months ended June 30, 2020.

Our business mainly operates in the PRC, and most of our Group's transactions are settled in Renminbi. Since our inception, we have financed our business solely through equity financings, with related proceeds denominated in US dollar, HK dollar and Renminbi. We converted a portion of those USD and HKD proceeds to Renminbi with the remaining amounts reserved for additional conversions to Renminbi as needed. Translation for financial statement presentation purposes of our assets and liabilities exposes us to currency-related gains or losses and the actual conversion of our USD and HKD denominated cash balances will also expose us to currency exchange risk.

Our foreign exchange hedging related activity has resulted in a gain of RMB2.7 million for the six months ended June 30, 2021. We have managed our foreign exchange risk by closely reviewing the movement of the foreign currency rates and would consider hedging against foreign exchange exposure should the need arise.

Research and Development Expenses

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Testing fee	**51,994**	26,190
Employee benefits expenses	**38,184**	23,516
Raw material and consumables used	**18,985**	9,359
Depreciation and amortization	**3,765**	4,042
Others	**8,732**	7,905
Total	**121,660**	71,012

Our research and development expenses increased by RMB50.7 million from RMB71.0 million for the six months ended June 30, 2020 to RMB121.7 million for the six months ended June 30, 2021, primarily due to the expansion of pre-clinical research portfolio associated R&D activities and the increased staff costs accompanied with expanding of relative R&D departments. Such increase in research and development expenses are resulted from (i) an increase of RMB25.8 million in testing fee mainly due to the advancement of our pre-clinical drug candidates; (ii) an increase of RMB14.7 million in employee benefits expenses primarily due to an increase in the number of research and development employees and their salary level; and (iii) an increase of RMB9.6 million in raw material and consumables used due to the development of our drug candidates.

Administrative Expenses

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Employee benefits expenses	**12,379**	7,136
Professional services expenses	**961**	1,895
Depreciation and amortization	**308**	831
Listing expenses	**–**	516
Others	**4,880**	1,996
Total	**18,528**	12,374

Our administrative expenses increased by RMB6.1 million from RMB12.4 million for the six months ended June 30, 2020 to RMB18.5 million for the six months ended June 30, 2021. This was primarily attributable to the increase of employee benefits expenses and other administrative expenses in line with our business expansion.

Finance Income

Our finance income increased by RMB5.8 million from RMB1.8 million for the six months ended June 30, 2020 to RMB7.6 million for the six months ended June 30, 2021, which was mainly attributable to an increase of bank interest income earned on the proceeds from the Global Offering.

Income Tax Expense

We recognized no income tax expenses for the six months ended June 30, 2020 and 2021.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with the International Financial Reporting Standards (IFRS), our Company also uses adjusted loss for the Reporting Period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. Our Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating our Group's consolidated results of operations in the same manner as they help our Company's management.

Adjusted loss for the Reporting Period represents the loss for the Reporting Period excluding the effect of certain noncash items and one-time events, namely the fair value losses in financial instruments with preferred rights, share-based payment expenses and listing expenses. The term adjusted loss for the Reporting Period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and should not consider it in isolation from, or as substitute for analysis of, our Group's results of operations or financial condition as reported under IFRS. Our Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, our Company believes that this and other non-IFRS measures are reflections of our Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of our Group's operating performance, and thus, facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the loss to adjusted loss during the periods indicated:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Loss for the period	**(136,597)**	(810,904)
Added:		
Fair value losses in financial instruments with preferred rights	**–**	733,079
Share-based payment expenses	**10,829**	6,806
Listing expenses	**–**	516
Adjusted loss for the period	**(125,768)**	(70,503)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the periods indicated:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Research and development expenses for the period	**(121,660)**	(71,012)
Added:		
Share-based payment expenses	**6,748**	6,244
Adjusted research and development expenses for the period	**(114,912)**	(64,768)

The table below sets forth a reconciliation of the administrative expenses to adjusted administrative expenses during the periods indicated:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Administrative expenses for the period	**(18,528)**	(12,374)
Added:		
Share-based payment expenses	**3,047**	562
Listing expenses	**–**	516
Adjusted administrative expenses for the period	**(15,481)**	(11,296)

Cash Flows

During the six months ended June 30, 2021, net cash used in operating activities of our Group amounted to RMB114.8 million, representing an increase of RMB42.8 million compared to the net cash used in operating activities during the six months ended June 30, 2020. The increase was mainly due to the increase of research and development expenses.

