加科思 Jacobio

加科思藥業集團有限公司

JACOBIO PHARMACEUTICALS GROUP CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1167

2023

ANNUAL REPORT

Content

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Yinxiang WANG (王印祥) *(Chairman)*
Ms. Xiaojie WANG (王曉潔)
Ms. Yunyan HU (胡雲雁)

Non-executive Directors

Ms. Yanmin TANG (唐豔旻)
Dr. Dong LYU (呂東)
(resigned with effect from August 31, 2023)
Dr. Te-li CHEN (陳德禮)

Independent Non-executive Directors

Dr. Ruilin SONG (宋瑞霖)
Dr. Ge WU (吳革)
Dr. Daqing CAI (蔡大慶)
(resigned with effect from March 23, 2023)
Dr. Bai LU (魯白)
(appointed with effect from March 23, 2023)

AUDIT COMMITTEE

Dr. Bai LU (魯白) *(Chairman)*
(appointed with effect from March 23, 2023)
Dr. Daqing CAI (蔡大慶)
(resigned with effect from March 23, 2023)
Dr. Te-li CHEN (陳德禮)
Dr. Ge WU (吳革)

REMUNERATION COMMITTEE

Dr. Ruilin SONG (宋瑞霖) *(Chairman)*
Ms. Xiaojie WANG (王曉潔)
Ms. Yanmin TANG (唐豔旻)
Dr. Ge WU (吳革)
Dr. Daqing CAI (蔡大慶)
(resigned with effect from March 23, 2023)
Dr. Bai LU (魯白)
(appointed with effect from March 23, 2023)

NOMINATION COMMITTEE

Dr. Yinxiang WANG (王印祥) *(Chairman)*
Dr. Dong LYU (呂東)
(resigned with effect from August 31, 2023)
Dr. Ruilin SONG (宋瑞霖)
Dr. Ge WU (吳革)
Dr. Daqing CAI (蔡大慶)
(resigned with effect from March 23, 2023)
Dr. Bai LU (魯白)
(appointed with effect from March 23, 2023)
Ms. Yanmin TANG (唐豔旻)
(appointed with effect from August 31, 2023)

JOINT COMPANY SECRETARIES

Ms. Qing XUE (薛青)
Mr. Ming Fai CHUNG (鍾明輝)

AUTHORISED REPRESENTATIVES

Ms. Xiaojie WANG (王曉潔)
Mr. Ming Fai CHUNG (鍾明輝)

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Certified Public Accountants and Registered Public Interest Entity Auditor
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Cayman Islands

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PRC

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Wanchai
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Corporate Information

PRINCIPAL SHARE REGISTRAR

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STOCK CODE

1167

Chairman's Statement

Dear Jacobio Pharmaceuticals investors,

The 8th to 10th years after the establishment of a biotech company are a fruitful period for the development of core products. This holds true for Jacobio, which is about to see its 9th birthday in 2024. Despite the ongoing challenges posed by the macro environment, our company has achieved significant breakthroughs. We remain committed to our development strategy of positioning ourselves among the global top three for core projects, targeting the international market—a goal we have pursued since our inception. Our business progress continues to affirm this approach.

In the past year, JAB-3312 became the world's first SHP2 inhibitor to enter phase III clinical trials. SHP2 is one of hundreds of phosphatases in the human body, and currently, none of these phosphatases have been developed into drugs. As a Chinese company, our self-developed JAB-3312 has entered registrational trials, bringing hope to global researchers. Additionally, the NDA (new drug application) for KRAS G12C inhibitor glecirasib as a monotherapy in second-line and above for non-small cell lung cancer will be formally submitted, and the company will enter commercialization. The objective response rate of glecirasib in combination with JAB-3312 in the treatment of non-small cell lung cancer reached 86.7% (13/15) in the optimal dose group, and the combination of these two oral drugs has a compliance advantage. Our other projects, including BET inhibitor, AURKA inhibitor, and p53 activator, are also progressing well and consistently at the forefront of the world. These projects are expected to show greater potential and benefit patients worldwide in the future as basic research and clinical development continue.

Despite recent challenges in the capital markets, we always stick to our initial intention. We continue to optimize our resources based on our operational status, focusing on improving R&D efficiency and continuously honing our capabilities in drug discovery and clinical development. This made us grow from a startup to a more mature company.

In April 2024, many regions in China released draft policies to support the development of innovative drugs, which means that the industrial policy for local innovative biotech companies will further align with the world's leading markets, opening up greater space for the company's commercialization prospects.

The greatest driving force in the biotech industry ultimately stems from technological breakthroughs. Humanity's exploration of health remains ceaseless. There are still a large number of R&D results in basic research that need to be transformed. This has created fertile ground for our R&D. We take great pride in the contributions that we make.

Dr. Wang Yinxiang
Chairman and CEO of Jacobio

Financial Highlights

REVENUE

We recorded revenue of RMB63.5 million for the year ended December 31, 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 decreased by RMB73.3 million or 16.4% from RMB445.6 million for the year ended December 31, 2022 to RMB372.3 million for the year ended December 31, 2023, primarily due to the combined impact of the decrease in raw materials and consumables used and the increases in R&D staff costs and testing fee for clinical development of our drug candidates.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by RMB4.0 million or 9.4% from RMB42.6 million for the year ended December 31, 2022 to RMB46.6 million for the year ended December 31, 2023. This is mainly attributable to the increased depreciation and amortisation expenses in connection with our newly leased headquarters in Beijing.

LOSS FOR THE YEAR

As a result of the above factors, the loss for the year decreased from RMB371.9 million for the year ended December 31, 2022 to RMB359.1 million for the year ended December 31, 2023.

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) and JAB-3312 (SHP2 inhibitor)**

  NSCLC

  ≥2L NSCLC - The pivotal trial of glecirasib monotherapy in ≥2L NSCLC patients harboring KRAS G12C mutation enrolled patients from around 60 sites in China. Patient enrollment for pivotal trial was finished in September 2023. Safety and efficacy data of pivotal trial patients will be published in the second half of 2024. Pre-NDA application of CMC portion has been submitted to CDE in September 2023. The clinical portion of pre-NDA application was submitted in March 2024. The NDA application of glecirasib monotherapy in ≥2L NSCLC is expected to be submitted to CDE in the second quarter of 2024.

  1L NSCLC (in combination with JAB-3312, Jacobio's SHP2 inhibitor) - A Phase I/IIa trial of glecirasib in combination with JAB-3312 in locally advanced or metastatic advanced solid tumors harboring KRAS G12C mutation is ongoing. Seven dose regimens with different dose level and frequency were explored. The emerging safety and efficacy data of 144 patients were reported at the 2023 European Society for Medical Oncology (ESMO) congress as an oral presentation in Madrid, Spain in October 2023. As of the date of this report, around 200 patients with locally advanced or metastatic advanced solid tumors harboring KRAS G12C mutation received combination treatment of glecirasib and JAB-3312. Among all patients received combination therapy, around 100 patients were 1L NSCLC patients. Long term safety and efficacy data will be presented at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting as an oral presentation.

  Glecirasib in combination with JAB-3312 has demonstrated better safety and efficacy than current standard of care "anti-PD-1 +chemotherapy" in 1L NSCLC. CDE has approved the Phase III pivotal trial design of glecirasib in combination with JAB-3312 to treat 1L NSCLC patients in February 2024. The Phase III pivotal trial in China is expected to be initiated in the third quarter of 2024. JAB-3312 is the very first SHP2 inhibitor entering a Phase III registrational trial worldwide.

Business Highlights

PDAC

In July 2023, the pivotal trial of glecirasib monotherapy in ≥2L PDAC patients with KRAS G12C mutation was approved by the CDE. Gleciraisb is the very first KRAS G2C inhibitor which has entered a registrational trial in ≥2L pancreatic cancer worldwide. The first patient was enrolled in October 2023. Clinical activity and safety results of glecirasib in patients with pancreatic cancer and other solid tumors from Phase I and Phase IIa studies were presented as an oral presentation at the 2024 American Society of Clinical Oncology (ASCO) GI Annual Meeting in San Francisco, CA in January 2024. Global development plan of glecirasib in ≥2L PDAC patients is under consultation with the U.S. FDA.

In August 2023, glecirasib was granted BTD for KRAS G12C mutant pancreatic cancer patients who have progressed on front-line standard of care treatment by China CDE.

In April 2024, glecirasib received orphan drug designation for pancreatic cancer indication from FDA.

CRC

Phase I and Phase II clinical trials with glecirasib monotherapy or glecirasib combined with cetuximab to treat advanced or metastatic CRC patients with KRAS G12C mutation is ongoing. The clinical results of glecirasib monotherapy and glecirasib combined with 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 in June 2023. Phase III pivotal trial design of glecirasib monotherapy or glecirasib in combination with cetuximab to treat advanced colorectal cancer patients is under communication with China CDE and is expected to get approval by CDE in the second quarter of 2024.

Multi-Tumors Basket

Multi-tumors basket patients (biliary tract cancer, gastric cancer, small bowel cancer, appendiceal cancer, etc) harboring KRAS G12C mutation have been treated with glecirasib monotherapy. Clinical activity and safety results of glecirasib in multi-tumors basket patients from Phase I and Phase IIa studies were presented at the 2024 American Society of Clinical Oncology (ASCO) GI Annual Meeting in San Francisco, CA in January 2024. Impressive clinical outcome was observed. The clinical trial is still ongoing. A Phase II single arm pivotal trial is under communication with regulatory agencies.

Business Highlights

PROGRESS OF OTHER KEY SELECTED PROGRAMS

Clinical Stage Products

- **JAB-8263 (BET inhibitor)**

  A Phase II trial of JAB-8263 monotherapy or combination therapies is planned to be initiated in the second half of 2024. To date, JAB-8263 has demonstrated favorable safety and tolerability compared with other BET inhibitors under the clinical development. Active therapeutic signals were observed during dose escalation. Improvement in total symptom score (TSS) and spleen volume reduction (SVR) was observed in myelofibrosis patients treated with JAB-8263 monotherapy. Clinical data of JAB-8263 dose escalation/expansion in hematologic malignancies have been submitted to the 2024 European Hematology Association Congress.

- **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. Encouraging clinical efficacy signals were observed. The dose escalation/expansion trial in U.S. and China is ongoing. RP2D is anticipated in the second quarter of 2024.

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

- **JAB-30355 (P53 Y220C reactivator)**

  JAB-30355 is a potent and orally bioavailable small molecule p53 reactivator for the treatment of patients with solid tumors harboring p53 Y220C mutation. IND application of JAB-30355 has been approved by the U.S. FDA in March 2024. IND application of JAB-30355 to China CDE has been submitted. Phase I clinical trial is expected to be initiated in the second half of 2024.

  Preclinical data was presented at the AACR Annual Meeting 2024 as a poster.

- **JAB-BX102 (anti-CD73 humanized monoclonal antibody)**

  A Phase I/IIa dose escalation trial is ongoing in China. RP2D is anticipated in the second quarter of 2024.

- **IND approved programs**

  INDs were approved for JAB-26766 (PARP7 inhibitor), JAB-24114 (glutamine-utilizing enzyme inhibitor), and JAB-BX300 (anti-LIF humanized monoclonal antibody). We are optimizing the clinical development strategy for JAB-26766, JAB-24114, and JAB-BX300 considering the current treatment landscape and our resources available.

  Preclinical of JAB-26766 was presented at the AACR Annual Meeting 2024 (from April 5, 2024 to April 10, 2024 in San Diego) as a poster.

