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)

(1) INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023; (2) RESIGNATION OF NON-EXECUTIVE DIRECTOR; AND (3) CHANGE IN THE COMPOSITION OF THE NOMINATION COMMITTEE

The Board is pleased to announce the unaudited condensed consolidated interim results of our Group for the six months ended June 30, 2023, together with comparative figures for the six months ended June 30, 2022.

BUSINESS HIGHLIGHTS

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

Progress of Core Pipeline Products

JAB-21822 (Glecirasib, KRAS G12C inhibitor)

NSCLC

The pivotal trial in patients with NSCLC harboring KRAS G12C mutation was approved by the CDE and has enrolled patients from around 60 sites in China. We expect to complete the patient enrollment in September 2023. The non-clinical portion of pre-NDA application, including CMC, will be submitted to the CDE by the end of 2023. The clinical portion of pre-NDA application will be submitted in the first quarter of 2024. The NDA application of Glecirasib monotherapy in NSCLC is expected to be submitted in the first half of 2024.

PDAC

In July 2023, the pivotal trial in patients with PDAC harboring KRAS G12C mutation was approved by the CDE. The pivotal study site is expected to be activated in September 2023.

In August 2023, Glecirasib was granted BTD for KRAS G12C mutant pancreatic cancer patients who have progressed on front-line standard care treatment by the CDE. Phase I/IIa preliminary clinical data of Glecirasib monotherapy in PDAC is planned to be submitted at the upcoming 2024 American Society of Clinical Oncology (ASCO) GI Annual Meeting, which will be held in January 2024.

CRC

The clinical results of the combination therapy of Glecirasib and cetuximab in advanced colorectal cancer with KRAS G12C mutation were presented at the 2023 Japanese Cancer Association (JCA)-American Association for Cancer Research (AACR) Precision Cancer Medicine International Conference. The development plan of Glecirasib in combination with cetuximab pivotal trial is under consultation with CDE.

JAB-3312 (SHP2 inhibitor)

In China, the Phase I/IIa clinical trial of JAB-3312 in combination with our KRAS G12C inhibitor Glecirasib is actively recruiting. The preliminary clinical data of Glecirasib in combination with JAB-3312 in the form of a proffered paper presentation will be presented at the 2023 European Society for Medical Oncology (ESMO) Congress, which will be held in October 2023 in Spain.

Progress of Other Key Selected Programs

Clinical Stage Products

JAB-8263 (BET inhibitor)

The Phase I dose escalation portion in solid tumors and hematological malignancies (AML and MF) is ongoing in the U.S. and China simultaneously. Active therapeutic signals were observed in blood tumors. The RP2D will be determined in the second half of 2023.

JAB-2485 (Aurora A kinase inhibitor)

We launched a Phase I/IIa global trial of JAB-2485 in the U.S. and China. The first patient was dosed in January 2023 in the U.S. The first dose group observed clinical benefits for patients. The dose escalation portion of the study is ongoing. This is the first global trial fully managed by our internal clinical team, which demonstrates our global clinical development capabilities. In China, the first site was initiated in August 2023.

The preclinical study of JAB-2485 was presented in the form of an abstract at the AACR Annual Meeting 2023 ("**2023 AACR**") in April 2023 in the U.S.

JAB-BX102 (anti-CD73 humanized monoclonal antibody)

A Phase I/IIa dose escalation is ongoing with the anticipation of obtaining RP2D in the first half of 2024.

We entered into a clinical collaboration agreement with Merck & Co., Inc., Rahway, NJ, USA (Merck & Co), to evaluate the combination of our CD73 monoclonal antibody JAB-BX102 and KEYTRUDA® (pembrolizumab, anti-PD-1 antibody) (the "**Collaboration Agreement**") in March 2023.

JAB-26766 (PARP7 inhibitor)

We received the IND approval for a Phase I/IIa advanced solid tumors clinical trial in China from CDE in June 2023. A clinical trial in China is being planned.

JAB-24114 (Glutamine-utilizing Enzyme inhibitor)

The IND application of JAB-24114 to the NMPA was approved in March 2023.

JAB-BX300 (Anti-LIF humanized monoclonal antibody)

The IND application of JAB-BX300 to the NMPA was approved in April 2023.

IND-Enabling Stage Products

JAB-23400 (KRAS^{multi} inhibitor)

JAB-23400 is a first-in-class, orally bioavailable, KRAS^{multi} inhibitor. It can potently inhibit the activity of multiple KRAS mutants in both RAS (ON) and RAS (OFF) states at single digit nano molar and sub nano molar level, with good selectivity over HRAS and NRAS which are tumor suppression genes of KRAS-driven lung cancer growth. To date, there is no small-molecule KRAS^{multi} inhibitor that targets both RAS (ON) and RAS (OFF) states in the clinical stage globally. We plan to submit the IND application for JAB-23400 in the first half of 2024.

JAB-30300 (P53 Y220C activator)

JAB-30300 is an orally bioavailable small molecule activator for the treatment of patients with solid tumors harboring P53 Y220C mutation. We plan to submit the IND application of JAB-30300 in the second half of 2023.

Our iADC Programs

- We have leveraged our strength in small-molecule drug discovery and development in designing innovative payloads and built our immunostimulatory antibody-drug conjugate (iADC) platform. We have successfully conjugated our potent STING agonist (payload) with anti-HER2 antibodies (JAB-BX400) and anti-CD73 (JAB-X1800). In preclinical study, JAB-BX400 was effective to DS8201 resistance tumor models. The IND application is expected to be submitted from 2024 to 2025.

FINANCIAL HIGHLIGHTS

Revenue

We recorded revenue of RMB40.3 million for the six months ended June 30, 2023 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.

Research and Development Expenses

Our research and development expenses increased by RMB22.2 million or 12.6% from RMB176.6 million for the six months ended June 30, 2022 to RMB198.8 million for the six months ended June 30, 2023, primarily due to the advancement of clinical trials and the increased staff costs accompanied with expansion of relative R&D departments.

Administrative Expenses

Our administrative expenses increased by RMB0.9 million or 3.9% from RMB22.8 million for the six months ended June 30, 2022 to RMB23.7 million for the six months ended June 30, 2023. As a result of our cost controlling activities, administrative expenses remained stable.

Loss for the Period

As a result of the above factors, the loss for the period increased from RMB127.8 million for the six months ended June 30, 2022 to RMB166.3 million for the six months ended June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Tremendous progress in cancer biology in the past several decades has elucidated several critical cellular pathways involved in cancer, including Kirsten rat sarcoma 2 viral oncogene homolog (KRAS), MYC proto-oncogene (MYC), P53 and Retinoblastoma (RB), as well as certain immune checkpoints such as programmed cell death protein-1 or its ligand (PD-(L)1) checkpoint and tumor metabolic pathway, that are implicated in more than 70% of total cancer incidence. However, many known targets in these pathways including protein tyrosine phosphatases (PTPs) like Src homology region 2 domain-containing phosphatase-2 (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.

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. Besides, we are also developing novel candidates with new modalities, spanning from small molecule and monoclonal antibody to iADC.

We intend to proactively explore and enter into strategic and synergistic partnerships with leading multinational corporations (MNCs). 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.