During the six months ended June 30, 2021, net cash flows generated from investing activities of our Group amounted to RMB182.1 million, representing an increase of RMB252.2 million over the six months ended June 30, 2020. The increase was mainly due to the settlement of deposits with original maturities over 3 months during the six months ended June 30, 2021.

During the six months ended June 30, 2021, net cash flows generated from financing activities of our Group amounted to RMB119.6 million, representing an decrease of RMB43.1 million over the six months ended June 30, 2020. The decrease was mainly due to the combined impact of (i) fund raised from the issuance of Series C+ preferred shares of RMB182.5 million during the six months ended June 30, 2020, and (ii) fund raised from the exercise of over-allotments option of RMB132.8 million during the six months ended June 30, 2021.

Significant Investments, Material Acquisitions and Disposals

During the six months ended June 30, 2021, our Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates, and joint ventures.

Liquidity, Capital Resources and Gearing Ratio

We expect our liquidity requirements will be satisfied by a combination of revenue generated from operating activities and other funds raised from the capital markets from time to time and the net proceeds from the initial public offering.

We currently do not have any plan for material additional external debt or equity financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

As of June 30, 2021, our cash and bank balances were RMB1,612.4 million, as compared to RMB1,627.4 million as of December 31, 2020. Our trade receivable balances of RMB159.4 million in relation to the license and collaboration with AbbVie were transferred out by AbbVie in June 2021 while received by us in July 2021 due to relevant receipt procedures. Our primary uses of cash are to fund research and development efforts of drug candidates, working capital and other general corporate purposes. Our cash and cash equivalents are held in US dollar, HK dollar and Renminbi.

On January 13, 2021, the international underwriters of the Global Offering partially exercised the over-allotment option, pursuant to which our Company is required to allot and issue the option shares, being 11,808,300 Shares, representing approximately 12.24% of the maximum number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK$158.7 million (after deducting the commissions and other offering expenses payable by our Company in relation to the partial exercise of the over-allotment option).

Currently, our Group follows a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

As of June 30, 2021, our Group did not have any interest-bearing bank and other borrowings. Thus, neither the gearing ratio nor the debt to equity ratio was applicable to our Group.

Lease Liabilities

IFRS 16 Leases is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. IFRS 16 has been consistently applied to our Group's consolidated financial statements for the six months ended June 30, 2021 and for the year ended December 31, 2020. As at June 30, 2021, our lease liabilities amounted to RMB12.7 million.

Capital Commitments

As at June 30, 2021 and December 31, 2020, our Group had capital commitments contracted for but not yet provided of RMB0.8 million and RMB0.5 million primarily in connection with contracts entered into with suppliers for the purchase of property, plant and equipment, respectively.

Contingent Liabilities

As at June 30, 2021, our Group did not have any contingent liabilities (2020: Nil).

Pledge of Assets

There was no pledge of our Group's assets as of June 30, 2021.

Foreign Exchange Exposure

Our financial statements are expressed in Renminbi, but certain of our cash and cash equivalents, time deposits, restricted bank deposits, contract assets, trade receivables, trade payables and other payables and accruals are denominated in foreign currencies, and are exposed to foreign currency risk. The management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity Risk

As of June 30, 2021, we recorded net current assets of RMB1,738.6 million, representing the decrease of RMB2.9 million from RMB1,741.5 million as of December 31, 2020. In the management of the liquidity risk, our Company monitors and maintains a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

Employees and Remuneration Policies

As at June 30, 2021, we had 213 employees in total. The total remuneration costs amounted to RMB59.3 million for the six months ended June 30, 2021, as compared to RMB30.7 million for the six months ended June 30, 2020. The increase reflected the increased number of employees and their salary level which is in line with our business expansion.

In order 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. Our Group also provides training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits for our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in accordance with applicable laws.