Business Highlights

IND-Enabling Stage Product

- **JAB-23E73 (KRAS^{multi} inhibitor)**

  JAB-23E73 is a novel, first-in-class, orally bioavailable KRAS^{multi} inhibitor. It can potently inhibit the activity of multiple KRAS mutations in both active (GTP-bound) state and inactive (GDP-bound) state at single digit nano molar and sub nano molar level, with good selectivity over HRAS and NRAS which are tumor suppression genes in KRAS-driven lung cancer growth. We plan to submit the IND application for JAB-23E73 in the second quarter of 2024. To date, no small-molecule inhibitors selectively targeting multiple KRAS mutations in both KRAS activate and inactive states have entered clinical trials globally. Therefore, JAB-23E73 has the potential to rank among the first few market entrants.

  Preclinical results of a leading compound for our KRAS^{multi} inhibitor series were presented in the form of a poster during 2023 AACR Annual Meeting.

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. Immune checkpoint inhibitors (ICIs) have dramatically changed the landscape of cancer treatment. However, ICI response rates remain modest with only a minority of patients deriving clinical benefits. By conjugating our STING agonist (payload) with different TAA targeting antibodies, we can targeted deliver STING agonists into tumor cells, which enhances anti-tumor immunity and turns PD-1 unresponsive cold tumors into PD-1 responsive hot tumors. We have designed a series of iADC programs, i.e., HER2-STING iADC (JAB-BX400) and CD73-STING iADC (JAB-BX500). In preclinical study, JAB-BX400 was effective in the SK-OV-3 xenograft model, which belongs to cold tumors. Clinical candidate for JAB-BX400 will be nominated in the second half of 2024. iADCs targeting other TAAs (tumor-associated antigens) are being developed as well.

Preclinical results of CD73-STING iADC were presented in the form of a poster during 2023 AACR.

For details of any of the foregoing, please refer to the rest of this annual report and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

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 immuno-oncology, such as immune checkpoints programmed cell death protein-1 (PD-1) and its ligand (PD-L1). However, many well-studied 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 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 of new modalities, spanning from small molecules and monoclonal antibodies to iADCs (immunostimulatory antibody-drug conjugates).

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 report, 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 8 and a half 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 one asset in pre-NDA stage, 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 report.

Management Discussion and Analysis

Clinical stage candidates:

	Asset	Regimen	Indications	IND	Phase I	Phase IIa	Pivotal	Recent development & Expected Milestone
Clinical	**JAB-21822** **Glecirasib** KRAS G12C (RAS pathway)	Mono	≥2L NSCLC	*China trial (pivotal trial)*				• Pivotal trial enrollment completed in Sep 2023 • NDA submission expected in Q2 2024 • BTD granted in Dec 2022 by CDE
		Mono	≥2L PDAC	*China trial (pivotal trial)*				• Pivotal trial enrollment ongoing • BTD granted in Aug 2023 by CDE • Data presented at the 2024 ASCO GI as an oral presentation. • Orphan drug designation was granted by FDA in Apr 2024
		Combo w/SHP 2i JAB-3312	1L NSCLC	*China trial*				• Phase III trial to start in Q3 2024 • Data presented at 2023 ESMO as an oral presentation • Long term safety and efficacy data will be presented at 2024 ASCO as an oral presentation
		Mono	Multi-tumors basket	*China trial*				• Phase II single arm pivotal trial under communication with regulatory agencies. • Data presented at the 2024 ASCO GI as an oral presentation
		Combo w/EGFR mAb	≥3L CRC	*China trial*				• In communication with CDE for a Phase III registrational trial • Data presented at 2023 JAC-AACR
		Mono	NSCLC with STK-11 co-mutation	*China trial*				
		Mono	NSCLC, PDAC, CRC and other solid tumors	*Global trial*				
	JAB-3312 SHP2 (RAS pathway)	Combo w/KRAS G12Ci glecirasib	1L NSCLC	*China trial*				• Phase III trial to start in Q3 2024 • Data presented at 2023 ESMO as an oral presentation • Long term safety and efficacy data submitted to 2024 ASCO
		Combo w/PD-1 mAb	NSCLC, HNSCC, ESCC	*Global trial*				
		Combo w/EGFRi	Osimertinib progressed NSCLC	*Global trial*				
	JAB-8263 BET (MYC pathway)	Mono	Solid tumors	*US trial*				• Phase II trial to start in H2 2024 • Data submitted to the 2024 EHA Congress
		Mono	Solid tumors	*China trial*				
		Mono Combo w/JAKi	MF and AML	*China trial*				
	JAB-2485 Aurora A (MYC pathway)	Mono	Solid tumors	*Global trial*				• RP2D to be determined in Q2 2024
	JAB-30355 P53 Y220C (P53 pathway)	Mono	Solid tumors	*Global trial*				• IND approved in March 2024 • Phase I trial to start in H2 2024 • Preclinical data was presented at 2024 AACR
	JAB-BX102 CD73 mAb (I/O)	Mono Combo w/PD-1 mAb	Solid tumors	*Global trial*				• RP2D to be determined in Q2 2024
	JAB-26766 PARP 7 (I/O)	Mono	Solid tumors	*China trial*				• Preclinical data was presented at 2024 AACR
	JAB-24114 Glutamine-utilizing enzyme (MYC pathway)	Mono	Solid tumors, Hematological malignancies	*China trial*				
	JAB-BX300 LIF mAb (RAS pathway)	Mono	Solid tumors	*China trial*				

Management Discussion and Analysis

Pre-clinical stage candidates:

	Asset	Target	Modality	Lead optimization	Candidate IND-enabling	IND Schedule	Indications
pre-Clinical	JAB-23E73	KRAS^{multi} (RAS pathway)	Small molecule			Q2 2024	Solid tumors
	JAB-BX400 (iADC)	HER2-STING (I/O)	iADC			Clinical candidate expected in H2 2024	Solid tumors
	JAB-BX500 (iADC)	CD73-STING (I/O)	iADC			-	Solid tumors
	JAB-22000	KRAS G12D (RAS pathway)	Small molecule			-	Solid tumors

We believe there are tremendous potentials for combination strategies among our in-house pipeline assets. For instance, our SHP2 inhibitor (JAB-3312) and our KRAS inhibitors (glecirasib and JAB-23E73) showed strong synergistic antitumor effects in pre-clinical studies. Based on the strong rationale and the impressive clinical outcome of the double blockade of SHP2 and KRAS G12C, we have prioritized the clinical development of the combination therapy with our SHP2 inhibitor and our KRAS G12C inhibitor. In fact, a phase III pivotal trail of JAB-3312 in combination with glecirasib in 1L NSCLC patients has been approved by China CDE in February 2024 and is planned to be initiated in the third quarter of 2024. The short-term safety and efficacy results were presented as an oral presentation at 2023 ESMO in October 2023 in Spain. Long-term safety and efficacy data have been submitted to 2024 ASCO, which will be held in June 2024 in Chicago, IL.

BUSINESS REVIEW

Our Clinical Stage Drug Candidates

We have made tremendous progress in the clinical development of our assets in 2023. Among all clinical stage candidates, glecirasib (JAB-21822), our leading asset, will be submitted for NDA approval in the second quarter of 2024 in China to treat advanced or metastatic ≥ 2L NSCLC with KRAS G12C mutation as monotherapy. In PDAC, glecirasib is in a single arm Phase II pivotal study in China. In 1L NSCLC, our Phase III pivotal trial design of glecirasib in combination with JAB-3312 to treat 1L NSCLC patients with KRAS G12C mutation has been approved by China CDE in February 2024 and the Phase III pivotal trial is planned to be initiated in the third quarter of 2024. In CRC, a Phase III trial design of glecirasib monotherapy and glecirasib in combination with cetuximab in ≥3L CRC patients with KRAS G12C mutation has been submitted to China CDE and is expected to get approval in the second quarter of 2024.

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

  Glecirasib, is a potent, selective and orally available small molecule targeting KRAS G12C mutant 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. 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 were internally synthesized based on published molecular structures).

Management Discussion and Analysis

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

- **NSCLC**

≥2L NSCLC: Monotherapy in China

The Phase I dose escalation of glecirasib in patients with solid tumors harboring a KRAS G12C mutation in China has been completed. 800mg QD was deemed to be RP2D. A total of 40 ≥2L NSCLC patients treated with 800mg QD have been enrolled in the Phase IIa dose expansion part. Data from these 40 patients revealed that glecirasib is well tolerated. The incidence of grade 3 or 4 TRAEs is 23%. No grade 5 TRAE was seen. Common TRAEs with other KRAS G12C inhibitors, such as nausea, vomiting and other GI toxicities, are relatively low in this study.

Glecirasib monotherapy in ≥2L NSCLC achieved confirmed overall response rate (cORR) of 42.5% (17/40), disease control rate (DCR) of 95% (38/40), and median progression-free survival (mPFS) of 9.6 months.

The pivotal trial in patients with ≥2L NSCLC harboring KRAS G12C mutation has enrolled patients from around 60 sites in China. We have completed the patient enrollment in September 2023. Safety and efficacy data of pivotal trial patients will be published in the second half of 2024. The quality and non-clinical portion of pre-NDA application, including CMC, have been submitted to the CDE in September 2023. The clinical portion of pre-NDA application was submitted in March 2024. The NDA application of glecirasib monotherapy in ≥2L NSCLC patients harboring KRAS G12C mutation is expected to be submitted to CDE in the second quarter 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 in December 2022 and is expected to receive the accelerated approval.

1L NSCLC: Combination Therapy with JAB-3312 in China

A Phase I/IIa trial of glecirasib in combination with JAB-3312 to locally advanced or metastatic advanced solid tumors harboring KRAS G12C mutation is ongoing. Seven dose regimens with different dose level and frequency were explored. The emerging safety and efficacy data of 144 patients were reported at the 2023 ESMO congress as an oral presentation in Madrid, Spain in October 2023. Glecirasib plus JAB-3312 have a manageable safety profile and demonstrate promising efficacy. The incidence of grade 3 or 4 TRAEs is 39.6% of all dose levels and 36.7% for glecirasib (800mg QD) + JAB-3312 2mg [1/1], respectively. No grade 5 TRAE was seen. No new safety signals were identified compared to glecirasib and JAB-3312 as monotherapy. In frontline NSCLC, the ORR (overall response rate) of all dose cohorts was 65.5% (38/58) and DCR (disease control rate) was 100%. Glecirasib (800mg QD) + JAB-3312 2mg [1/1] dosage yielded ORR of 86.7% (13/15) and DCR of 100%. Final mPFS results are pending and will be reported at a later date.

Management Discussion and Analysis

As of the date of this report, around 200 patients with locally advanced or metastatic advanced solid tumors harboring KRAS G12C mutation received combination treatment of glecirasib and JAB-3312. Among all patients received combination therapy, around 100 patients were 1L NSCLC patients. Long term safety and efficacy data will be presented at the 2024 ASCO Annual Meeting as an oral presentation.

Glecirasib in combination with JAB-3312 has demonstrated better safety and efficacy than current standard of care "anti-PD-1 +chemotherapy" in 1L NSCLC. CDE has approved the Phase III pivotal trial design of glecirasib in combination with JAB-3312 to treat 1L NSCLC patients in February 2024. The Phase III pivotal trial is planned to be initiated in the third quarter of 2024. JAB-3312 is the very first SHP2 inhibitor entering a Phase III registrational trial worldwide.

- **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 sites have been activated in September 2023. The first patient was treated in October 2023. Gleciraisb is the very first KRAS G2C inhibitor entered a registrational trial in ≥2L pancreatic cancer worldwide.

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

Clinical activity and safety results of glecirasib in patients with pancreatic cancer and other solid tumors from Phase I and Phase IIa studies were presented as an oral presentation at the 2024 ASCO GI Annual Meeting, which was held in San Francisco, CA in January 2024. Data from 31 PDAC patients revealed that glecirasib monotherapy in ≥2L PDAC achieved confirmed overall response rate (cORR) of 41.9% (13/31), disease control rate (DCR) of 93.5% (29/31), median progression-free survival (mPFS) of 5.6 months, and median overall survival (mOS) of 10.7 months.