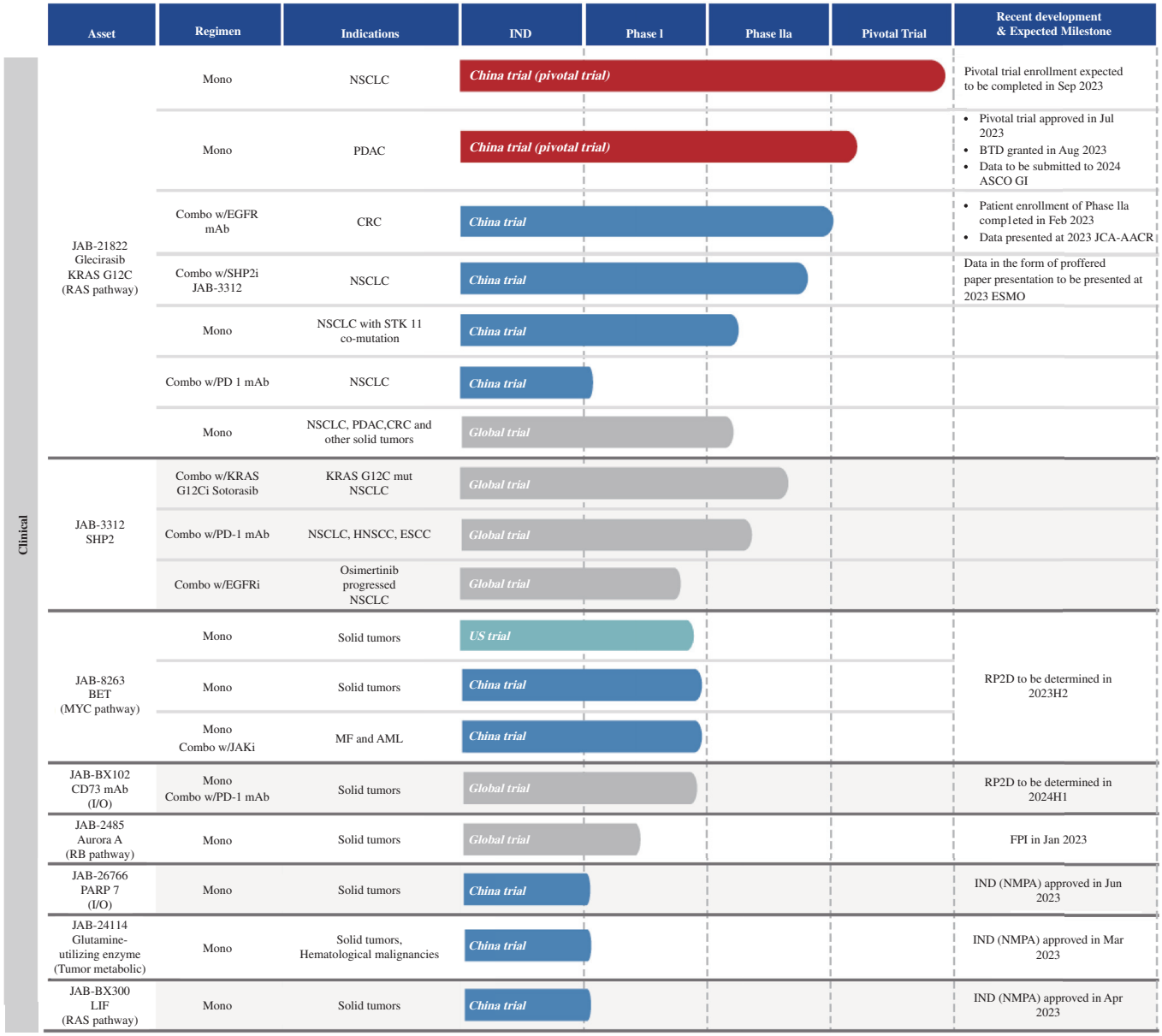
For details of any of the foregoing, please refer to the rest of this announcement, and, where applicable, the Prospectus and prior announcements published by our Company on the websites of the Stock Exchange and our Company.

Our Products and Product Pipeline

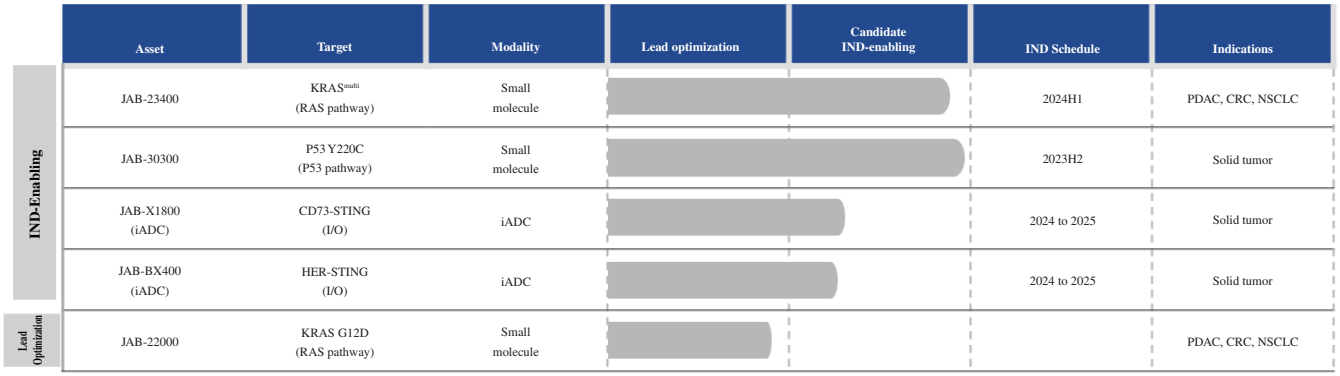
In the past eight years, by leveraging our proprietary technologies and know-how in drug discovery and development, we have discovered and developed an innovative pipeline of drug candidates, including eight assets in the clinical stage and several others at the IND-enabling stage. These drug candidates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

The following charts summarize our pipeline, the development status of each clinical candidate and selected IND-enabling stage candidates as of the date of this announcement.

Clinical stage candidates



Pre-clinical stage candidates



We believe there is tremendous potential for a combinatorial strategy among our in-house pipeline assets. For instance, KRAS inhibitors inevitably result in treatment resistance. Based on our pre-clinical studies and other publications, SHP2 inhibitors (upstream of the RAS pathway) may be the ideal combinational partners for KRAS inhibitors to circumvent the adaptive drug resistance. Based on the strong rationale of the double blockade of SHP2 and KRAS G12C, we have prioritized the clinical development of SHP2 inhibitor plus the KRAS G12C inhibitor combination. In fact, the combination of JAB-3312 plus Glecirasib is actively enrolling patients in China. The preliminary safety and efficacy results will be presented in the oral presentation at 2023 ESMO in Spain.

Business Review

Our Clinical Stage Drug Candidates

We made tremendous progress in the clinical development of our assets in the first half of 2023. Among all clinical stage candidates, Glecirasib (JAB-21822), our leading asset, is in a single arm Phase II pivotal study in NSCLC and PDAC in China. The clinical results of our KRAS G12C inhibitor Glecirasib monotherapy and in combination with cetuximab in KRAS G12C mutant advanced colorectal cancer (CRC) were presented at the Second JCA-AACR Precision Cancer Medicine International Conference, which showed that Glecirasib has promising efficacy and a well-tolerated safety profile.

- **JAB-21822 (Glecirasib, KRAS G12C inhibitor)**

  Glecirasib, is a potent, selective and orally small molecule targeting mutant KRAS G12C protein, and it has demonstrated promising pre-clinical antitumor activity either as a single agent or in combination with other anti-cancer drugs, such as SHP2 inhibitor, anti-EGFR antibody and anti-PD-1 antibody. Based on our internal head-to-head pre-clinical animal studies, Glecirasib has shown a favorable pharmacokinetics (PK) profile and tolerability dosing profile in comparison with Amgen's and Mirati's KRAS G12C inhibitors (which we internally synthesized based on published molecular structures).

  During the Reporting Period and up to the date of this announcement, we have achieved the following progress and milestones:

  - **NSCLC**

    Monotherapy in China

    The Phase I dose escalation of Glecirasib in patients with tumors harboring a KRAS G12C mutation in China has been completed. 800mg QD was deemed to be RP2D. A total of 37 patients treated with 800mg QD have been enrolled in Phase IIa dose expansion part, more importantly, the single arm pivotal trial of Glecirasib monotherapy in NSCLC is currently ongoing in China.

The pivotal trial in patients with NSCLC harboring KRAS G12C mutation was approved by the CDE and has enrolled patients from around 60 sites in China. We anticipate completing the patient enrollment in September 2023. The non-clinical portion of pre-NDA application, including CMC, will be submitted to the CDE by the end of 2023. The clinical portion of pre-NDA application will be submitted in the first quarter of 2024. The NDA application of Glecirasib monotherapy in NSCLC is expected to be submitted in the first half of 2024.

Glecirasib has been granted BTD for the second-line and above treatment of advanced or metastatic NSCLC patients with KRAS G12C mutation by the CDE by the end of 2022 and is expected to receive the accelerated approval.

Monotherapy in Patients with STK 11 Co-mutation in China

A Phase I/IIa, open-label, multi-center, dose-escalation and expansion clinical trial in China was initiated aiming to explore the safety, tolerability and preliminary efficacy. The clinical trial focuses on the first line NSCLC patients who have KRAS G12C and STK 11 co-mutation. The clinical trial is still ongoing and remains open to enrollment.

Combination Therapy with anti-PD-1 Antibody in China

We are optimizing the clinical development strategy for Glecirasib in combination with anti-PD-1 antibody to better position this combination therapy considering the current NSCLC treatment landscape and other KRAS G12C inhibitors' global approval status.