INTERIM DIVIDEND

The Board has resolved not to recommend an interim dividend for the six months ended June 30, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value as well as the responsibility commitments. Our Company has adopted the CG Code set out in Appendix 14 to the Listing Rules as our own code of corporate governance.

The Board is of the view that our Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2021 and up to the date of this announcement, except for a deviation from the code provision A.2.1 of the CG Code as described below.

Under code provision A.2.1 of the CG Code, the responsibility between the chairman and chief executive should be separate and should not be performed by the same individual. However, Dr. Yinxiang Wang ("**Dr. Wang**") is our Company's 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 our establishment, Dr. Wang is in charge of overall strategic planning, business direction and operational management of our Group. The 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 the Board and our Company's senior management, which comprises experienced and diverse individuals. The 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.

The Board will continue to review and monitor the practices of our Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as our code for dealing in securities in our Company by the Directors. The Directors have confirmed compliance with the required standard set out in the Model Code for the six months ended June 30, 2021 and up to the date of this announcement. No incident of non-compliance by the Directors was noted by the Company during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

Our Company has established an Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the CG Code and has adopted written terms of reference. The Audit Committee consists of one non-executive Director, Dr. Te-li Chen, and two independent non-executive Directors, Dr. Ge Wu and Dr. Daqing Cai. The Audit Committee is currently chaired by Dr. Daqing Cai, who possesses suitable professional qualifications.

The Audit Committee has discussed with our Company's management and reviewed the unaudited condensed consolidated interim financial information of our Group for the Reporting Period. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and our Company has made appropriate disclosures thereof.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF OUR COMPANY

Save for the issuance of 11,808,300 ordinary shares on January 18, 2021 pursuant to the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated January 13, 2021, neither our Company nor any of its subsidiaries had purchased, sold or redeemed any of our Company's listed securities during the six months ended June 30, 2021.

USE OF PROCEEDS FROM GLOBAL OFFERING

Our Company's Shares started to list on the Main Board of the Stock Exchange since the Listing Date. Our Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering of approximately HK$1,421.8 million, equivalent to RMB1,183.1 million including shares issued as a result of the partial exercise of the over-allotment option. Our Company intends to use the net proceeds in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" in the Prospectus and will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes by 2025. This expected timeline is based on the best estimation of future market conditions and our business operations, and remains subject to change based on our current and future development of market conditions and actual business needs.

As at June 30, 2021, approximately RMB93.9 million of the net proceeds of the Global Offering had been utilized as follows:

	Percentage to net proceeds from the Global Offering	Allocation of net proceeds from the Global Offering in the proportion disclosed in the Prospectus *RMB million*	Utilization as at June 30, 2021 *RMB million*	Unutilized as at June 30, 2021 *RMB million*
Fund registrational clinical trials and preparation for registration filings of JAB-3068 in the Territory	44%	520.6	–	520.6
Fund registrational clinical trials and preparation for registration filings of JAB-3312 in the Territory	18%	213.0	–	213.0
Fund the set-up of our sales and marketing team and commercialization activities of JAB-3068 and JAB-3312 in the Territory	4%	47.3	–	47.3
Fund ongoing and planned clinical trials of JAB-8263	10%	118.3	6.4	111.9
Fund ongoing pre-clinical and clinical development of JAB-21822 and the preparation of its IND filing	8%	94.6	33.3	61.3
For the ongoing and planned early-stage drug discovery and development, including pre-clinical and clinical development of our other pipeline assets, discovery and development of new drug candidates	4%	47.3	37.0	10.3
Fund the planned construction of our in-house GMP-compliant manufacturing facility	8%	94.6	–	94.6
For working capital and general corporate purposes	4%	47.4	17.2	30.2
Total	**100%**	**1,183.1**	**93.9**	**1,089.2**

APPRECIATION

The Board would like to take this opportunity to extend our deepest gratitude to our staff for their hard work and dedication to our Group, and to our Shareholders for their continuous trust and support in our Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of our Company (www.jacobiopharma.com).