The potential global development plan in PDAC and other solid tumors is under consultation with U.S. regulatory authorities. In April 2024, glecirasib received orphan drug designation for pancreatic cancer indication from FDA.

Management Discussion and Analysis

- **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 glecirasib 800 mg QD have been enrolled. Glecirasib had shown promising antitumor activity in heavily pretreated patients with metastatic colorectal cancer with mutant KRAS G12C as monotherapy. The results of this trial were summarized and released at 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 treated with gleciraisb 800 mg QD in combination with cetuximab by the end of February 2023. The preliminary results of this trial were summarized and released at 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 cut-off. In terms of safety, the majority of TRAEs in monotherapies and combinations are grades 1-2.

A Phase III registrational trial plan of glecirasib monotherapy and glecirasib in combination with cetuximab in third-line and above CRC patients is under communication with CDE and expected to get approval from CDE in the second quarter of 2024.

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.

Management Discussion and Analysis

- **Multi-Tumors Basket**

  Multi-tumors basket patients (biliary tract cancer, gastric cancer, small bowel cancer, appendiceal cancer, etc) harboring KRAS G12C mutation have been treated with glecirasib monotherapy. Clinical activity and safety results of glecirasib in multi-tumors basket patients from Phase I and Phase IIa studies were presented as an oral presentation at the 2024 American Society of Clinical Oncology (ASCO) GI Annual Meeting in San Francisco, CA in January 2024. Among 19 multi-tumors basket patients received gleciraisb monotherapy, confirmed ORR was 57.9% (11/19), DCR was 84.2% (16/19), mPFS was 7.0 months, and mOS was not reached (12-month OS rate: 58.2%). The clinical trial is still ongoing and remains open to enrollment. A Phase II single arm pivotal trial is under communication with regulatory agencies.

- **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.

- **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 with Chinese patients has been observed.

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 and orphan drugs. 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.

Management Discussion and Analysis

- **JAB-3312**

JAB-3312 is a clinical-stage, oral allosteric SHP2 inhibitor 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.

Jacobio's SHP2 inhibitors received the IND approval from the U.S. FDA for clinical development in May 2018, which ranked the second SHP2 program in the clinic globally. JAB-3312 is a second generation SHP2 inhibitor and it is the most potent SHP2 inhibitor of its class. In preclinical studies, the IC_{50} for JAB-3312 in cell proliferation is 0.7-3.0 nM. In clinical studies, recommend dose for the registrational Phase III clinical trial is 2 mg QD intermittent. In the U.S., JAB-3312 has obtained orphan drug designation from the U.S. FDA for the treatment of esophageal cancer.

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

See "JAB-21822 (Glecirasib, KRAS G12C inhibitor) – NSCLC – 1L NSCLC: Combination Therapy with JAB-3312 in China".

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.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-3312 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.

Management Discussion and Analysis

- **JAB-8263**

  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. JAB-8263 is a highly potent BET inhibitor, which binds to BRD2, BRD3, BRD4, and BRDT with biochemical IC_{50} ranging from 0.20 to 0.99 nM. Preclinical studies showed that JAB-8263 can maintain 80-90% inhibition of c-Myc for more than 48 hours, when given at a very low dose. 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 compared with other BET inhibitors under the clinical development. Active therapeutic signals were observed during dose escalation. Improvement in total symptom score (TSS) and spleen volume reduction (SVR) was observed in myelofibrosis patients treated with JAB-8263 monotherapy.

  A Phase II trial of JAB-8263 monotherapy or combination therapies is planned to be initiated in the second half of 2024. Clinical data of JAB-8263 dose escalation/expansion in hematologic malignancies have been submitted to the 2024 European Hematology Association Congress.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-8263 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-2485**

  JAB-2485 can inhibit Aurora kinase A activity, induce apoptosis and inhibit tumor growth. Aurora kinase A inhibition may potentially benefit patients with RB loss tumors, such as small cell lung cancer and triple negative breast cancer. JAB-2485 is one of the top two orally bioavailable small molecules in clinical stage which selectively inhibit Aurora kinasa A over Aurora kinases B and C. Preclinical studies showed that JAB-2485 features a 1500-fold selectivity on Aurora kinase A over Aurora kinase B and Aurora kinase C. JAB-2485 induces minimal myelosuppression and displays favorable PK properties. As of the date of this report, there is no commercialized Aurora A inhibitor globally.

  We launched a Phase I/IIa global trial of JAB-2485 in the U.S. and China to treat patients with solid tumors. The first patient was dosed in January 2023. Encouraging clinical efficacy signals were observed. The dose escalation portion of the study is ongoing. RP2D is anticipated in the second quarter of 2024.

  Preclinical data of JAB-2485 were presented in the form of a poster at the AACR Annual Meeting 2023 ("**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.

Management Discussion and Analysis

- **JAB-30355**

  JAB-30355 is an orally bioavailable small molecule p53 reactivator for the treatment of patients with locally advanced or metastatic solid tumors harboring p53 Y220C mutation.

  JAB-30355 has shown very high binding affinity to p53 Y220C mutant proteins and can maximally restore the proper folding and functionality of misfolded p53 Y220C upon binding, trigger apoptosis *in vitro*. When applied *in vivo*, tumor regression was achieved in multiple CDX and PDX models harboring p53 Y220C hotspot mutation, such as ovarian cancer, pancreatic cancer, gastric/esophageal cancer, breast cancer, lung cancer, etc. The synergistic effects were found when combined with chemo or oncogenic protein inhibitors which indicates a wide combo potential of JAB-30355. Good crystalline solubility across physiologic conditions and favorable PK properties across species give good *in vitro-in vivo* correlation and low human clearance prediction.

  IND application of JAB-30355 has been approved by the U.S. FDA in March 2024. IND application of JAB-30355 to China CDE has been submitted. Phase I clinical trial is expected to be initiated in the second half of 2024. Currently, there is only one program which just entered a Phase II single arm registrational trial in respective drug classes globally. The predicted human efficacy dose for JAB-30355 is half of that of the program under registrational trial. Therefore, JAB-30355 has the potential to be among the first few market entrants.

  Preclinical data was presented at the AACR Annual Meeting 2024 as a poster.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-30355 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. JAB-BX102 binds to an unique N terminal epitope of CD73, and directly inhibits CD73 enzymatic activity with sub-nanomolar IC_{50}. JAB-BX102 induces strong internalization and achieves fast elimination of cellular CD73. 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 anticipated in the second quarter of 2024.

  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.

Management Discussion and Analysis

- **Other IND approved projects**

  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 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 assays and good selectivity to PARP1/2. Higher exposure in mice was observed for JAB-26766 per oral administration which led to substantial tumor inhibition activities in different tumor models.

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

  Preclinical data of JAB-26766 was presented at the AACR Annual Meeting 2024 as a poster.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-26766 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-24114 – JAB-24114 is a prodrug of 6-Diazo-5-oxo-1-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.

  The IND application of JAB-24114 was approved by China CDE 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.

Management Discussion and Analysis

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.

The IND application of JAB-BX300 was approved by China CDE in April 2023.

We are optimizing the clinical development strategy for JAB-26766, JAB-24114, and JAB-BX300 considering the current treatment landscape and our resources available.

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 and immuno-oncology) 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-23E73 – JAB-23E73 is a novel, 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-23E73 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, indicating favorable therapeutic window.

In pre-clinical studies, JAB-23E73 exhibited good oral bioavailability both in rodent and non-rodent species. JAB-23E73 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-23E73 is well tolerated in animal models. According to the pre-clinical data, it is predicted that JAB-23E73 will have a good exposure on human.

Management Discussion and Analysis

The IND application is expected to be submitted in the second quarter 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-23E73 has the potential to be among first-to-market players.

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

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that the JAB-23E73 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 an orally available 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-23E73, 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

Immune checkpoint inhibitors (ICIs) have dramatically changed the landscape of cancer treatment. However, ICI response rates remain modest with only a minority of patients deriving clinical benefits. 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 infiltration of immune cells into tumor, activate infiltrated immune cells, and turn the tumor from “cold” to “hot”. By conjugating our STING agonist (payload) with different TAA targeting antibodies, we can targeted deliver STING agonists into tumor cells, which enhances anti-tumor immunity and turns PD-1 unresponsive cold tumors into PD-1 responsive hot tumors.

A growing body of antibody-drug conjugates (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.

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

Management Discussion and Analysis

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 compared 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 turns "cold" tumor to "hot" by inducing the production of pro-inflammatory cytokines and chemokines, such as IFNs and CXCLs.

  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 cells, 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.

  By conjugating our STING agonist (payload) with different TAA targeting antibodies, we are developing a series of iADC programs, i.e., HER2-STING iADC (JAB-BX400) and CD73-STING iADC (JAB-BX500). In preclinical studies, JAB-BX400 barely releases free payload (less than 1%) after incubated in the plasma for 48 hours. And cytokine release is significantly less by JAB-BX400 compared with the competitor. More importantly, JAB-BX400 is effective in the SK-OV-3 xenograft model, which belongs to cold tumors. Clinical candidate for JAB-BX400 will be nominated in the second half of 2024. We are developing other TAAs targeting iADCs as well.

  Preclinical data of CD73-STING iADC were presented as a poster during 2023 AACR.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that our iADC Platforms, JAB-BX400 and JAB-BX500 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 DURING THE REPORTING PERIOD

We have a solid patent portfolio to protect our drug candidates and technologies. As of December 31, 2023, we owned 340 patents or patent applications that are filed globally, of which 82 patents have been issued or allowed in major markets globally.

Management Discussion and Analysis

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.

  o 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 (JAB-21822, KRAS G12C inhibitor), JAB-23E73 ($KRAS^{multi}$ 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 NSCLC, PDAC, CRC and other solid tumors with KRAS mutations, in both single agent and rational combination therapies.

  o 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 have developed JAB-8263, a highly potent BET inhibitor, JAB-2485, a highly selective Aurora kinase A inhibitor, and JAB-24114, a small molecule inhibitor of glutamine-utilizing enzymes.

  o p53 pathway

  p53 is the single most frequently altered gene in human cancers, with mutations being present in approximately 50% of all solid 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-30355 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.

Management Discussion and Analysis

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 programs using unique payloads have the potential to address the challenges of both low response rate in current ICI therapy and toxicities caused by conventional ADCs. Our iADC molecules have shown greatly improved plasma stability compared with the competitor which would broaden the therapeutic window and improve safety in future use. Our iADC projects 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 STING agonist 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. We are open to seeking diverse ways of cooperation for marketing, 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.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

	Year ended December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from the license and collaboration agreement	**63,520**	**100**	95,746	100

For the years ended December 31, 2023 and 2022, our Group recorded revenue of RMB63.5 million and RMB95.7 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. For the year ended December 31, 2023, our largest customer accounts for 100% of our Group's revenue.

Cost of Revenue

	Year ended December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Clinical trial expenses of our SHP2 inhibitors	**60,317**	**100**	83,112	100

Our cost of revenue consists of research and development expenses related to our SHP2 inhibitors. For the year ended December 31, 2023, we recorded cost of revenue of RMB60.3 million, mainly attributable to the clinical trial expenses of our SHP2 inhibitors, as compared with RMB83.1 million for year ended December 31, 2022.

Gross Profit

	Year ended December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Gross profit from the license and collaboration agreement	**3,203**	**100**	12,634	100

As a result of the foregoing, our gross profit decreased from RMB12.6 million for the year ended December 31, 2022 to RMB3.2 million for the year ended December 31, 2023.