Monotherapy Global Study

The Phase I dose escalation for Glecirasib global study was completed in August 2022 and the Phase II dose expansion portion was initiated in September 2022. The clinical trial is still ongoing in U.S. and Europe, and similar clinical response has been observed.

o PDAC

In July 2023, with the favorable efficacy and safety profile, the pivotal trial of using Glecirasib monotherapy in patients with PDAC harboring KRAS G12C mutation was approved by the CDE. The pivotal study site is expected to be activated in September 2023.

In August 2023, Glecirasib was granted BTD for KRAS G12C mutant pancreatic cancer patients who have progressed on front-line standard care treatment by the CDE, providing opportunities for more rigorous CDE interactions clinical trials and development strategy and for priority review.

Phase I/IIa preliminary clinical data of Glecirasib monotherapy in PDAC and other solid tumors is planned to be submitted at the upcoming 2024 ASCO GI Annual Meeting, which will be held in January 2024.

The potential global development plan in PDAC and other solid tumors will be discussed with U.S. regulatory authorities.

- **CRC**

Monotherapy and in Combination Therapy with anti-EGFR Antibody Cetuximab in China

A Phase I/IIa, open-label, multi-center, dose-escalation and expansion clinical trial in China was initiated to explore the safety, tolerability and preliminary efficacy of the monotherapy of Glecirasib in advanced colorectal cancer with KRAS G12C mutation.

A total of 35 patients treated with 800mg QD have been enrolled in monotherapy dose escalation and dose expansion part. JAB-21822 had shown promising antitumor activity in heavily pretreated patients with metastatic colorectal cancer with mutant KRAS G12C as oral monotherapy. The results of this trial were summarized and released in the 2023 JCA-AACR Conference. As of May 29, 2023, monotherapy yielded overall response rate (ORR) of 33.3% (11/33), disease control rate (DCR) of 90.9% (30/33) and median progression-free survival (mPFS) of 6.9 months.

A Phase I/IIa, open-label, multi-center, dose-escalation and expansion clinical trial in China was initiated to explore the safety, tolerability and preliminary efficacy of the combination therapy of Glecirasib and cetuximab in advanced colorectal cancer with KRAS G12C mutation.

The patient enrollment of the Phase I/IIa trial was completed in February 2023. More than 47 CRC patients have been enrolled in the RP2D by the end of February 2023. The preliminary results of this trial were summarized and released in the 2023 JCA-AACR Conference. As of May 29, 2023, in a clinical trial of Glecirasib in combination with cetuximab, ORR was 62.8% (27/43), DCR was 93% (40/43), mPFS has not reached as of the data cutoff date. In terms of safety, the majority of treatment-related adverse events (TRAEs) in monotherapies and combinations are grades 1-2.

The development plan of Glecirasib in combination with cetuximab pivotal trial is under consultation with CDE.

Clinical Trial Collaboration with Merck

Under the Collaboration Agreement entered with Merck, cetuximab will be provided by Merck for combination trials in China and Europe.

- **Other solid tumors**

Patients with other solid tumors harboring KRAS G12C mutation have been treated with Glecirasib with promising efficacy. The clinical trial is still ongoing and remains open to enrollment.

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 breakthrough therapies. In addition, we have been exploring the potential synergistic combinations by working with value-adding collaborators, and to maximize the clinical and commercial value of our drug candidates on a global scale.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that Glecirasib will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

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

JAB-3312 and JAB-3068 are two clinical-stage, oral allosteric SHP2 inhibitors for the potential treatment of cancers driven by RAS signaling pathway and immune checkpoint pathway. SHP2 inhibitor plays a major role in circumventing resistance when combined with inhibitors of various oncogenic drivers. We believe SHP2 inhibition is a promising novel therapeutic approach for multiple cancer types. 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 the patents that is hard for any newcomers to circumvent, and therefore enlarged our first-mover advantages in the market.

JAB-3312 is a second generation SHP2 inhibitor and it is the most potent SHP2 inhibitor of its class. JAB-3068 is the second SHP2 inhibitor received the IND approval from the U.S. FDA for clinical development. In the U.S., JAB-3312 and JAB-3068 have obtained orphan drug designation from the U.S. FDA for the treatment of esophageal cancer. Based on the clinical data, our second-generation SHP2 inhibitor JAB-3312 demonstrates better efficacy and safety than the first-generation SHP2 inhibitor JAB-3068. Therefore, we have decided to discontinue the development of JAB-3068.

Key highlights of the JAB-3312 program over the Reporting Period are listed below.

- **JAB-3312 in Combination with KRAS G12C Inhibitor/EGFR Inhibitor/anti-PD-1 Antibody:**

JAB-3312 in combination with KRAS G12C inhibitor

A Phase I/IIa, open-label, multi-center, dose-escalation and expansion clinical trial in China is ongoing and actively recruiting to explore the safety, tolerability and preliminary efficacy of the combination therapy of JAB-3312 and Glecirasib in advanced solid tumors with KRAS G12C mutation. The study has enrolled more than 100 patients in various treatment stages, such as front-line and second line, KRAS G12C treatment naïve or refractory. This broad exploration will enable us to take a comprehensive approach of SHP2 plus KRAS G12C combination in NSCLC.

The Phase IIa dose expansion portion in KRAS G12C treatment naïve NSCLC patients is ongoing in the U.S. and Europe.

The promising results from dose escalation phase will be presented as a proffered paper presentation at the 2023 ESMO Congress, which will be held in October 2023 in Spain.

JAB-3312 in combination with other agents

The clinical trials for JAB-3312 in combination with other agents, including osimertinib and anti-PD-1 antibody are ongoing. Early clinical response was observed in patients with certain tumor types. We are optimizing the clinical development strategy for JAB-3312 in combination with other agents considering the current treatment landscape and our resources available.

- **JAB-3312 Monotherapy**

JAB-3312 is a second generation SHP2 inhibitor, and it is the most potent SHP2 inhibitor of its class. In both U.S. and China, Phase I/IIa trials have closed.

- **Collaboration with AbbVie**

AbbVie has delivered the termination notice of the parties' license and collaboration agreement (the "**AbbVie Agreement**") for the global development and commercialization of SHP2 inhibitors licensed by Jacobio to AbbVie under the AbbVie Agreement, as part of AbbVie's overall strategic decisions on its portfolio priorities. Following the termination of the AbbVie Agreement, Jacobio has regained the global rights previously granted to AbbVie to such SHP2 inhibitors, including decision-making authority over all development, commercialization, manufacturing, and regulatory activities relating to SHP2 inhibitors globally. Jacobio will also have rights to book sales for such SHP2 inhibitors on a global basis. Both parties are collaborating to orderly transition the responsibilities under the AbbVie Agreement for a period no longer than 180 days. During the transitional period, AbbVie will continue to reimburse all cost under the pre-approved development plan. For details, please refer to the Company's announcement dated July 4, 2023.

We remain dedicated to promoting the global clinical development plan for JAB-3312, encompassing multiple combination therapies including KRAS G12C inhibitor and targeted therapies with inhibitors of various oncogenic drivers.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-3312 and JAB-3068 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

- **JAB-8263**

  Our JAB-8263 is an innovative, selective and potent small molecule inhibitor of BET family proteins, which plays a key role in tumorigenesis by controlling the expression of oncogenes such as c-Myc. We are evaluating JAB-8263 for the treatment of various solid tumors and hematological malignancies such as MF and AML. To date, JAB-8263 has demonstrated favorable safety and tolerability comparing with other BET inhibitors in the clinical development. Active therapeutic signals were observed during dose escalation.

  RP2D is expected to be determined in the second half of 2023. Further expansion will be determined once RP2D is identified.

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- **JAB-2485**

  JAB-2485 can inhibit Aurora A activity, induce apoptosis and inhibit tumor growth. JAB-2485 is one of the top two oral highly selective small molecule Aurora A kinase inhibitor with 1500-fold selectivity over Aurora kinase B and Aurora kinase C, with high activity and low bone marrow toxicity as well as favorable PK properties based on pre-clinical data. As of the date of this announcement, there is no commercialized Aurora A inhibitor globally.

  JAB-2485 may potentially benefit patients with RB loss tumors, such as small cell lung cancer and triple negative breast cancer.

  We launched a Phase I/IIa global trial of JAB-2485 in the U.S. and China. The first patient was dosed in January 2023 in the U.S. Furthermore, this is the first global trial managed by our internal clinical team without oversea clinical CRO's support, which is also a milestone to demonstrate the global clinical development capacity and capability of our clinical team. Clinical benefits were observed in patients in the first dose group.