The 2021 interim report of our Company will be despatched to the Shareholders and will be available on the above website of the Stock Exchange and that of our Company in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF LOSS

	Notes	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue	3	**57,689**	–
Cost of revenue	4	**(53,133)**	–
Gross profit		**4,556**	–
Research and development expenses	4	**(121,660)**	(71,012)
Administrative expenses	4	**(18,528)**	(12,374)
Other income		**3,624**	3,380
Other (losses)/gains – net		**(11,930)**	1,069
Operating loss		**(143,938)**	(78,937)
Finance income		**7,644**	1,831
Finance expenses		**(303)**	(719)
Finance income – net		**7,341**	1,112
Fair value losses in financial instruments with preferred rights		**–**	(733,079)
Loss before income tax		**(136,597)**	(810,904)
Income tax expense	5	**–**	–
Loss for the period		**(136,597)**	(810,904)
Loss attributable to:			
Owners of the Company		**(136,597)**	(810,896)
Non-controlling interests		**–**	(8)
		(136,597)	(810,904)
Loss per share attributable to owners of the Company:			
– Basic and diluted (in RMB per share)	6	**(0.18)**	(2.42)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the period	**(136,597)**	(810,904)
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(38)**	(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	**–**	(3,518)
Other comprehensive loss for the period, net of tax	**(38)**	(3,523)
Total comprehensive loss	**(136,635)**	(814,427)
Total comprehensive loss attributable to:		
Owners of the Company	**(136,635)**	(814,419)
Non-controlling interests	**–**	(8)
	(136,635)	(814,427)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at June 30, 2021 *RMB'000* (Unaudited)	As at December 31, 2020 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**35,422**	30,261
Right-of-use assets		**5,648**	3,868
Intangible assets		**1,088**	1,171
Other receivables and prepayments		**17,292**	16,702
Total non-current assets		**59,450**	52,002
Current assets			
Contract assets	*3*	**28,349**	171,413
Trade receivables	*8*	**159,374**	–
Other receivables and prepayments		**10,631**	15,743
Derivative financial instruments		**2,636**	784
Cash and bank balances	*9*	**1,612,373**	1,627,408
Total current assets		**1,813,363**	1,815,348
Total assets		**1,872,813**	1,867,350
SHAREHOLDERS' EQUITY			
Equity attributable to owners of the Company			
Share capital		**510**	502
Other reserves		**3,979,387**	3,846,602
Share-based compensation reserve		**111,557**	100,728
Accumulated losses		**(2,298,229)**	(2,161,632)
		1,793,225	1,786,200
Non-controlling interests		**–**	–
Total shareholders' equity		**1,793,225**	1,786,200

	Note	As at June 30, 2021 *RMB'000* (Unaudited)	As at December 31, 2020 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**2,583**	2,011
Deferred income		**2,254**	5,261
Total non-current liabilities		**4,837**	7,272
Current liabilities			
Trade payables	*10*	**48,243**	28,281
Other payables and accruals		**16,417**	37,376
Lease liabilities		**10,091**	8,221
Total current liabilities		**74,751**	73,878
Total liabilities		**79,588**	81,150
Total equity and liabilities		**1,872,813**	1,867,350

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

JACOBIO PHARMACEUTICALS GROUP CO., LTD. (the "**Company**") was incorporated in the Cayman Islands on June 1, 2018 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 the Company's registered office is Walkers Corporate Limited, 190 Elgin Avenue, 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 ordinary shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on December 21, 2020.

This condensed consolidated interim financial information is presented in Renminbi ("**RMB**") and rounded to nearest thousand yuan, unless otherwise stated.

These condensed interim financial statements were approved for issue by the board of Directors on August 31, 2021.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting". The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2020 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2020, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

– Amendments to IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform – Phase 2

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) 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, are as follows:

		Effective for accounting periods beginning on or after
Amendments to IAS 16	Property, Plant and Equipment –proceeds before intended use	January1, 2022
Amendments to IAS 37	Onerous contracts — cost of fulfilling a contract	January1, 2022
Amendments to IFRS 3	Update reference to the conceptual framework	January1, 2022
Annual improvements to IFRS standards 2018 – 2020	Annual improvements to IFRS standards 2018 – 2020	January1, 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	January1, 2023
IFRS 17	Insurance contracts	January1, 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.