Management Discussion and Analysis

Other Income

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Government grants	**7,504**	830
Other income from a related party	**–**	1,024
Total	**7,504**	1,854

Our other income increased from RMB1.9 million for the year ended December 31, 2022 to RMB7.5 million during the year ended December 31, 2023, primarily attributable to the increase of government grants associated with the progression of our R&D programs.

Other Gains – Net

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange gains	**20,688**	82,531
Net fair value changes on derivative financial instruments	**(3,726)**	(7,215)
Net fair value changes on long-term investments measured at fair value through profit or loss	**(7,240)**	4,193
Net gains on disposal of property, plant and equipment	**628**	–
Total	**10,350**	79,509

The decrease in our net other gains was primarily attributable to the decrease of net foreign exchange gains due to the relatively lower appreciation of USD and HKD against RMB in 2023 as compared to 2022.

Our net other gains primarily consisted 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 RMB61.8 million from RMB82.5 million for the year ended December 31, 2022 to RMB20.7 million for the year ended December 31, 2023, which was mainly attributable to foreign exchange gains in connection with bank balances dominated in USD and HKD and the relatively lower appreciation of the USD and the HKD against the RMB for the year ended December 31, 2023 compared to that for the year ended December 31, 2022.

Our business mainly operates in the PRC, and most of our Group's transactions are settled in RMB. Since our inception, we have financed our business principally through equity financings and bank borrowings, with related proceeds denominated in USD, HKD and RMB. 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. Future commercial transactions or assets and liabilities denominated in USD and HKD may 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.

Management Discussion and Analysis

Research and Development Expenses

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Testing fees	**143,110**	138,951
Employee benefits expenses	**140,842**	124,134
Raw materials and consumables used	**44,737**	145,356
Depreciation and amortization	**21,272**	11,236
Others	**22,359**	25,970
Total	**372,320**	445,647

Our research and development expenses decreased by RMB73.3 million from RMB445.6 million for the year ended December 31, 2022 to RMB372.3 million for the year ended December 31, 2023, primarily due to the combined impact of decrease in raw materials and consumables used and the increases in R&D staff costs and testing fee for clinical development of our drug candidates. Such decrease in research and development expenses was resulted from the following factors:

- RMB100.6 million decrease in raw materials and consumables used, including the manufacture of clinical candidates;
- RMB16.7 million increase in employee benefits expenses primarily due to an increase in the average number of research and development employees and their salary level; and
- RMB4.2 million increase in testing fees mainly due to the rapid progress of the clinical trials and advancement of our pre-clinical drug candidates.

Administrative Expenses

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Employee benefits expenses	**27,831**	26,447
Professional services expenses	**4,967**	5,855
Depreciation and amortization	**3,072**	1,344
Others	**10,745**	8,905
Total	**46,615**	42,551

Our administrative expenses increased by RMB4.0 million from RMB42.6 million for the year ended December 31, 2022 to RMB46.6 million for the year ended December 31, 2023, which was mainly caused by the increase of depreciation and amortization expenses in connection with our newly leased headquarter in Beijing in 2023.

Management Discussion and Analysis

Finance Income and Finance Expenses

Our finance income increased by RMB22.5 million from RMB24.6 million for the year ended December 31, 2022 to RMB47.1 million for the year ended December 31, 2023, which was mainly attributable to the combined impact of (i) increased average interest rate of time deposit during the year ended December 31, 2023 compared to that for the year ended December 31, 2022; and (ii) decreased interest income due to the decreased bank balances in line with our business progress. Our finance expenses increased by RMB6.0 million from RMB2.3 million for the year ended December 31, 2022 to RMB8.3 million for the year ended December 31, 2023, due to an increase in interest costs on lease liabilities and interest costs on borrowings.

Income Tax Expense

We recognized no income tax expenses for the years ended December 31, 2023 and 2022 as the Group has no estimated assessable profits for the year.

Non-IFRS Measure

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

Adjusted loss for the Reporting Period represents the loss for the Reporting Period excluding the effect of certain 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 company to company to the extent applicable.

Management Discussion and Analysis

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(359,119)**	(371,861)
Added:		
Share-based payment expenses	**14,857**	16,993
Fair value losses in derivative financial instruments arising from the commitment of investments	**–**	2,856
Fair value losses in long-term investments measured at fair value through profit or loss	**7,240**	–
Subtracted:		
Fair value gains in long-term investments measured at fair value through profit or loss	**–**	(4,193)
Adjusted loss for the year	**(337,022)**	(356,205)

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Research and development expenses for the year	**(372,320)**	(445,647)
Research and development expenses in relation to our SHP2 inhibitors which was recorded in Cost of Revenue for the year	**(60,317)**	(83,112)
Added:		
Share-based payment expenses	**12,645**	13,734
Adjusted research and development expenses for the year	**(419,992)**	(515,025)

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Administrative expenses for the year	**(46,615)**	(42,551)
Added:		
Share-based payment expenses	**2,212**	3,259
Adjusted administrative expenses for the year	**(44,403)**	(39,292)

Management Discussion and Analysis

Cash Flows

During the year ended December 31, 2023, net cash used in operating activities of our Group amounted to RMB364.2 million, representing an increase of RMB71.8 million compared to the net cash used in operating activities of RMB292.4 million during the year ended December 31, 2022. The increase was in line with the progression of our research and development activities.

During the year ended December 31, 2023, net cash flows used in investing activities of our Group amounted to RMB48.0 million, representing a decrease of RMB638.3 million over the net cash used in investing activities of RMB686.3 million during the year ended December 31, 2022. The decrease was mainly due to the combined impact of (i) proceeds received from the maturity of deposits with initial terms over 3 months of RMB786.5 million during the year ended December 31, 2023 while no such proceeds received during the year ended December 31, 2022; and (ii) the placement of deposits with original maturities over 3 months of RMB825.0 million during the year ended December 31, 2023 compared to that of RMB662.5 million during the year ended December 31, 2022.

During the year ended December 31, 2023, net cash flows generated from financing activities of our Group amounted to RMB246.3 million, representing an increase of RMB256.2 million over the net cash flows used in financing activities of RMB9.9 million during the year ended December 31, 2022. The increase was mainly due to the combined impact of (i) fund raised from the placing of existing shares and subscription of new shares of RMB139.1 million during the year ended December 31, 2023; (ii) the proceeds from bank borrowings of RMB73.6 million during the year ended December 31, 2023; and (iii) the proceeds from contribution in Beijing Jacobio of RMB60.0 million.

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.

In June 2023, JACOBIO (HK) PHARMACEUTICALS CO., LIMITED, Beijing Jacobio and Dr. Wang entered into a capital increase agreement with Beijing E-town International Investment & Development Co., Ltd. (北京亦莊國際投資發展有限公司 "**Beijing E-town**"), pursuant to which 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**"). As of December 31, 2023, the Capital Increase was completed. Beijing Jacobio was 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.

Saved as disclosed above, during the year ended December 31, 2023, our Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates, and joint ventures.

Management Discussion and Analysis

Liquidity, Capital Resources, Treasury Policies and Gearing Ratio

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

During the reporting period, all of our borrowings were denominated in RMB. We currently are available to access to bank loan facilities with a total amount of RMB270.0 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 of December 31, 2023, our cash and cash equivalents and other bank deposits were RMB1,197.9 million, as compared to RMB1,298.7 million as of December 31, 2022.

The decrease is primarily due to net cash used in our operating activities. However, it was partially offset by cash inflow from the placing of exiting shares and subscription of new share in February 2023 of RMB139.1 million, proceeds from bank borrowings of RMB73.6 million and proceeds from contribution in Beijing Jacobio. 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 its capital resources and mitigate potential risks involved.

As of December 31, 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 has been consistently applied to our Group's consolidated financial statements for the years ended December 31, 2022 and 2023. As at December 31, 2023, our lease liabilities amounted to RMB136.3 million.

Capital Commitments

As at December 31, 2023, our Group had capital commitments contracted for but not yet provided of RMB0.07 million, primarily in connection with contracts for purchases 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 of the construction of our new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China.

Contingent Liabilities

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

Pledge of Assets

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

Management Discussion and Analysis

Foreign Exchange Exposure

As of December 31, 2023, our financial statements are expressed in RMB, but certain of our long-term investments measured at fair value through profit or loss, cash and cash equivalents, time deposits, contract assets and trade payables are denominated in foreign currencies, and are exposed to foreign currency risk (primarily with respect to USD). Management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity Risk

As of December 31, 2023 and 2022, we recorded net current assets of RMB963.3 million and RMB1,182.9 million, respectively. In managing the liquidity risk, our Company monitors and maintains a level of cash and cash equivalents that management considered as adequate to finance the operations and mitigate the effects of fluctuations in cash flows.

Employees and Remuneration Policies

As at December 31, 2023, our Group had 301 employees in total (2022: 303 employees). The total remuneration costs amounted to RMB174.1 million for the year ended December 31, 2023, as compared to RMB163.0 million for the year ended December 31, 2022. The increase reflected the increased salary level of our employees.

In order to maintain the quality, knowledge and skill levels of our workforce, our Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. Our Group also provides training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits for our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in accordance with applicable laws. We have also adopted the 2021 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 Plan, please refer to the announcements of our Company published on the websites of the Stock Exchange and the Company dated August 31, 2021 and October 8, 2021.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

Our Company has established an Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and principle of 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 had reviewed together with the Company's management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended December 31, 2023.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Yinxiang WANG (王印祥), the founder of our Group, aged 59, has been a Director since June 1, 2018 and was re-designated as an executive Director and the Chairman of our Board on August 20, 2020. Dr. Wang has been serving as the chief executive officer of our Company since August 2019. Dr. Wang is primarily responsible for the overall strategic planning, business direction and operational management of our Group. Dr. Wang also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Legal Representative, Chairman of the Board	July 2015 to present
Jacobio US	Chief Executive Officer Director, Treasurer	June 2019 to present December 2018 to present
Jacobio HK	Director	July 2018 to present
Jacomab	Legal Representative, Chairman of the Board Legal Representative, Executive Director	December 2016 to June 2019 June 2019 to present

Dr. Wang has more than 20 years of experience in the pharmaceutical industry. Dr. Wang currently serves as the chairman of the board of directors of Hebecell Holding Limited since September 2021, the chairman of the board of directors of Hebecell Holding (HK) Limited since October 2021. Prior to founding our Group, from August 1983 to August 1985 and from August 1988 to August 1989, Dr. Wang served as a physician at Hebei Handan Area Sanitation and Epidemic Prevention Station (河北邯鄲地區衛生防疫站). From August 1992 to June 1993, Dr. Wang worked at the teaching and research section of immunology of the School of Basic Medical Sciences of Beijing Medical University (北京醫科大學) (currently known as the Peking University Health Science Center (北京大學醫學部)). Subsequently, in January 2003, Dr. Wang co-founded Zhejiang Betta Pharmaceuticals Co., Ltd. (浙江貝達藥業有限公司), where he served as a director and the general manager (總經理) from its inception in January 2003 to August 2013. From August 2013 to August 2017, he served as a director and the president (總裁) of Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司) (Shenzhen Stock Exchange stock code: 300558) ("**Betta Pharma**"), the successor of Zhejiang Betta Pharmaceuticals Co., Ltd. since August 2013. From December 2021 to June 2023, the chairman of the board of directors of Beijing Jiake Cell Biotech Co., Ltd. (北京加科細胞生物科技有限公司) and Beijing Hebecell Technology Co., Ltd. (北京赫柏賽爾科技有限公司). In addition, Dr. Wang used to serve as a post-doctoral fellow at Koleske Lab of Yale University which focuses on research in the fields of molecular biology and biochemistry.