  In China, the IND application for a Phase I/IIa trial was approved by the NMPA in October 2022 and the first site was initiated in August 2023. The data from preclinical study of JAB-2485 was presented in the form of an abstract in the 2023 AACR in April 2023 in the U.S.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-2485 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

- **JAB-BX102**

  JAB-BX102 is a humanized monoclonal antibody against CD73, a key protein involved in the adenosine pathway. Combination of JAB-BX102 with immune checkpoint inhibitor such as anti-PD-(L)1 antibodies can result in synergistic anti-tumor effect. JAB-BX102 is our first large molecule program that entered into the clinical stage.

  We initiated the Phase I/IIa dose escalation and expansion trial for JAB-BX102 in patients with advanced solid tumors in September 2022. RP2D is expected to be determined in the first half of 2024.

  Once the Phase I dose escalation stage is completed, the patients will participate in the Phase IIa dose expansion for which they will receive the combination of JAB-BX102 and pembrolizumab.

  In March 2023, we entered into the Collaboration Agreement with Merck & Co to evaluate the combination of our CD73 monoclonal antibody JAB-BX102 and KEYTRUDA® (pembrolizumab, anti-PD-1 antibody). Under the Collaboration Agreement, we are the sponsor of the combination trial and Merck & Co will provide pembrolizumab for combination trials, aiming to evaluate the efficacy of JAB-BX102 in combination with pembrolizumab for the treatment of advanced solid tumors.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-BX102 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

- **JAB-26766**

  JAB-26766 is an orally bioavailable small-molecule PARP7 inhibitor, targeting immuno-oncology pathway for the treatment of a variety of solid tumors such as sqNSCLC, ovarian cancer and cervical cancer and etc. PARP7 acts as a brake in type I interferon (IFN) signaling in a TBK1-dependent manner in the downstream of STING. PARP7 facilitates cancer cell growth by MARylation of α-tubulin or androgen receptor. JAB-26766 has displayed a double digit nano molar potency in cellular assay and good selectivity to PARP1/2. Higher exposure in mice and dogs was observed for JAB-26766 per oral administration which led to substantial tumor inhibition activities in different tumor models.

  Currently, there is only one program in the Phase I clinical stage within its respective drug classes globally, therefore JAB-26766 has the potential to be among the first few market entrants. We received the IND approval for a Phase I/IIa advanced solid tumors clinical trial in China from CDE in June 2023. The clinical trial in China is being planned.

- **JAB-24114**

  JAB-24114 is a prodrug of 6-Diazo-5-oxo-l-norleucine (DON), an inhibitor of glutamine-utilizing enzymes (GUE) which serves vital roles in the tricarboxylic acid (TCA) cycle, purine, lipid, and amino acid synthetic pathways. Different from GLS inhibitors, which are only blocking the conversion of glutamine to glutamate, JAB-24114 has substantial therapeutic potential. As a prodrug of DON, JAB-24114 is stable in plasma and inactive in GI tissue. It is preferentially distributed in tumors where it is bio-transformed and activated to the active moiety DON.

  JAB-24114 has the distinctive combination effects of depleting tumors of nutrients while enhancing T cell function. Synergistic action with anti-PD-(L)1 antibody can boost the anti-tumor effect. JAB-24114 can also be used in combination with SHP2 inhibitors or KRAS inhibitors.

  Currently, there is only one program in the Phase I clinical stage in respective drug class globally. Therefore, JAB-24114 has the potential to be among the first few market entrants. The IND application was approved by the NMPA for a Phase I/IIa trial in March 2023.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-24114 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

- **JAB-BX300**

  JAB-BX300 is a monoclonal antibody that binds to leukemia inhibitory factor (LIF) and prevents signaling through the LIF receptor. Treatment of JAB-BX300 can reverse tumor immunosuppression by decreasing M2 macrophages and activating natural killer cells and cytotoxic T lymphocytes (CTLs). Studies show that LIF is an attractive target for the treatment of KRAS-driven tumors such as PDAC or CRC when treated as monotherapy or combining with anti-PD-(L)1 antibody. High level of serum LIF may be a potential biomarker, especially for pancreatic cancer.

  Currently, there is only one program in the Phase I/II clinical stage in respective drug classes globally. Therefore, JAB-BX300 has the potential to be among the first few market entrants. The IND application was approved by the NMPA in April 2023.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that JAB-BX300 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

Our Pre-clinical Drug Candidates (Small Molecule or Monoclonal Antibody)

We have also developed a diverse pipeline of assets targeting various other major and critical pathways involved in cancer (including RAS, MYC, P53, RB, 15 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 own pipeline drug candidates.

- **Leading Pre-clinical Stage Drug Candidates**

  JAB-23400 – JAB-23400 is a first-in-class, orally bioavailable, $KRAS^{multi}$ inhibitor. It can potently inhibit the activity of multiple KRAS mutants in both RAS (ON) and RAS (OFF) states at single digit nano molar and sub nano molar level, including KRAS G12X (G12D, G12V, G12R, G12S and G12A), G13D and Q61H, with good selectivity over HRAS and NRAS which are tumor suppression genes of KRAS-driven lung cancer growth. JAB-23400 has significant antitumor effect on cancer cell lines with multiple KRAS mutations or amplification of WT KRAS, and has no inhibitory effect on KRAS-independent cells, which indicating favorable therapeutic window.

  In pre-clinical studies, JAB-23400 exhibited good oral bioavailability both in rodent and non-rodent species. JAB-23400 also showed an excellent anti-tumor effect in KRAS G12X and G13D mutant tumor xenografts. Tumor regression was achieved by oral administration in LS513 (Colon, KRAS G12D), HPAC (Pancreas, KRAS G12D), RKN (LMS, KRAS G12V), NCI H441 (Lung, KRAS G12V), Capan-2 (Pancreas, KRAS G12V) and LOVO (Colon, KRAS G13D) models. At the same time, JAB-23400 is well tolerated in animal models. According to the pre-clinical data, it is predicted that JAB-23400 will have a good exposure on human.

  The IND application is expected to be submitted in the first half of 2024. To date, there is no small-molecule $KRAS^{multi}$ inhibitor that targets both RAS (ON) and RAS (OFF) states in clinical stage globally. Therefore, JAB-23400 has the potential to be among the first few market entrants.

  The result of a leading compound of our $KRAS^{multi}$ inhibitor series was presented in the form of an abstract during 2023 AACR.

  JAB-30300 – JAB-30300 is an orally bioavailable small molecule corrector for the treatment of patients with locally advanced or metastatic solid tumors harboring P53 Y220C mutation.

  JAB-30300 has shown very high binding affinity to P53 Y220C mutant proteins and can largely restore the proper folding and functionality of misfolded P53 Y220C upon binding, trigger apoptosis *in vitro*. *In vivo* when applied to cancer cells harboring TP53 hotspot Y220C mutation, tumor regression was achieved in multiple CDX and PDX models covering various tumor types, such as gastric cancer, HCC, SCLC and PDAC. The synergistic effect was found when combined with chemo or oncogenic protein inhibitors which indicates a widely combo potential of JAB-30300. Good crystalline solubility across physiologic conditions and across species favorable PK properties give good *in vitro-in vivo* correlation and low human clearance prediction.

The IND application is expected to be submitted in the second half of 2023. Currently, there is only one program in the Phase I clinical stage in respective drug classes globally. Therefore, JAB-30300 has the potential to be among the first few market entrants.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-23400 and JAB-30300 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

- **Other Pre-clinical Stage Drug Candidates**

JAB-22000 – JAB-22000 is a small-molecule KRAS G12D inhibitor. Lead series with high potency and selectivity have been identified. Multiple patent filings have been submitted covering multiple optimization directions. It is currently in lead optimization stage, IND schedule will be adjusted according to the progress and the clinical efficacy and safety data of JAB-23400, our $KRAS^{multi}$ inhibitor.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-22000 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

Our iADC Programs

A growing body of ADCs are currently in the clinical development, some of which had been approved by the U.S. FDA, verifying the concept of "magic bullet". However, these conventional ADCs, which use toxins as payloads, have demonstrated obvious toxicity because the toxin molecules can be delivered to the normal tissues. These safety concerns limit the application of conventional ADCs. Meanwhile, checkpoint immunotherapies have revolutionized the field of cancer therapeutics, yet a substantial subset of patients fail to respond. A major factor involved in initial resistance to current ICIs is the lack of T cell infiltration into tumor, characterizing the so-called "cold tumor". Immuno-stimulators can enhance the filtration of immune cells and turned the tumor from "cold" to "hot".

We have leveraged our strength in small-molecule drug discovery and development in designing innovative payloads and built our iADC platform. Our novel iADC program using unique payloads have the potential to address the challenges of both the toxicity caused by the conventional ADCs and the low response rate in current ICI therapy.