3 SEGMENT AND REVENUE INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive Directors.

(a) Description of segments

The Group is principally engaged in the research and development of new drugs. The CODM reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

(b) License and collaboration agreement with a customer

The Group recognised revenue totalled RMB57,689,000 for the six months ended June 30, 2021 in relation to a license and collaboration agreement entered by the Group with a customer (the "**Agreement**"). Under the terms of the Agreement, the Group agreed to grant licenses of certain intellectual properties and to provide research and development services in relation to certain licensed products to this customer. The considerations of the Agreement consist of non-refundable upfront payment, reimbursements for research and development costs incurred, and variable considerations including milestone payments and royalties on net sales of the licensed products.

(c) An analysis of revenue from contracts with customers is as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from the Agreement	**57,689**	–

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Timing of revenue recognition:		
Over time	**57,689**	–

(d) Assets related to contracts with customers

The Group has recognised the following assets related to contracts with customers:

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets relating to the Agreement	**28,349**	171,413
Less: loss allowance	**–**	–
Current portion	**28,349**	171,413

4 EXPENSES BY NATURE

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Testing fee	**91,448**	26,190
Employee benefits expenses	**59,274**	30,652
Raw materials and consumables used	**21,057**	9,359
Depreciation and amortization	**4,885**	4,873
Professional services expenses	**4,728**	6,383
Utilities and office expenses	**4,162**	1,758
Short-term leases expenses	**3,658**	2,002
Auditor's remuneration	**990**	130
Travelling and transportation expenses	**467**	300
Listing expenses	**–**	516
Others	**2,652**	1,223
Total	**193,321**	83,386

5 INCOME TAX EXPENSE

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
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 8.25% for assessable profits on the first HK$2 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 six months ended June 30, 2021 and 2020.

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 8.00% during the six months ended June 30, 2021 and 2020.

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 six months ended June 30, 2021 and 2020.

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.

6 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.

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.

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Audited)
Loss attributable to owners of the Company for the period *(RMB'000)*	**(136,597)**	(810,896)
Weighted average number of fully paid ordinary shares in issue *(in thousands) (i)*	**746,365**	335,508
Basic loss per share *(in RMB per share)(ii)*	**(0.18)**	(2.42)

(i) Pursuant to the shareholders' resolution dated 30 November 2020, a total of 530,542,224 ordinary shares credited as fully paid at par value were allotted and issued to the shareholders of the register of members of the Company at the close of business on the date immediately preceding the date on which the global offering becomes unconditional by way of capitalization of the sum of USD53,000 (equivalent to RMB347,000) standing to the credit of the capital reserve of the Company. The ordinary shares allotted and issued pursuant to the resolution rank pari passu in all respects with the then existing issued ordinary shares (the "**Capitalization Issue**").

The weighted average number of ordinary shares for the purpose of basic loss per share for the six months ended June 30, 2020 has been retrospectively adjusted for the Capitalization Issue.

(ii) The calculation of basic loss per share has not considered the shares which were issued but not fully paid before the global offering 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 six months ended June 30, 2021 and 2020 related to the shares held for share award scheme. Due to the Group's negative financial results for the six months ended June 30, 2021 and 2020, 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.

7 DIVIDEND

No dividend has been declared by the Company for the six months ended June 30, 2021 (2020: nil).

8 TRADE RECEIVABLES

	As at June 30, 2021 ***RMB'000*** **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Trade receivables from contracts with customers	**159,374**	–

The Group's trade receivables, of which the ageing analysis were within 90 days, were denominated in US dollar and approximate their fair value. The outstanding trade receivables amounting to US$24,612,000 (equivalent to approximately RMB159,374,000) were transferred out by the customer in June 2021 while received by the Group in July 2021 due to relevant receipt procedures.