Dr. Wang completed a secondary technical program in public health offered by Hebei Cangzhou Medical College (河北省滄州衛生學校) in September 1983, and a three-year college program for public health physicians offered by Hebei Employees' Medical College (河北省職工醫學院) (currently known as Hebei University Medical College (河北大學醫學院)) in July 1988, respectively. Dr. Wang obtained his master's degree in environmental hygiene in December 1992 from Chinese Academy of Preventive Medicine (中國預防醫學科學院) and his doctoral degree in biochemistry and molecular biology from University of Arkansas for Medical Sciences in December 1999.

Directors and Senior Management

Ms. Xiaojie WANG (王曉潔), aged 60, has been a Director since July 31, 2018, and was re-designated as an executive Director on August 20, 2020. Ms. Wang has been serving as the President of Administration of our Group since September 2015. Since joining our Group, Ms. Wang has participated in the daily operations of our Group and is primarily responsible for the overall administration, operational and financial management of our Group. Ms. Wang also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director, President of Administration	September 2015 to present
Jacobio US	President, Secretary	December 2018 to present
Jacobio HK	Director	August 2018 to present
Jacomab	Director Manager	December 2016 to November 2017 December 2016 to November 2017 and June 2019 to present

Ms. Wang has more than 20 years of experience in the pharmaceutical industry. Prior to joining our Group, from March 2003 to March 2015, Ms. Wang worked at Betta Pharma, where she served as a vice president prior to her resignation.

Ms. Wang obtained her bachelor's degree in sugar engineering from Dalian Institute of Light Industries (大連輕工業學院) (currently known as Dalian Polytechnic University (大連工業大學)) in July 1986. Ms. Wang completed a postgraduate program in business administration offered by Peking University (北京大學) in May 2007 and a program for executive masters of business administration with a focus on the nationwide medical industry offered by Peking University in October 2008.

Ms. Yunyan HU (胡雲雁), aged 61, has been a Director since July 31, 2018 and was re-designated as an executive Director on August 20, 2020. Ms. Hu has been serving as the Executive Vice President of our Group since March 2019. Ms. Hu is primarily responsible for directing and overseeing the research and development of our Group. Ms. Hu also holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director Vice President of Research and Development Executive Vice President	September 2017 to present April 2017 to March 2019 March 2019 to present
Jacobio HK	Director	August 2018 to present

Ms. Hu has more than 20 years of experience in the pharmaceutical industry. Prior to joining our Group, between 2004 to August 2013, Ms. Hu served as the director of the drug analysis office, director of the quality control department and deputy director of research and development at the Beijing research and development center of new drugs of Zhejiang Betta Pharmaceuticals Co., Ltd. Ms. Hu served as the deputy director of research and development center from August 2013 to March 2016 and a supervisor from August 2013 to February 2017, respectively, at Betta Pharma.

Ms. Hu graduated from an undergraduate program in analytical chemistry offered by Lanzhou University in July 1982 and obtained her master's degree in analytical chemistry from the Lanzhou Institute of Chemical Physics, Chinese Academy of Sciences (中國科學院蘭州化學物理研究所) in August 1987.

Directors and Senior Management

Non-Executive Directors

Ms. Yanmin TANG (唐豔旻), aged 51, has been a Director since August 22, 2018 and was re-designated as a non-executive Director on August 20, 2020. Ms. Tang is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Ms. Tang also currently holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director	August 2018 to present
Jacobio HK	Director	August 2018 to present

From December 2002 to August 2015, Ms. Tang served as the general manager of Asia Baokang Pharmaceutical Consulting (Beijing) Co., Ltd. (亞洲保康藥業諮詢(北京)有限公司). Since December 2015, Ms. Tang has served as an investment partner of Suzhou Qiyuan Equity Investment Management Partnership Enterprise (Limited Partnership) (蘇州啟元股權投資管理合夥企業(有限合夥)) which is an investment arm of and is operated under Qiming Venture Partners. Ms. Tang has served as a director of Sinocelltech Group Ltd (北京神州細胞生物技術集團股份公司) (Shanghai Stock Exchange stock code: 688520) since July 2017, a director of Beijing Yiqiao Shenzhou Technology Co., Ltd. (北京義翹神舟科技股份有限公司) (Shenzhen Stock Exchange stock code: 301047), and a non-executive director of Abbisko Cayman Limited (Stock Exchange stock code: 2256) since June 2021, and a supervisor of Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技股份有限公司) since October 2019. Ms. Tang also currently serves or previously served as a director in the following companies:

Name of company	Period
Beijing Sinotau International Pharmaceutical Technology Co., Ltd. (北京先通國際生物醫藥科技股份技術有限公司)	May 2016 to present
Beijing Sinotau Pharmaceutical Technology Co., Ltd. (北京先通生物醫藥技術有限公司)	May 2016 to present
Cure Genetics Co., Ltd (蘇州克睿基因生物科技有限公司)	July 2018 to present
Suzhou Keyue Biotech Co., Ltd (蘇州克愈生物科技有限公司)	October 2018 to present
Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技股份有限公司)	March 2019 to October 2019

Ms. Tang obtained her bachelor's degree in pharmacy in English from Shenyang Pharmaceutical University (瀋陽藥科大學) in July 1996 and her master's degree in business administration for senior management from Cheung Kong Graduate School of Business (長江商學院) in September 2008. Ms. Tang was certified as a pharmacist by Tianjin Municipal Human Resources and Social Security Bureau (天津市人力資源和社會保障局) in October 1997.

Directors and Senior Management

Dr. Te-li CHEN (陳德禮), aged 55, has been a non-executive Director since August 20, 2020. Dr. Chen is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

Dr. Chen has over 25 years of experience in the medical industry. From May 1997 to August 2012, Dr. Chen served as a physician in Taipei Veterans General Hospital (台北榮民總醫院). From August 2012 to January 2016, Dr. Chen served as an associate professor in internal medicine in the National Yang-Ming University (國立陽明大學). Since July 2016, Dr. Chen has been serving as the chairman of the board and the general manager of BioGend Therapeutics Co., Ltd. (博晟生醫股份有限公司) (Taipei Exchange stock code: 6733) which principally engages in the research and development, production and sales of medical equipment.

Dr. Chen obtained his bachelor's degree in medicine from the National Defense Medical Center (國防醫學院) in Taiwan in July 1995. Dr. Chen obtained his doctoral degree from the Institute of Tropical Medicine of the National Yang-Ming University (國立陽明大學) in Taiwan in June 2008. Dr. Chen was certified as a physician by the Ministry of Health and Welfare in Taiwan (台灣衛生福利部) in December 1995.

Independent non-executive Directors

Dr. Ruilin SONG (宋瑞霖), aged 61, has been an independent non-executive Director since December 21, 2020 and is responsible for supervising and providing independent judgment to our Board.

Dr. Song has been dedicated to the research of China's pharmaceutical policies, especially the policies for pharmaceutical innovation. Dr. Song has served as a member of the council of the Chinese Pharmaceutical Association (中國藥學會) (the "**Association**") since November 2009 and a member of the Pharmaceuticals Management Expert Committee (藥事管理專業委員會) of the Association since July 2016. Dr. Song is currently serving as the Executive president of PhIRDA (中國醫藥創新促進會).

Dr. Song was an independent director of Shanxi Zhendong Pharmaceutical Co., Ltd. (山西振東製藥股份有限公司) (Shenzhen Stock Exchange stock code: 300158) from June 2015 to July 2021, Boya Bio-pharmaceutical Group Co., Ltd. (博雅生物製藥集團股份有限公司) (Shenzhen Stock Exchange stock code: 300294) from March 2017 to February 2021, and an independent director of Tibet Aim Pharm. Inc. (西藏易明西雅醫藥科技股份有限公司) (Shenzhen Stock Exchange stock code: 002826) from July 2015 to August 2021. Dr. Song has been served as an independent non-executive director of Shenzhen Chipscreen Biosciences Co., Ltd. (深圳微芯生物科技股份有限公司) (Shanghai Stock Exchange stock code: 688321) since June 2018, a non-executive director of Luye Pharma Group Limited (綠葉製藥集團有限公司) (Stock Exchange stock code: 02186) since March 2017, an independent non-executive director of Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司) (Stock Exchange stock code: 02696) since September 2019, an independent non-executive director of Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司) (Stock Exchange stock code: 02096) since November 2019, and an independent non-executive director of Mediwelcome Healthcare Management & Technology Inc. (麥迪衛康健康醫療管理科技股份有限公司) (Stock Exchange stock code: 02159) since December 2020.

Directors and Senior Management

Dr. Song obtained his bachelor's degree in law from China University of Political Science and Law (中國政法大學) in July 1985, his master's degree in business administration from China Europe International Business School (中歐國際工商學院) in November 2004 and his doctoral degree in social and administrative pharmacy from China Pharmaceutical University (中國藥科大學) in December 2018.

Dr. Ge WU (吳革), aged 57, has been an independent non-executive Director since December 21, 2020 and is responsible for supervising and providing independent judgment to our Board.

Dr. Wu has extensive experience in financial management and accounting. Dr. Wu has been successively serving as a lecturer from September 1994 to July 2001, an associate professor from July 2001 to December 2005 and a professor since December 2005 at the Accounting Department of the International Business School of University of International Business and Economics (對外經濟貿易大學).

Dr. Wu was an independent director of Yunnan Bowin Technology Industry Co., Ltd (雲南博聞科技實業股份有限公司) (Shanghai Stock Exchange stock code: 600883) from May 2015 to April 2021, an independent non-executive director of Beijing North Star Company Limited (北京北辰實業股份有限公司) (Shanghai Stock Exchange stock code: 601588; Stock Exchange stock code: 0588) from May 2015 to May 2021 and an independent director of Beijing Vastdata Technology Co., Ltd. (北京海量數據技術股份有限公司) (Shanghai Stock Exchange stock code: 603138) from June 2014 to June 2020. Dr. Wu has served as an independent director of Minsheng Investment Management Co., Ltd. (民生控股股份有限公司) (Shenzhen Stock Exchange stock code: 000416) since April 2019, an independent director of Beijing Huada Jiutian Technology Co., Ltd. (北京華大九天科技股份有限公司) (Shenzhen Stock Exchange stock code: 301269) since December 2020, an independent director of Guodian Dianli Development Co., Ltd. (國電電力發展股份有限公司) (Shanghai Stock Exchange stock code: 600795) since June 2021, and an independent director of Huazhi Jiuxing Retail Management Co., Ltd. (華致酒行連鎖管理股份有限公司) (Shenzhen Stock Exchange stock code: 300755) since April 2022.

Dr. Wu obtained his bachelor's degree in mathematics from Nanjing Normal University (南京師範大學) in July 1989, his master's degree in accounting from Nankai University (南開大學) in June 1994 and his doctoral degree in finance from University of International Business and Economics (對外經濟貿易大學) in June 2008.

Directors and Senior Management

Dr. Bai LU (魯白), aged 66, has been an independent non-executive Director since March 23, 2023 and is responsible for supervising and providing independent judgment to our Board.

Dr. Lu has long been committed to the research of neurotrophic factors and synaptic plasticity, as well as neurodegenerative and psychiatric diseases, and is an world-renowned neurobiologist. Dr. Lu is the founder of 4B Technologies (Beijing) Co., Limited (福貝生物醫藥科技(北京)有限公司), a biotech company specializing in the development of transformative medicines for nervous system diseases and the co-founder of BioFront Therapeutics (Beijing) Co., Ltd. (百放英庫醫藥科技(北京)有限公司), a company aiming to identify disease drivers and develop first-in-class therapeutics through profit-sharing partnerships with academic investigators. Dr. Lu also serves as the scientific advisory and a director of Gnosis Healthineer (Beijing) Co., Ltd (靈犀醫學科技(北京)有限公司) since February 2022, providing scientific advice.