For iADC, good plasma stability is very important to reduce the releasing of drug before it reaches the target site (on target, off-tumor toxicity). Our iADC molecules have shown greatly improved plasma stability comparing with the competitor which would broaden the therapeutic window and improve safety in future use.

- **STING-iADC Programs – Unique Payload to Support Multiple iADC Programs**

  Recent efforts have been focused on identifying targets that could elicit or augment anti-tumor immune responses. One of such novel targets is STING, an endoplasmic protein that stimulates innate immune system and turn "cold" tumor to "hot" by inducing the production of pro-inflammatory cytokines such as IFNs.

  There are already multiple projects in clinical stage evaluating the efficacy and safety of either intratumoral injection or systemic administration of STING agonist. Although such approaches have shown many therapeutic benefits, including potent anti-tumor activity, the therapeutic window was limited by immune-related toxicity, such as cytokine release syndrome (CRS).

  By specifically delivering potent STING agonist into tumor associated antigen (TAA) expressing tumor cell, rationally designed iADC could locally activate anti-tumor activity to boost the tumor specific innate/adaptive immune response and avoid the risk of systemic immune-related adverse effect.

  JAB-27670 is a potent novel non-cyclic dinucleotide (non-CDN) small-molecule STING agonist designed with sub-nanomolar activity, which is suitable to be used as payload through our internal evaluation. It has exhibited a potent and durable tumor inhibition in CT26 and MC38 CDX models and was validated in HER2 and CD73 targets internally.

  By using JAB-27670 as payload, we have developed our in-house HER2-STING iADC (JAB-BX400) and CD73-STING iADC (JAB-X1800). In preclinical study, JAB-BX400 was effective to DS8201 resistance tumor models. The IND application is expected to be submitted in 2024 to 2025.

  The result of JAB-X1800 was presented in the form of an abstract in the 2023 AACR.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that our iADC Platform, JAB-X1800 and JAB-BX400 will ultimately be successfully developed and marketed by our Company. Shareholders of our Company and potential investors are advised to exercise caution when dealing in the shares of our Company.

Corporate Development

- In March 2023, our Company was selected as the first batch of transferred Hong Kong listed companies under the Shanghai-Hong Kong Stock Connect (滬港通). Our Shares can be traded through the Shanghai-Hong Kong Stock Connect starting from March 13, 2023 onwards.

- We have a solid patent portfolio to protect our drug candidates and technologies. As of June 30, 2023, we owned 310 patents or patent applications that are filed globally, of which 77 patents have been issued or allowed in major markets globally.

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, commercialize and expand our pipeline targeting multiple promising pathways in the field of target therapy and immuno-oncology**

  In the field of target therapy:

  We have an established track record of successfully designing innovative therapies targeting allosteric binding sites of traditionally "undruggable" targets.

  - ***RAS pathway***

    KRAS is one of the most well-known proto-oncogenes and is crucially involved in human cancer. Based on our cutting-edge allosteric inhibitor platform, we have developed a diversified portfolio in RAS pathway, including Glecirasib (KRAS G12C inhibitor), JAB-23400 ($KRAS^{multi}$ inhibitor), JAB-3312 (SHP2 inhibitor), JAB-22000 (KRAS G12D inhibitor) and JAB-BX300 (anti-LIF humanized monoclonal antibody), that target different forms of KRAS which harbor either G12C, G12D, G12V or other mutations.

    We intend to pursue the development of our frontier KRAS portfolio designed to address tumors where few treatment options exist with significant unmet medical needs in the global market, including PDAC, CRC and other solid tumors with KRAS mutations, in both single agent and rational combination therapies.

  - ***P53 pathway***

    P53 is the single most frequently altered gene in human cancers, with mutations being present in approximately 50% of all invasive tumors. We are leveraging our allosteric inhibitor platform to design and develop a pipeline of selective, small molecule, tumor-agnostic therapies that structurally correct specific mutant P53 proteins to restore their wild-type function. Currently, we are developing JAB-30300 for specific P53 Y220C mutations.

    At the same time, projects targeting P53 mutations other than Y220C are also under development to provide more effective treatment options.

- ***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. MYC amplification is commonly found in numerous solid tumors, including pancreatic cancer, SCLC, HCC, HNSCC and TNBC. Currently, we are developing JAB-8263 a clinical-stage BET inhibitor and multiple other frontier projects in MYC pathway were also under development.

- ***RB pathway***

  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, which can be targeted and inhibited therapeutically to achieve synthetic lethality. Currently, we are developing JAB-2485, an Aurora A kinase inhibitor, for the treatment of various RB1-deficient tumors such as SCLC.

- ***Tumor metabolism pathway***

  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 JAB-24114, a small molecule inhibitor of glutamine-utilizing enzymes. Synergistic action with anti-PD-(L)1 antibody can boost the anti-tumor effect. JAB-24114 can also be used in combination with SHP2 inhibitors or KRAS inhibitors.

In the field of immuno-oncology:

Immuno-oncology (I/O) is a validated and promising field of cancer drug discovery, and we are developing a number of iADC programs, small molecules and monoclonal antibodies against novel I/O targets.

Our novel iADC program using unique payloads have the potential to address the challenges of both the toxicity caused by the conventional ADC and the low response rate in current immune-checkpoint inhibitors (ICIs) therapy. Our iADC molecules have shown greatly improved plasma stability comparing with the competitor which would broaden the therapeutic window and improve safety in future use. Such programs against novel I/O targets can also be used in combination with PD-(L)1 antibodies.

- **Advance our allosteric inhibitor technology platform and iADC platform in parallel**

  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.

  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.

  Meanwhile, by leveraging our expertise in developing small molecule drugs, we have identified unique molecules that are suitable to be used as a payload and developed our iADC candidates.

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

  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. 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.

- **Manufacture and commercialization in China**

  We have established a leading product department and a comprehensive QA system and are in progress of applying the marketing authorization holder ("**MAH**") qualification in China. At the current stage, in order to optimize the utilization of our resources, we will collaborate with a reputable CDMO for production under MAH system. As a MAH licensee, we will be responsible for the production, distribution, quality management, pricing, and other aspects of the coming product.

  We have started building a marketing team and plan to establish a central marketing department ourselves. We are open to seeking diverse ways of cooperation for academic promotion and market access.

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,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from the license and collaboration agreement	**40,335**	54,687

For the six months ended June 30, 2023 and 2022, our Group recorded revenue of RMB40.3 million and RMB54.7 million, respectively, which are in connection with 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,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Clinical trial expenses of our SHP2 inhibitors	**37,933**	45,854

Our cost of revenue consists of research and development expenses related to our SHP2 inhibitors under the license and collaboration agreement with AbbVie. For the six months ended June 30, 2023, we recorded cost of revenue of RMB37.9 million, mainly attributable to the clinical trial expenses of our SHP2 inhibitors, as compared with RMB45.9 million for the six months ended June 30, 2022.

Gross Profit

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gross profit from the license and collaboration agreement	**2,402**	8,833

As a result of the foregoing, our gross profit decreased from RMB8.8 million for the six months ended June 30, 2022 to RMB2.4 million for the six months ended June 30, 2023.

Other Gains – Net

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net foreign exchange gains	**37,750**	49,154
Net fair value (losses)/gains on derivative financial instruments	**(2,864)**	565
Fair value changes on long-term investments measured at fair value through profit or loss	**(645)**	3,623
Net gains on disposal of property, plant and equipment	**439**	–
Total	**34,680**	53,342

Our net other gains consisted primarily of gains due to fluctuations in the exchange rates between the RMB and the USD and between the RMB and the HKD. Our net foreign exchange gains decreased by RMB11.4 million from gains of RMB49.2 million for the six months ended June 30, 2022 to RMB37.8 million for six months ended June 30, 2023, which was mainly attributable to exchange gains in connection with bank balances and deposits denominated in USD and HKD and the appreciation of USD and HKD (against RMB) is at a relatively small magnitude for the six months ended June 30, 2023, compared to that for the six months ended June 30, 2022.

Our business mainly operates in the PRC, and most of our Group's transactions are settled in RMB. Currently, we have financed our business through equity financings and bank borrowings, with related proceeds denominated in USD, HKD and RMB, respectively. We converted a portion of those proceeds in USD and HKD to RMB with the remaining amounts reserved for additional conversions to RMB as needed. Translation of our monetary assets and liabilities at the period end exposes us to currency-related gains or losses and the actual conversion of our USD and HKD denominated bank balances and deposits will also expose us to currency exchange risk.