9 CASH AND BANK BALANCES

	As at June 30, 2021 ***RMB'000*** **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Cash on hand		
– RMB	**–**	–
Cash at bank		
– RMB	**899,382**	98,486
– USD	**319,174**	431,188
– HKD	**393,817**	1,097,734
	1,612,373	1,627,408

Reconciliation to interim condensed consolidated statement of cash flows:

	As at June 30, 2021 ***RMB'000*** **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Cash and bank balances	**1,612,373**	1,627,408
less: Deposits with original maturities of over 3 months	**–**	(195,747)
less: Restricted bank deposits *(a)*	**(7,222)**	(1,245)
Cash and cash equivalents	**1,605,151**	1,430,416

(a) Restricted bank deposits are the retention deposits for the Group's foreign currency forward contracts.

10 TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at June 30, 2021 ***RMB'000*** **(Unaudited)**	As at December 31, 2020 *RMB'000* (Audited)
Less than 1 year	**48,203**	28,004
Between 1 and 2 years	**–**	237
Between 2 and 3 years	**40**	40
	48,243	28,281

"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
"AML"	acute myeloid leukemia, a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood
"Audit Committee"	the audit committee of the Board
"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
"Board"	The board of Directors
"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
"China" or "PRC"	the People's Republic of China
"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., the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1167)
"Core Product(s)"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which for purposes of this announcement, refers to JAB-3068
"Corporate Governance Code" or "CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CRPC"	castration-resistant prostate cancer
"Directors"	director(s) of our Company
"EGFR"	epidermal growth factor receptor
"ESCC"	esophageal squamous cell carcinoma, a high-mortality cancer with complex etiology and progression involving both genetic and environmental factors
"FPI"	First-Patient-In
"Global Offering	the offer of Shares for subscription as described in the Prospectus

"GLP-tox"	GLP-compliant toxicity study
"GMP"	good manufacturing practice
"GMP API"	GMP-compliant active pharmaceutical ingredients
"Group", "our Group", "we", "us" or "our"	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
"Hebecell"	Hebecell Holding Limited, an exempted company incorporated with limited liability under the Laws of the Cayman Islands
"Hong Kong dollars" or "HK dollars" or "HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Independent Third Party"	a person or entity who is not a connected person of our Company under the Listing Rules
"KRAS G12X-mutant"	Multiple mutant forms at codon-12 of the KRAS protein
"Listing"	the listing of our Company on the main board of the Stock Exchange on December 21, 2020
"Listing Date"	December 21, 2020, being the date on which the Offer Shares were listed and dealings in the Offer Shares first commenced 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 exchange (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 Hong Kong Stock Exchange
"MEK"	mitogen-activated protein kinase kinase (also known as MAPKK), a kinase enzyme which phosphorylates MAPK
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

"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
"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
"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)
"NSCLC"	non-small cell lung cancer
"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-(L)1"	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
"Phase I"	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 Ib/IIa"	Phase Ib/IIa is the study that tests the safety, side effects, and best dose of a new treatment. It is conducted in target patient popular with selected dose levels. Phase Ib/IIa study also investigates how well a certain type of disease responds to a treatment. In the phase IIa part of the study, patients usually receive multiple dose levels and often include the highest dose of treatment that did not cause harmful side effects in the phase Ia part of the study. Positive results will be further confirmed in a Phase IIb or Phase III study
"Phase II"	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
"Prospectus"	the prospectus of our Company dated December 9, 2020 being issued in connection with the Listing
"RAS"	a low-molecular-weight GDP/GTP-binding guanine triphosphatase, which is a prototypical member of the small-GTPase superfamily
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC

"Reporting Period"	the six months ended June 30, 2021
"Share(s)"	ordinary share(s) with a nominal value of US$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA"	U.S. Food and Drug Administration

By order of the Board
JACOBIO PHARMACEUTICALS GROUP CO., LTD.
Yinxiang WANG
Chairman

Hong Kong, August 31, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Yinxiang WANG as Chairman and executive Director, Ms. Xiaojie WANG, Dr. Shaojing HU and Ms. Yunyan HU as executive Directors, Dr. Ting FENG, Ms. Yanmin TANG, Dr. Dong LYU and Dr. Te-li CHEN as non-executive Directors, and Dr. Ruilin SONG, Dr. Ge WU, Dr. Daqing CAI and Dr. Xiaoming WU as independent non-executive Directors.