Dr. Lu served as a researcher in Roche Institute of Molecular Biology and an associate professor in the Department of Biological Sciences of Columbia University from June 1993 to December 1995. Dr. Lu joined National Institutes of Health (NIH) in 1996 and served as the chief of the Neural Development and Plasticity Section of NIH and the associate director of the Division of Cognitive and Mental Health of a trans-NIH translational research program (GCAP) from January 1996 to June 2009. From July 2009 to October 2013, Dr. Lu served as the vice president of the R&D center of GlaxoSmithKline China. From December 2009 to September 2013, Du. Lu was a guest professor in Tsinghua University and served as the professor of Department of Pharmacology and Pharmaceutical Science and executive vice dean of the Medical School of Tsinghua University (清華大學) from October 2013 to January 2016. Dr. Lu has been serving as the professor at the School of Pharmaceutical Sciences of Tsinghua University since January 2016.

Dr. Lu received a bachelor's degree in Biology at East China Normal University (華東師範大學) in the PRC in June 1982, a doctoral degree in neurobiology from Cornell University in the United States in June 1990 and then worked in postdoctoral research at Rockefeller University in the United States from July 1990 to June 1993.

Directors and Senior Management

SENIOR MANAGEMENT

The following table provides certain information about our senior management:

Name	Age	Position	Roles and Responsibilities	Date of joining our Group	Date of appointment as senior management of our Company
Yinxiang WANG (王印祥)	59	Chief Executive Officer, Chairman of our Board	Overall strategic planning, business direction and operational management	July 2015	July 17, 2015(1)
Xiaojie WANG (王曉潔)	60	President of Administration	Overall administration, operational and financial management	September 2015	September 1, 2015
Yunyan HU (胡雲雁)	61	Executive Vice President	Directing and overseeing research and development	April 2017	March 20, 2019
Andrea Wang-Gillam (王宜)	54	Chief Medical Officer, Global Head of R&D	Directing clinical development of our Group's products	July 2020	July 16, 2020

Note:

(1) The date of appointment indicates the date of first appointment as senior management at Beijing Jacobio.

Yinxiang WANG (王印祥), see "– Directors – Executive Directors" for details.

Xiaojie WANG (王曉潔), see "– Directors – Executive Directors" for details.

Yunyan HU (胡雲雁), see "– Directors – Executive Directors" for details.

Andrea Wang-Gillam (王宜), aged 54, has been the Chief Medical Officer and the Global Head of R&D of our Group since July 2020 and responsible for directing the clinical development of our Group's products.

Dr. Wang-Gillam has more than 13 years of experience in clinical research and development in the field of oncology. Prior to joining our Group, between June 2007 and July 2020, Dr. Wang-Gillam first served as an assistant professor, and starting from 2015, both an associate professor in oncology and the clinical director of the gastrointestinal oncology program at Washington University in St. Louis. From 2017 to July 2020, Dr. Wang-Gillam served as the director of the developmental therapeutics program of the division of oncology at the same university.

Dr. Wang-Gillam obtained her bachelor's degree in biology from Ouachita Baptist University in May 1993 and her doctorate of medicine and of philosophy (MD-PhD) from University of Arkansas for Medical Sciences in May 2001. Dr. Wang-Gillam has been a medical oncology specialist certified by the American Board of Internal Medicine (ABIM) since 2007.

Directors and Senior Management

JOINT COMPANY SECRETARIES

Ms. Qing Xue (薛青), aged 36, was appointed as our joint company secretary on August 20, 2020. Since August 2019, Ms. Xue has been serving as the finance director of Beijing Jacobio, where she is responsible for the day-to-day financial management. Prior to joining our Group, from January 2010 to July 2019, Ms. Xue worked at an international accounting firm where she served as a senior audit manager prior to her resignation. Ms. Xue obtained her bachelor's degree in international accounting in July 2010 from Capital University of Economics and Business (首都經濟貿易大學). Ms. Xue is currently a member of the American Institute of Certified Public Accountants, a certified public accountant of the State Board of Accountancy of the Commonwealth of Virginia, a member and a fellow of the Association of Chartered Certified Accountants, a member of the Chartered Professional Accountants of British Columbia and a non-practising member of The Chinese Institute of Certified Public Accountants.

Mr. Ming Fai CHUNG (鍾明輝), aged 45, was appointed as one of our joint company secretaries on August 24, 2022. Mr. Chung is a vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over 19 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He obtained his bachelor's degree in commerce from the Australian National University in December 2003.

Save as disclosed above, during the Reporting Period, there was no change in the Board and the information of Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value as well as the responsibility commitments. Our Company has adopted the CG Code set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that our Company has complied with all applicable code provisions of the CG Code for the year ended December 31, 2023 and up to the date of this report, except for a deviation from the code provision C.2.1 of Part 2 of the CG Code as described below.

Under code provision C.2.1 of Part 2 of the CG Code, the responsibility between the chairman and chief executive should be separate and should not be performed by the same individual. However, Dr. Yinxiang Wang ("**Dr. Wang**") is our chairman of the 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 the 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 the 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. The Board currently comprises three executive Directors, two 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 the Company with an aim of maintaining a high standard of corporate governance.

CORPORATE CULTURE AND STRATEGY

Our Company maintains an open and inclusive culture of scientific research. At the frontier of life science, we focus on innovation and growth while pushing the boundaries of knowledge. Our people have never regretted their choice to work with the Group. Our Company is able to transform research into clinically meaningful results. We appreciate every original data and offer everyone a chance to have their say, so we can transform science-based ideas into real clinical value.

Our employees are our most valuable assets to our Company. We are committed to providing a competitive welfare package to help our employees balance work and life and feel a sense of security.

THE BOARD OF DIRECTORS

Board composition

As at December 31, 2023, the Board consists of three executive Directors, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG and Ms. Yunyan HU, two non-executive Directors, namely Ms. Yanmin TANG and Dr. Te-li CHEN, and three independent non-executive Directors, namely Dr. Ruilin SONG, Dr. Ge WU and Dr. Bai LU. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

Corporate Governance Report

During the year ended December 31, 2023, the Board had at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Due to the intentions to pursue other personal affairs, Dr. Daqing CAI resigned as an independent non-executive Director with effect from March 23, 2023 and Dr. Dong LYU resigned as a non-executive Director with effect from August 31, 2023, respectively. Dr. Bai LU has been appointed as an independent non-executive Director, the chairman of the Audit Committee, a member each of the Remuneration Committee and Nomination Committee in place of Dr. Daqing CAI with effect from March 23, 2023. Dr. Bai Lu confirmed that he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 23, 2023 prior to his appointment becoming effective; and (ii) understood his obligations as a director of a listed issuer under the Listing Rules. Ms. Yanmin TANG, a non-executive Director, has been appointed as a member of the Nomination Committee in place of Dr. Dong LYU with effect from August 31, 2023. The updated list of the Directors and their roles and functions was published on the websites of the Stock Exchange and of the Company, respectively. Please refer to the relevant announcements of the Company dated March 22, 2023 and August 30, 2023 for further details.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As of 31 December 2023, the Board comprised eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. Their names and biographical details are set out in the "Directors and Senior Management" section of this annual report.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company. The Company has also established effective mechanisms to ensure independent views and input are available to the Board. These mechanisms in place are subject to annual review of the implementation and effectiveness by the Board that underpins a strong independent board of directors.

The Board would regularly review the contribution required from each Director to perform his or her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Corporate Governance Report

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, coordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decisions. The functions of independent non-executive Directors include bringing an impartial view and judgment on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of three years.

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has provided an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that the diversity of experience, skills, expertise and background of each of the independent non-executive Directors and all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Board considers that they are independent.

Board diversity policy

In order to enhance the effectiveness of our Board and maintain the high standard of corporate governance, we have adopted the board diversity policy, which sets out our objectives and approach to achieve and maintain the diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates for our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, educational background, and other qualities. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to our Board.

Corporate Governance Report

Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications, including business administration, applied physics, biological sciences, chemistry, engineering, and law. Furthermore, our Board possesses members spanning a wide range of ages, from 51 to 66 years old. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, our Board reviewed and confirmed the implementation and effectiveness of the board diversity policy and is satisfied with the board composition. Our Board and the Nomination Committee of our Company will assess the Board composition regularly.

The Nomination Committee is responsible for reviewing the diversity of our Board from time to time to ensure its continued effectiveness. The Board recognizes the importance and benefits of gender diversity at the Board level. As of December 31, 2023, more than one-third of our Board members are female Directors and the Company is in full compliance with the board diversity requirements under Rule 13.92 of the Listing Rules. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy for the year ended December 31, 2023 and is satisfied with the current gender diversity of our Board. The Nomination Committee and the Board will continue to review the implementation and effectiveness of the board diversity policy on an annual basis. In relation to reviewing and assessing the Board composition and the suitability and the potential contribution to the Board of a proposed candidate, the board diversity policy sets a number of non-exhaustive factors, including skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels.

As of December 31, 2023, the ratio of male and female employees (including senior management) of the Company was approximately 35% and 65% respectively. The Board considers that the Group's workforce (including senior management) is sufficiently diverse in terms of gender. The Company is committed to creating a fair, unbiased, equal and diversified recruitment and working environment.

Appointment, re-election and removal of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a term of three years. Such term is subject to his or her retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such general meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his or her period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

Compensation of Directors and Senior Management

The emoluments of the Directors and Senior Management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Corporate Governance Report

Details of Directors and the top five highest paid individuals are set out in note 35(f) to the consolidated financial statements. During the Reporting Period, no emoluments were paid by the Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. For the year ended December 31, 2023, none of the Directors has waived or agreed to waive any emoluments.

Except as disclosed above, no other payments have been made or are payable for the year ended December 31, 2023, by the Group to or on behalf of any of the Directors.

Directors' training and continuing professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills.

During the year ended December 31, 2023, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

During the year ended December 31, 2023, each of the Directors has attended the training courses conducted by the legal adviser of the Company. The content of such training related to the duties of directors and ongoing obligations of listed companies.

According to the training records maintained by the Company, the continuing professional development programs and anti-commercial bribery had been received by each of the Directors during the year ended December 31, 2023, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG, Ms. Yunyan HU, Ms. Yanmin TANG, Dr. Te-li CHEN, Dr. Ruilin SONG, Dr. Ge WU, and Dr. Bai LU. The professional development and anti-commercial bribery programs include attending trainings, seminars or conferences arranged by the Company or other external parties, and reading related materials.

Board meetings

Code provision C.5.1 of Part 2 of the CG Code stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals with the active participation of the majority of the Directors, either in person or through electronic means of communications. Apart from regular Board meetings, the Chairman should at least annually hold meeting with the independent non-executive Directors without the presence of other Directors under code provision C.2.7 of Part 2 of the CG Code.

The Company adopts the practice of holding regular Board meetings at least four times a year and approximately once every quarter, involving active participation, either in person or through electronic means of communication, of a majority of Directors. The Company gives not less than 14 days' notice of all regularly scheduled Board meetings to give all Directors an opportunity to attend the regular meetings and to put relevant matters on the agenda. For other Board and committee meetings, reasonable notice will generally be given. The agenda and accompanying Board papers are sent to the Directors or committee members at least three days prior to the meeting to ensure that they have sufficient time to review the documents and prepare adequately for the meeting. When a Director or committee member is unable to attend a meeting, he or she will be informed of the matters to be discussed and will have an opportunity to express his or her views to the Chairman prior to the meeting. Minutes of the meetings are kept by the company secretary of the Company and copies will be sent to all Directors for reference and records.