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. We have entered into several foreign currency exchange contracts with banks in order to manage our foreign currency exposure in relation to USD against RMB.

Research and Development Expenses

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Testing fee	**75,693**	65,197
Employee benefits expenses	**73,774**	55,785
Raw material and consumables used	**30,663**	37,780
Depreciation and amortization	**8,365**	4,914
Others	**10,257**	12,913
Total	**198,752**	176,589

Our research and development expenses increased by RMB22.2 million or 12.6% from RMB176.6 million for the six months ended June 30, 2022 to RMB198.8 million for the six months ended June 30, 2023, primarily due to (i) the advancement of clinical trials; and (ii) the increased staff costs accompanied with expansion of the related R&D departments. Such increase in research and development expenses was resulted from the following factors:

- RMB18.0 million increase in employee benefits expenses primarily due to an increase in the number of research and development employees and their salary level; and

- RMB10.5 million increase in testing fee mainly due to the rapid progress of the clinical trials and advancement of our pre-clinical drug candidates.

Administrative Expenses

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Employee benefits expenses	**14,824**	15,206
Professional services expenses	**1,852**	1,743
Depreciation and amortization	**1,115**	767
Others	**5,924**	5,063
Total	**23,715**	22,779

Our administrative expenses increased by RMB0.9 million from RMB22.8 million for the six months ended June 30, 2022, to RMB23.7 million for the six months ended June 30, 2023. As a result of our cost controlling activities, administrative expenses remained stable.

Finance Income and Finance Expenses

Our finance income primarily represents our interest income from term deposits. Our finance expenses primarily consist of interest costs on lease liabilities and interest costs on borrowings. Our finance income increased by RMB14.4 million from RMB7.7 million for the six months ended June 30, 2022, to RMB22.1 million for the six months ended June 30, 2023, which was mainly attributable to the increased average interest rate of term deposit during the six months ended June 30, 2023, compared to that for the six months ended June 30, 2022. Our finance expenses increased by RMB3.7 million from RMB0.1 million for the six months ended June 30, 2022, to RMB3.8 million for the six months ended June 30, 2023, due to an increase in interest costs on lease liabilities and interest costs on borrowings.

Income Tax Expense

No income tax expenses were recognized for the six months ended June 30, 2023 and 2022 due to our loss making financial performance during the Reporting Period.

Non-IFRS Measure

To supplement the 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 the 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 non-cash items and one-time events, namely share-based payment expenses, fair value changes in derivative financial instruments arising from the commitment of investments and fair value changes in long-term investments measured at fair value through profit or loss. 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 from 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,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(166,281)**	(127,825)
Added:		
Share-based payment expenses	**7,298**	6,488
Fair value losses in long-term investments measured at fair value through profit or loss	**645**	–
Subtracted:		
Fair value gains in long-term investments measured at fair value through profit or loss	**–**	(3,623)
Fair value gains in derivative financial instruments arising from the commitment of investments	**–**	(3,456)
Adjusted loss for the period	**(158,338)**	(128,416)

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,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Research and development expenses for the period	**(198,752)**	(176,589)
Research and development expenses in relation to our SHP2 inhibitors which was recorded in Cost of Revenue for the period	**(37,933)**	(45,854)
Added:		
Share-based payment expenses	**6,032**	3,896
Adjusted research and development expenses for the period	**(230,653)**	(218,547)

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Administrative expenses for the period	**(23,715)**	(22,779)
Added:		
Share-based payment expenses	**1,266**	2,592
Adjusted administrative expenses for the period	**(22,449)**	(20,187)

Cash Flows

During the six months ended June 30, 2023, net cash used in operating activities of our Group amounted to RMB219.8 million, representing an increase of RMB107.9 million compared to the net cash used in operating activities during the six months ended June 30, 2022. The increase was mainly due to the increase of research and development and employee benefits expenditures during the six months ended June 30, 2023.

During the six months ended June 30, 2023, net cash generated from investing activities of our Group amounted to RMB170.6 million, representing an increase of RMB172.3 million over the net cash used in investing activities of RMB1.7 million during the six months ended June 30, 2022. The increase was mainly due to the combined impact of (i) proceeds received from the maturity of deposits with terms over 3 months of RMB482.5 million during the six months ended June 30, 2023; (ii) the purchase of deposits with terms over 3 months of RMB291.0 million during the six months ended June 30, 2023; and (iii) the increased of cash used in purchase of property, plant and equipment by RMB31.6 million during the six months ended June 30, 2023 compared to that during the six months ended June 30, 2022.

During the six months ended June 30, 2023, net cash generated from financing activities of our Group amounted to RMB189.3 million, representing an increase of RMB192.3 million over the net cash used in financing activities of RMB3.0 million during the six months ended June 30, 2022. The increase was mainly due to the combined impact of (i) proceeds from the placing of existing shares and subscription of new shares of RMB139.1 million during the six months ended June 30, 2023; and (ii) the proceeds from borrowings of RMB60.0 million during the six months ended June 30, 2023.

Significant Investments, Material Acquisitions and Disposals

On August 31, 2021, the Company, among other investors, entered into the series A preferred share purchase agreement (the "**Share Purchase Agreement**") with Hebecell, pursuant to which the Company has agreed to purchase and subscribe for, and Hebecell has agreed to allot and issue 1,321,257 series A preferred shares of Hebecell to the Company. The first closing of the Share Purchase Agreement was completed. On March 10, 2023, the parties to the Share Purchase Agreement entered into a supplemental agreement, pursuant to which the parties have agreed not to proceed with the second closing and the third closing of the Share Purchase Agreement. For details of the supplemental agreement, please refer to the announcement published on the websites of the Stock Exchange and our Company dated March 10, 2023.

Saved as disclosed above, during the six months ended June 30, 2023, 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 cash generated from operating activities, bank credits, funds raised from the capital markets from time to time and the net proceeds from the initial public offering.

We currently are available to access to undrawn bank loan facilities of RMB180.0 million and do not have any plan for material additional equity financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

As at June 30, 2023, our cash and bank balances were RMB1,297.9 million, as compared to RMB1,298.7 million as at December 31, 2022.

The decrease is primarily due to the net cash used in operating activities. However, it was partially offset by cash inflow from the placing of existing shares and subscription of new shares in February 2023 of RMB139.1 million and proceeds from bank borrowings of RMB60.0 million, settlement and purchase of term deposits with original maturities over 3 months. Our primary uses of cash are to fund research and development efforts of new drug candidates, working capital and other general corporate purposes. Our cash and cash equivalents are held in USD, RMB and HKD.

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

As at June 30, 2023, cash and cash equivalents are more than total borrowings of our Group, and therefore, there is no net debt, and the gearing ratio calculated as net debt divided by equities is not applicable.

Lease Liabilities

IFRS 16 Leases has been consistently applied to our Group's consolidated financial statements for the six months ended June 30, 2023, and for the year ended December 31, 2022. As at June 30, 2023, our lease liabilities amounted to RMB142.7 million.

Capital Commitments

As at June 30, 2023, our Group had capital commitments contracted for but not yet provided of RMB8.7 million, primarily in connection with contracts for purchase of property, plant and equipment.

As at December 31, 2022, our Group had capital commitments contracted for but not yet provided of RMB51.4 million, which was in relation to the capital expenditure on the construction of our new facilities for R&D, manufacturing and general administration with a total gross floor area of approximately 20,000 sq.m. in Beijing, China.

Contingent Liabilities

As at June 30, 2023, our Group did not have any contingent liabilities (December 31, 2022: Nil).

Pledge of Assets

There was no pledge of our Group's assets as at June 30, 2023 (December 31, 2022: Nil).

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but certain of our cash and cash equivalents, time deposits, contract assets, 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. We have entered into several foreign currency exchange contracts with banks in order to manage our foreign currency exposure in relation to USD against RMB.

Liquidity Risk

As at June 30, 2023, we recorded net current assets of RMB1,130.5 million, representing the decrease of RMB52.4 million from RMB1,182.9 million as at December 31, 2022. 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, 2023, we had 300 employees in total. The total remuneration costs amounted to RMB92.0 million for the six months ended June 30, 2023, as compared to RMB78.4 million for the six months ended June 30, 2022. 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. 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.

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. We have also adopted the 2021 Stock Incentive Plan on August 31, 2021, which intends to attract and retain the best available personnel, to provide additional incentives to employees and to promote the success of our Company's business. For more details of the 2021 Stock Incentive Plan, please refer to the announcements of the Company published on the websites of the Stock Exchange and the Company dated August 31, 2021 and October 8, 2021.