Corporate Governance Report

The attendance record of each Director at the Board and Board committee meetings of the Company held during the year ended December 31, 2023 is set out in the table below:

Name of Directors	Attendance/ Number of Board Meeting(s)	Attendance/ Number of General Meeting(s)
Executive Directors		
Dr. Yinxiang WANG	4/4	1/1
Ms. Xiaojie WANG	4/4	1/1
Ms. Yunyan HU	4/4	1/1
Non-executive Directors		
Ms. Yanmin TANG	4/4	1/1
Dr. Dong LYU (resigned with effect from August 31, 2023)	3/3	1/1
Dr. Te-li CHEN	4/4	1/1
Independent Non-executive Directors		
Dr. Ruilin SONG	4/4	1/1
Dr. Ge WU	4/4	1/1
Dr. Daqing CAI (resigned with effect from March 23, 2023)	1/1	0/0
Dr. Bai LU (appointed with effect from March 23, 2023)	3/3	1/1

BOARD COMMITTEES

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the CG Code set out in Appendix C1 to the Listing Rules. The primary functions of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

Since Dr. Daqing CAI resigned as an independent non-executive Director on March 23, 2023, Dr. Daqing CAI was no longer a chairman of the Audit Committee with effect from March 23, 2023. The Board resolved that Dr. Bai LU, an independent non-executive Director was appointed as a chairman of the Audit Committee in place of Dr. Daqing CAI with effect from March 23, 2023. As at December 31, 2023, 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, with Dr. Bai LU as the chairman. Dr. Ge WU is appropriately qualified under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee held two meetings during the Reporting Period to review and consider the interim financial results and reports for the six months ended June 30, 2023, the annual financial results and reports for the year ended December 31, 2023 and review the appropriateness and effectiveness of the risk management and internal control systems.

The Audit Committee also met the external auditors two times during the Reporting Period without the presence of the executive Directors and the management.

Corporate Governance Report

The attendance records of the members of the Audit Committee are as follows:

Name of Directors	Attendance/ Number of Audit Committee Meeting(s)
Dr. Bai LU (appointed with effect from March 23, 2023)	1/1
Dr. Daqing CAI (resigned with effect from March 23, 2023)	1/1
Dr. Ge WU	2/2
Dr. Te-li CHEN	2/2

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The primary functions of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules from time to time.

Since Dr. Daqing CAI resigned as an independent non-executive Director on March 23, 2023, Dr. Daqing CAI was no longer a member of the Remuneration Committee since March 23, 2023. The Board resolved that Dr. Bai LU, an independent non-executive Director was appointed as a member of the Remuneration Committee in place of Dr. Daqing CAI with effect from March 23, 2023. As at December 31, 2023, the Remuneration Committee consists of one executive Director, Ms. Wang, one non-executive Director, Ms. Yanmin TANG, and three independent non-executive Directors, Dr. Ruilin SONG, Dr. Ge WU and Dr. Bai LU, with Dr. Ruilin SONG as the chairman.

The Remuneration Committee held two meetings during the Reporting Period to review and make a recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management, the Plan and other related matters. The executive Directors and non-executive Directors do not receive remuneration from the Company. The remuneration packages of the executive Directors shall be determined according to their roles as senior management of the Company. The remuneration packages of senior management are determined by the Remuneration Committee, with the delegated responsibility by the Board, with reference to the duties, responsibilities and performance of such members of senior management and the results of the Group. No executive Director can be involved in deciding his or her own remuneration.

Corporate Governance Report

The attendance records of the members of the Remuneration Committee are as follows:

Name of Directors	Attendance/ Number of Remuneration Committee Meeting(s)
Dr. Ruilin SONG	2/2
Ms. Xiaojie WANG	2/2
Ms. Yanmin TANG	2/2
Dr. Ge WU	2/2
Dr. Daqing CAI (resigned with effect from March 23, 2023)	1/1
Dr. Bai LU (appointed with effect from March 23, 2023)	1/1

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with Appendix C1 to the Listing Rules. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's gender, skills, age, professional experience, knowledge, culture, educational background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. The Company has adopted a nomination policy, which is incorporated in the terms of reference of the Nomination Committee and sets out the selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Director.

Since Dr. Daqing CAI resigned as an independent non-executive Director on March 23, 2023, Dr. Daqing CAI was no longer a member of the Nomination Committee since March 23, 2023. Also, since Dr. Dong LYU resigned as a non-executive Director on August 31, 2023, Dr. Dong LYU was no longer a member of the Nomination Committee since August 31, 2023. The Board resolved that Dr. Bai LU, an independent non-executive Director was appointed as a member of the Nomination Committee in place of Dr. Daqing CAI with effect from March 23, 2023, and Ms. Yanmin TANG, a non-executive Director was appointed as a member of the Nomination Committee in place of Dr. Dong LYU with effect from August 31, 2023. As of December 31, 2023, the Nomination Committee consists of one executive Director, Dr. Wang, one non-executive Director, Ms. Yanmin TANG, and three independent non-executive Directors, Dr. Ruilin SONG, Dr. Ge WU and Dr. Bai LU, with Dr. Wang as the chairman.

The Nomination Committee held two meeting during the Reporting Period to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company, to assess the independence of the independent non-executive Directors, and to discuss the Directors who retired by rotation in accordance with the Articles of Association, being eligible, had offered themselves for re-election at the 2024 AGM of the Company.

Corporate Governance Report

The attendance records of the members of the Nomination Committee are as follows:

Name of Directors	Attendance/ Number of Nomination Committee Meeting(s)
Dr. Yinxiang WANG	2/2
Dr. Dong LYU (resigned with effect from August 31, 2023)	2/2
Ms. Yanmin TANG (appointed with effect from August 31, 2023)	0/0
Dr. Ruilin SONG	2/2
Dr. Ge WU	2/2
Dr. Daqing CAI (resigned with effect from March 23, 2023)	1/1
Dr. Bai LU (appointed with effect from March 23, 2023)	1/1

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code for the Directors' dealings in the securities of the Company since the Listing and, upon specific enquiries of all the Directors, each of them has confirmed that he or she complied with the required standard set out in the Model Code for the year ended December 31, 2023. No incident of non-compliance by the Directors was noted by our Company during the Reporting Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them from dealing in securities of the Company at any time when he or she possesses insider information in relation to those securities. No incident of non-compliance with the Model Code by the relevant officers and employees was noted by the Company.

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of Part 2 of the CG Code, the annual remuneration of members of the senior management (other than Directors) by the remuneration band for the year ended December 31, 2023, is set out below:

Remuneration band	Number of members of senior management
HKD10,000,001 to HKD11,000,000	1

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties, including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix C1 to the Listing Rules (Corporate Governance Code).

The Board had performed the above duties during the year ended December 31, 2023.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. Such risks include, amongst others, material risks relating to environmental, social and governance. The Company has an internal audit function responsible for independently reviewing the adequacy and effectiveness of the risk management and internal control systems of the Company.

The Audit Committee assists the Board at least annually, in reviewing the design, implementation and monitoring of the risk management and internal control systems of the Company.

Risk management

The Company has adopted a series of risk management policies that set out a risk management framework to identify, assess, evaluate and monitor key risks associated with the Company's strategic objectives on an on-going basis.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects, including key operational and financial processes, regulatory compliance, information security, and environmental, social and governance. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department. The management, in coordination with department heads, assessed the likelihood of risk occurrence, provided treatment plans, monitored the risk management progress, and reported to the Audit Committee and the Board on the effectiveness of the systems.

Corporate Governance Report

Internal control

The Company ensures internal control measures are designed and implemented in all major aspects of the Company's operations and details of internal control activities are included in the operating policies and procedures. Every month, the management revisits the policies and procedures and furnishes updates as necessary.

The Company has an internal audit team in place, which is responsible for independently reviewing the adequacy and effectiveness of the risk management and internal control system of the Company, and reporting the results to the Board. The internal control supervisor of the Company is responsible for coordinating the internal control, sorting out and improving the business process and management mechanism, and carrying out the effectiveness evaluation of internal control. In addition to the internal audit team, all departments are liable for risk management and internal control within their working scope. Each department should cooperate with the internal audit team closely to conduct the internal control and risk management review, report to the management on the important milestone of the business and the strategies established by the Company, and identify, evaluate and manage high risks on time.

The Company has established a general risk management and internal control environment. The Company has built an internal control process framework covering capital, revenue and receivables, cost and accounts payable, R&D expenses, long-term assets management, tax, contract management and financial management system and financial report and carries out risk assessment regularly to ensure risk management and internal control being in operation effectively. The internal audit team will issue an annual internal audit management self-evaluation report (the "**Internal Audit Report**") showing the risks detected in the above coverage and submit to the Board for review. The 2023 Internal Audit Report was submitted to the Board on March 28, 2024.

During the year ended December 31, 2023, the Board reviewed the risk management and internal control systems of the Group and considered that such systems are effective and adequate. The Audit Committee has reviewed and considered that internal audit team of the Group had adequate resources to carry out the assessment and the effectiveness of the risk management and internal control systems for the Reporting Period.

INSIDE INFORMATION

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules relating to the handling and dissemination of inside information. Under this policy, the Company disseminates information to the person on a need-to-know basis. Unless the inside information falls within any of the safe harbors as permitted under the SFO, the Company is required to disseminate such information through the electronic publication system operated by the Stock Exchange to the public in a timely manner.

The Board is responsible for monitoring and implementing the procedural requirements in the inside information policy.

All Directors, officers and relevant employees are required to take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. If the Group believes that the necessary degree of confidentiality cannot be maintained, the Group will immediately disclose the information to the public as soon as reasonably practicable.

Corporate Governance Report

WHISTLEBLOWING AND ANTI-CORRUPTION

The Company has adopted an anti-corruption policy to create a clean and efficient working atmosphere, strengthen the awareness of self-discipline, improve the concept of legal system and regulate the behaviors of all employees. All the business activities including official activities, procurement, financial and accounting and daily office work are governed by the policy. The Audit Committee and each of the department head are responsible for monitoring and implementing the policy. Every year, the Audit Committee assesses the effectiveness and suitability of the anti-corruption policy and reports to the Board. The results of the implementation of the policy will be regarded as part of the annual evaluation of all the employees.

The Company has also set up a reporting hotline for the employees to report any suspicious activities with their real names or anonymously. The chief executive officer of the Company shall conduct a special investigation within one week to verify the information provided by the informant. Upon verification, the corresponding reward and punishment measures shall be imposed on the informant and the person being reported in accordance with the whistleblowing policy. The person being reported shall not strike the informant and, upon discovery, shall be dismissed.

Please refer to the Environmental, Social and Governance Report of this annual report for further details on the Company's whistleblowing and anti-corruption policies and updates.

FINANCIAL REPORTING

Directors' responsibilities for the financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's remuneration

For the year ended December 31, 2023, the remunerations paid or payable to PricewaterhouseCoopers, the external auditor of the Company, in respect of its audit services are approximately RMB2.28 million. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 144 to 147.

Details of the fees paid/payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers for the year ended December 31, 2023, are set out in the table below:

Services rendered for the Company[1]	**Fees paid and payable** ***RMB'000***
Audit service	2,280
Total	2,280

Note:

(1) During the reporting period, there was no non-audit service provided by PricewaterhouseCoopers.

Corporate Governance Report

JOINT COMPANY SECRETARIES

Directors have access to the services of the joint company secretaries to ensure that the board procedures are followed. The current joint company secretaries of the Company are Ms. Qing XUE ("**Ms. Xue**") and Mr. Ming Fai CHUNG ("**Mr. Chung**"). Mr. Chung has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Chung is the vice president of SWCS Corporate Services Group (Hong Kong) Limited.

In compliance with Rule 3.29 of the Listing Rules, Ms. Xue and Mr. Chung have undertaken no less than 15 hours of relevant professional training during the year of 2023. The main contact person of Mr. Chung in the Company is Ms. Xue.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid-up capital of the Company having the right of voting at general meetings, on a one vote per Share basis in the share capital of the Company. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two calendar months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The requisitionist(s) may add resolutions to the agenda of a general meeting requisitioned under the Articles of Association.