INTERIM DIVIDEND

The Board has resolved not to recommend an interim dividend for the six months ended June 30, 2023 (2022: Nil).

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 as its own code of corporate governance.

The Board is of the view that our Company has complied with all the code provisions set out in Part 2 of the CG Code for the six months ended June 30, 2023, and up to the date of this announcement, except for a deviation from the code provision C.2.1 of the CG Code as described below.

Under code provision C.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 the 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. The Board considers that the 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. As of the date of this announcement, the Board comprised three executive Directors, three non-executive Directors and three 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 its 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, 2023. No incident of non-compliance by the Directors was noted by our 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 principle D.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. Bai Lu. The Audit Committee is currently chaired by Dr. Bai Lu. Dr. Ge Wu possesses suitable professional qualifications.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF OUR COMPANY

On February 10, 2023, the Company, Yakovpharma Ltd (the "**Top-up Vendor**") and Goldman Sachs (Asia) L.L.C. (the "**Placing Agent**") entered into the placing and subscription agreement (the "**Placing and Subscription Agreement**"), pursuant to which, (i) the Top-up Vendor agreed to sell, and the Placing Agent agreed, as agent of the Top-up Vendor, to procure on a best effort basis purchasers to purchase, 22,100,100 Placing Shares held by the Top-up Vendor at a price of HK$7.26 per Placing Share (the "**Vendor Placing**"); and (ii) the Company agreed to issue to the Top-up Vendor and the Top-up Vendor agreed to subscribe for, 22,100,100 Subscription Shares at the Subscription Price, which is equivalent to the Placing Price (the "**Subscription**"). On February 14, 2023 and February 17, 2023, the Vendor Placing and the Subscription have been completed, respectively. The Company received total net proceeds of approximately HK$158.9 million from the Subscription, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. For details, please refer to the announcements of the Company published on the websites of the Stock Exchange and our Company dated February 10 and February 17, 2023.

Save for the Vendor Placing and Subscription mentioned above, 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, 2023.

USE OF PROCEEDS

Net proceeds from the Global Offering

Our Company's Shares were listed on the Main Board of the Stock Exchange on the Listing Date. Our Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from its Global Offering of approximately HK$1,421.8 million, equivalent to approximately RMB1,183.1 million including shares issued as a result of the partial exercise of the over-allotment option (the "**Net Proceeds**"). The Net Proceeds have been utilized in the manner, proportion and the expected timeframe as set out in the announcement on March 22, 2023 in relation to the change in use of proceeds and the annual report published by the Company on April 25, 2023.

All unutilized Net Proceeds as at June 30, 2023 are expected to be utilized by the end of 2025.

For the six months ended June 30, 2023, approximately RMB252.6 million of the Net Proceeds had been utilized as follows:

	Allocation of Net Proceeds *RMB million*	Percentage of Net Proceeds	Utilized Net Proceeds in 2020 *RMB million*	Unutilized Net Proceeds as at December 31, 2020 *RMB million*	Utilized net Proceeds in 2021 *RMB million*	Unutilized Net Proceeds as at December 31, 2021 *RMB million*	Utilized net Proceeds in 2022 *RMB million*	Unutilized Net Proceeds as at December 31, 2022 *RMB million*	Utilized Net Proceeds during the six months ended June 30, 2023 *RMB million*	Unutilized Net Proceeds as at June 30, 2023 *RMB million*
Fund the clinical trials of JAB-3312 in combination with JAB-21822 and clinical trials and preparation for registration filings of JAB-3312[(1)]	213.0	18%	–	213.0	–	213.0	19.4	193.6	34.0	159.6
Fund the set-up of our sales and marketing team and commercialization activities of JAB-3312 and JAB-21822 in China[(2)]	47.3	4%	–	47.3	–	47.3	–	47.3	–	47.3
Fund ongoing and planned clinical trials of JAB-8263	118.3	10%	–	118.3	31.5	86.8	23.9	62.9	6.7	56.2
Fund clinical development of JAB-21822, including registrational clinical trials and preparation for NDA	454.6	38%	–	454.6	93.8	360.8	158.9	201.9	88.5	113.4
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	207.9	18%	–	207.9	47.3	160.6	60.0	100.6	74.3	26.3
Fund the planned decoration of our R&D center and construction of our in-house GMP-compliant manufacturing facility	94.6	8%	–	94.6	0.6	94.0	13.9	80.1	49.1	31.0
For working capital and general corporate purposes	47.4	4%	–	47.4	47.4	–	–	–	–	–
Total	**1,183.1**	**100%**	**–**	**1,183.1**	**220.6**	**962.5**	**276.1**	**686.4**	**252.6**	**433.8**

Notes

1 Following the termination of the AbbVie Agreement, Jacobio regains the global rights previously granted to AbbVie to such SHP2 inhibitors, including decision-making authority over all development, commercialization, manufacturing, and regulatory activities relating to SHP2 inhibitors globally. For details, please refer to the announcement of the Company dated July 4, 2023.

2 The Board, having considered the reasons set out in "Overview – Business review – JAB-3312 & JAB-3068" above, has resolved to discontinue clinical development of JAB-3068.

Net Proceeds from the Placing of existing Shares and Top-up subscription of new Shares under general mandate

The Company received total net proceeds of approximately HK$158.9 million, equivalent to RMB139.1 million from the Subscription, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. The Company intends to apply (i) approximately 35% of the net proceeds to advance the clinical trials of its KRAS G12C inhibitor JAB-21822 (including confirmatory clinical trials); and (ii) approximately 65% of the net proceeds to advance the research and development of its pre-clinical pipeline products, including the development of programs such as JAB-23400 ($KRAS^{multi}$ inhibitor) and its iADC platform.

As of June 30, 2023, the Company had not utilized the net proceeds from the Vendor Placing and the Subscription.

Event After the Reporting Period

On July 6, 2023, Jacobio HK, Beijing Jacobio and Dr. Wang entered into a capital increase agreement (the "**Capital Increase Agreement**") with Beijing E-town. Pursuant to the Capital Increase Agreement, Beijing E-town proposed to make a capital contribution in cash in the amount of RMB150 million to subscribe for the additional registered capital of Beijing Jacobio (the "**Capital Increase**"). Upon the completion of the Capital Increase, Beijing Jacobio will be owned as to approximately 96.97% by Jacobio HK and as to approximately 3.03% by Beijing E-town. For details, please refer to the announcement published on the websites of the Stock Exchange and our Company dated July 6, 2023.

Save as disclosed in this announcement, no important events affecting our Company occurred since the Reporting Period and up to the date of this announcement.

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 the Shareholders for their continuous trust and support in our Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OUR COMPANY

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 2023 interim report of our Company will be dispatched to the Shareholders and will be available on the above website of the Stock Exchange and that of our Company in due course.

RESIGNATION OF NON-EXECUTIVE DIRECTOR

Dr. Dong LYU ("**Dr. Lyu**") has tendered his resignation from the position as a non-executive Director with effect from August 31, 2023 due to his pursuit of other personal affairs. Accordingly, Dr. Lyu will cease to be a member of the nomination committee with effect from August 31, 2023. Dr. Lyu confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Stock Exchange or the Shareholders. The Board would like to express its sincere gratitude to Dr. Lyu for his invaluable contribution to the Company during his tenure of office.

CHANGE IN THE COMPOSITION OF THE NOMINATION COMMITTEE

The Board further announces that Ms. Yanmin TANG, a non-executive Director, has been appointed as a member of the nomination committee in place of Dr. Lyu with effect from August 31, 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**40,335**	54,687
Cost of revenue	*4*	**(37,933)**	(45,854)
Gross profit		**2,402**	8,833
Research and development expenses	*4*	**(198,752)**	(176,589)
Administrative expenses	*4*	**(23,715)**	(22,779)
Other income		**822**	1,779
Other gains – net		**34,680**	53,342
Operating loss		**(184,563)**	(135,414)
Finance income		**22,053**	7,715
Finance expenses		**(3,771)**	(126)
Finance income – net		**18,282**	7,589
Loss before income tax		**(166,281)**	(127,825)
Income tax expense	*5*	**–**	–
Loss for the period attributable to owners of the Company		**(166,281)**	(127,825)
Loss per share attributable to owners of the Company:			
- Basic and diluted (in RMB per share)	*6*	**(0.22)**	(0.17)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(166,281)**	(127,825)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**49**	241
Other comprehensive income for the period, net of tax	**49**	241
Total comprehensive loss attributable to owners of the Company	**(166,232)**	(127,584)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**91,425**	58,744
Right-of-use assets		**138,739**	146,484
Intangible assets		**864**	1,019
Long-term investments measured at fair value through profit or loss	*8*	**24,776**	25,421
Other receivables and prepayments		**5,793**	4,232
Total non-current assets		**261,597**	235,900
Current assets			
Contract assets	*3*	**19,214**	15,033
Other receivables and prepayments		**16,283**	25,026
Cash and bank balances	*9*	**1,297,908**	1,298,688
Total current assets		**1,333,405**	1,338,747
Total assets		**1,595,002**	1,574,647
EQUITY			
Equity attributable to owners of the Company			
Share capital		**525**	510
Other reserves		**4,118,695**	3,979,524
Share-based compensation reserve		**144,468**	137,170
Accumulated losses		**(3,000,961)**	(2,834,680)
Total equity		**1,262,727**	1,282,524

	Note	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**128,001**	134,663
Deferred income		**1,401**	1,609
Total non-current liabilities		**129,402**	136,272
Current liabilities			
Trade payables	*10*	**81,902**	96,551
Other payables and accruals		**41,619**	44,361
Borrowings	*11*	**60,000**	–
Lease liabilities		**14,680**	13,131
Derivative financial instruments		**4,672**	1,808
Total current liabilities		**202,873**	155,851
Total liabilities		**332,275**	292,123
Total equity and liabilities		**1,595,002**	1,574,647

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

JACOBIO PHARMACEUTICALS GROUP CO., LTD. (the "**Company**") was incorporated in the Cayman Islands on 1 June 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 21 December 2020.

The interim financial information is presented in Renminbi ("**RMB**") and rounded to nearest thousand of RMB, unless otherwise stated.

2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with International Accounting Standard 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 Group's consolidated financial statements for the year ended 31 December 2022 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 Group's annual consolidated financial statements for the year ended 31 December 2022, as described in those annual consolidated 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 new and amended standards for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 – Insurance contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

The adoption of these new and amended standards does not have significant impact on the financial performance and positions of the Group and also the presentation of this interim financial information.

(b) New and amended standards not yet adopted

New and amended standards 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 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

These new and amended standards are not expected to have significant impact on the financial performance and positions of the Group in the current or future reporting periods and on foreseeable future transactions.

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 of the Company.

(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 and the termination

For the six months ended 30 June 2023, all of the Group's revenue of RMB40,335,000 (six months ended 30 June 2022: RMB54,687,000) was derived from a single customer under a license and collaboration agreement as entered between the Group and that customer (the "**Agreement**"). Based on the terms of the Agreement, the Group will 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.

In June 2023, the customer delivered a notice of its intent to terminate the Agreement (the "**Termination Notice**") to the Group. Both parties will collaborate to orderly transition the responsibilities under the Agreement for a period no longer than 180 days from the date of the Termination Notice (the "**Transition Period**"). During the Transition Period, the Group will continue to provide research and development services and the customer will reimburse all cost under the pre-approved development plan.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from the Agreement recognised:		
Over time	**40,335**	54,687
At a point in time	**–**	–
	40,335	54,687

(d) Assets related to contracts with customers

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

	As at	
	30 June	As at 31 December
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
Contract assets relating to the Agreement	**19,214**	15,033
Less: loss allowance	**–**	–
	19,214	15,033

4 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Testing fee	**97,776**	97,608
Employee benefits expenses	**92,033**	78,370
Raw materials and consumables used	**41,226**	41,662
Depreciation and amortisation	**9,956**	6,408
Professional services expenses	**4,361**	8,747
Auditor's remuneration	**909**	1,008
Others	**14,139**	11,419
	260,400	245,222

5 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**–**	–
Deferred income tax	**–**	–
	–	–

(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 HKD2 million and 16.5% for any assessable profits in excess of HKD2 million. 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 30 June 2023 and 2022.

United States

The subsidiary as 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 30 June 2023 and 2022. No federal and state corporate income tax was provided for as there was no estimated assessable profit that was subject to federal and state corporate income tax during the six months ended 30 June 2023 and 2022.

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 30 June 2023 and 2022.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprise engaging in research and development activities are entitled to claim 200% (prior to 1 October 2022: 175%) of their research and development expenditures, as tax deductible expenses when determining their assessable profits for that year. No PRC enterprise income tax was provided for as there was no estimated assessable profit that was subject to PRC enterprise income tax during the six months ended 30 June 2023 and 2022.

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 owners of the Company by the weighted average number of ordinary shares outstanding.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the period (RMB'000)	**(166,281)**	(127,825)
Weighted average number of fully paid ordinary shares in issue (in thousands)	**769,773**	751,442
Basic loss per share (in RMB per share)	**(0.22)**	(0.17)

(b) Diluted loss per share

The Group had potential dilutive shares throughout the periods ended 30 June 2023 and 2022 in connection with the share options and restricted shares as granted by the Group to its employees in the past. Due to the Group's losses for the periods ended 30 June 2023 and 2022, these potential dilutive shares are anti-dilutive and hence the Group's diluted loss per share equal to its basic loss per share.

7 DIVIDEND

No dividend has been declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

8 LONG-TERM INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Preferred shares investment in an associate	**16,574**	17,516
Preferred shares investment in an investee	**8,202**	7,905
	24,776	25,421

9 CASH AND BANK BALANCES

The Group's cash and cash equivalents and other cash and bank balances are analysed as below:

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**1,297,908**	1,298,688
Less: Bank deposits with original maturities of over 3 months	**(498,807)**	(659,223)
Less: Restricted bank deposits (a)	**(15,479)**	(15,090)
Cash and cash equivalents	**783,622**	624,375

(a) Restricted bank deposits are the retention deposits for the Group's foreign currency exchange contracts and the deposits for performance guarantees.

10 TRADE PAYABLES

The aging analysis of trade payables based on the invoice date is as follows:

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**81,902**	96,551

The carrying amounts of trade payables approximate their fair values.

11 BORROWINGS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current liabilities		
Unsecured short-term bank loans	**60,000**	–

As at 30 June 2023, the unsecured bank loans of the Group were repayable within 1 year and bear interests at rates ranging from 3.80% to 4.20% per annum.

"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
"Articles of Association"	articles of association of our Company
"Audit Committee"	the audit committee of the Board
"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
"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
"BTD"	breakthrough therapy designations
"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
"CDE"	the Center for Drug Evaluation of China
"CDMO"	contract development and manufacturing organizations
"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-3312 and JAB-21822 (Glecirasib)
"Corporate Governance Code" or "CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules

"CRC"	colorectal cancer
"Directors"	director(s) of our Company
"EGFR"	epidermal growth factor receptor
"Global Offering"	the offer of Shares for subscription as described in the Prospectus
"GMP"	good manufacturing practice
"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
"GTPases"	a large family of hydrolase enzymes that bind to the nucleotide guanosine triphosphate (GTP) and hydrolyze it to guanosine diphosphate (GDP)
"Hebecell"	Hebecell Holding Limited, an exempted company incorporated with limited liability under the Laws of the Cayman Islands
"HNSCC"	head and neck squamous cell carcinoma
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HRAS"	HRas proto-oncogene, a gene providing instructions for making a protein called H-Ras that is involved primarily in regulating cell division
"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
"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

"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
"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
"MF"	myelofibrosis, one of a collection of progressive blood cancers known as myeloproliferative neoplasms
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"naïve"	not having received therapy
"NDA"	new drug application
"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)
"NRAS"	neuroblastoma RAS viral oncogene homolog, which provides instructions for making a protein called N-Ras that is involved primarily in regulating cell division
"NSCLC"	non-small cell lung cancer
"PARP7"	a member of the poly ADP ribose polymerase (PARP) enzymes

"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
"PDAC"	pancreatic ductal adenocarcinoma cancer
"PDX"	patient-derived xenografts, a model of cancer where the tissue or cells from a patient's tumor are implanted into an immune-deficient or humanized mouse
"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
"Q61H"	specific variations in the KRAS protein
"QD"	once daily
"R&D"	research and development
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC

"Reporting Period"	the six months ended June 30, 2023
"RP2D"	recommended Phase II dose
"SCLC"	small cell lung cancer
"Share(s)"	ordinary share(s) with a nominal value of US$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Shares
"SHP2"	Src homology region 2 domain-containing phosphatase-2, a protein tyrosine phosphatase acting as a key regulator in the RAS signaling pathway
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Stock Incentive Plan"	the 2021 Stock Incentive Plan adopted by the Board on August 31, 2021 in its present form or as amended from time to time
"U.S."	the United States of America
"U.S. dollars", "US$" 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 30, 2023

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