Putting forward proposals at general meetings

Save for the aforementioned Shareholder's rights in Article 64 of the Article of Association, there are no provisions under the Articles of Association regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

As regards the procedures for shareholders to propose a person for election as a Director, they are available on the Company's website at www.jacobiopharma.com.

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the joint company secretary of the Company at the Company's principal place of business in Hong Kong at 40/F., Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.jacobiopharma.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. During the Reporting Period, the Board has reviewed the shareholders communication policy and confirmed its effectiveness.

CHANGES IN CONSTITUTIONAL DOCUMENTS

Upon the Shareholders' approval by way of a special resolution at the annual general meeting of the Company held on June 8, 2023, the Company has adopted the amended and restated Memorandum and Articles of Association for the purpose of, inter alia, bringing its Memorandum and Articles of Association in line with the core shareholder protection standards as set out in Appendix A1 to the Listing Rules, the applicable laws of Cayman Islands and other house-keeping amendments that are consistent with such amendments, the applicable law and the Listing Rules. A copy of the Amended and Restated Memorandum and Articles of Association was published on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THE REPORT

1. Report description

This Environmental, Social and Governance Report (hereinafter referred to as "the Report") is an annual report to provide an objective view of the environmental, social and governance (ESG) performance of Jacobio Pharmaceuticals Group Co., Ltd. (hereinafter referred to as "Jacobio", "the Company", "Company" or "us") in 2023. The content of the governance section is suggested to be read in conjunction with the Corporate Governance Report contained in this annual Report.

2. Basis of compilation

This report is prepared in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as "ESG Reporting Guide") as set out in Appendix C2 to the *Listing Rules* of the Main Board of the Stock Exchange of Hong Kong Limited (hereinafter referred to as "HKEX"), and reference to the Global Sustainable Development Standards Committee (GSSB) issued "*GRI Standards*" (2021 edition) compiled. The Report strictly follows the comply-or-explain principle required by the Environmental, Social and Governance Reporting Guide. The part on climate change was compiled in accordance with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

3. Scope and boundary of the report

The information contained in this report covers the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as "this year", or reporting period) the "Reporting period"), some of which relates to non-reporting period. The Company's main business is in China, with offices and laboratories located in Beijing, Shanghai, China and Massachusetts, USA. Unless otherwise specified, the scope of disclosure in this report is the offices and laboratories of Jacobio Pharmaceutical Group Co., Ltd. in China and the United States.

4. Data sources and reliability assurance

The materials and cases in this report mainly come from the Company's public information, statistical reports, relevant documents, and internal communication documents. The Board (hereinafter referred to as "the Board", with its members known as "Directors,") undertakes that the Report does not contain any false or misleading information and accepts liability for the truth, accuracy, and completeness of the contents of this Report.

5. Report acquisition

The electronic version of this report can be downloaded and read from our Company's website (www.jacobiopharma.com). This report is written in both Chinese and English. If there are any discrepancies or ambiguities between the Chinese and English versions, please refer to the Chinese version for accuracy.

Environmental, Social and Governance Report

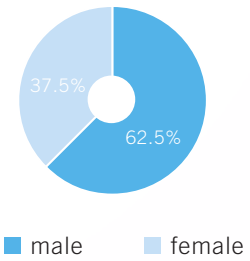
ABOUT JACOBIO

Corporate governance

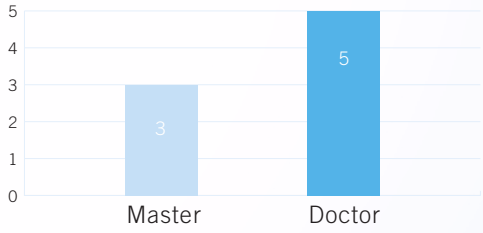
Jacobio strictly operates in accordance with the requirements of relevant laws and regulations such as the Company Law of the People' s Republic of China, Securities Law of the People's Republic of China, Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange of Hong Kong Limited. We have established the governance structure consisting of a general meeting of shareholders, a Board, and specialized committees. The Board has specialized committees, including audit committee, remuneration committee and nomination committee, each professional committees is responsible for managing specific aspects of the Company's affairs.

Jacobio adheres to the principle of diversified board members and has formulated an internal document titled *Diversification Policy for Board Members*. In the process of appointing Directors, we fully consider various factors including but not limited to gender, age, education background, to ensure the scientific decision-making of the Board and improve its effectiveness. During the reporting period, the Board of our Company consisted of 8 Directors, including 3 executive Directors, 2 non-executive Directors, and 3 independent non-executive Directors. Among them, there are 3 female Directors. Our Directors come from various majors such as business administration, analytical chemistry, biochemistry and molecular biology, law, and finance.

Gender distribution



Educational distribution



Environmental, Social and Governance Report

Development history

2015

- Founded in Beijing, aiming at global innovation
- Closed series A financing

2017

- Closed series B financing, led by Lilly Asia Ventures
- Establish a National Post-doctoral Workstation
- The number of employee exceeds 100

2018

- Initiated the first clinical trial in China and US-SHP2 inhibitor
- Closed series C financing, co-led by Qiming Venture Partner and Hillhouse

2019

- Initiated clinical development of BET inhibitor in both China and US
- Launched R&D center in Boston, USA

2020

- Entered into a global, strategic collaboration with AbbVie regarding SHP2 inhibitors
- Completed Hong Kong Stock Exchange IPO with $200 million raised
- The number of employee worldwide exceeds 200

2021

- Initiated global development of KRAS G12C inhibitor
- Awarded the title of "Specialized, Refined, Unique, and New" Small and Medium sized Enterprise in Beijing
- Launched R&D centre in Shanghai, China

2022

- Published clinical data of Glecirasib (JAB-21822) at ASCO 2022
- Entered into a clinical trial collaboration agreement with Merck
- The number of employee worldwide exceeds 300

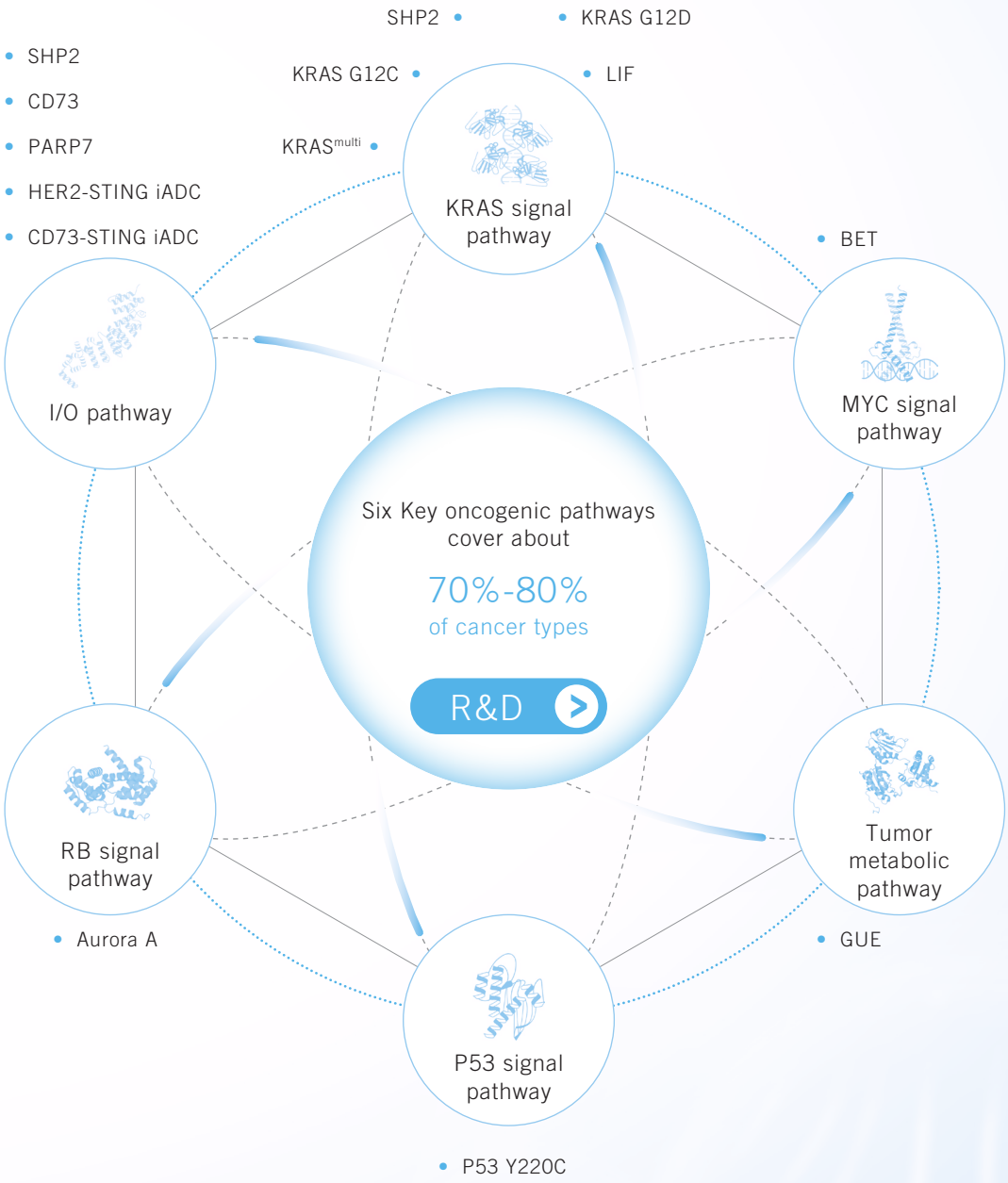
2023

- Presented the results of glecirasib in combination with JAB-3312 at ESMO
- Presented the results of three preclinical studies of KRAS^{multi} inhibitor, CD73-STING iADC and Aurora kinase A inhibitor at AACR
- Entered into a clinical trial collaboration agreement with MSD
- Beijing E-town made a capital contribution in cash in the amount of RMB150 million to subscribe for the additional registered capital of Beijing Jacobio

Environmental, Social and Governance Report

Our strategy

Drug the "undruggable" targets in six key oncogenic pathways



Environmental, Social and Governance Report

Highlight performance in 2023

Harmonious coexistence	• All laboratory exhaust gases achieve harmless treatment that is 10% higher than the national emission standard.
Optimized governance	• No intellectual property infringement lawsuits have occurred. • There have been no major illegal incidents and lawsuits involving corruption, bribery, extortion, fraud and money laundering.
Professional innovation	• There were added 62 invention patent applications and 26 invention patent authorizations in the year. • R&D investment of RMB372,320,000 yuan.
Evolving together	• The total training time for employees was 1,612 hours. • In 2023, a total of 163 suppliers were audited for access.

Company honors

Award Name	Awarding institution
Top 20 ESG Competitiveness of Chinese Pharmaceutical Listed Companies in 2023	Healthcare Executive
Top 100 Chinese Pharmaceutical Innovation Enterprises in 2023	Healthcare Executive
2023 Sina Finance Golden Kirin, the Most Promising Hong Kong Stock Pharmaceutical Company	Sina Finance
Top 10 Innovative Biotech Enterprises in 2023	China Times
2023 Outstanding Healthcare Employers	K&G Health
Best IR Team for Hong Kong Stock Exchange in 2023	Shenzhen Comein Finance Technology Co., Ltd.
Top 30 innovative small molecule pharmaceutical companies in China	MENET
DJSeedin Investor Choice Award	PharmaDJ
2023 Best Website Gold Award	PharmaDJ
2023 Best Corporate Video Award	PharmaDJ

Environmental, Social and Governance Report

ESG GOVERNANCE

Jacobio integrates ESG governance into the Company's development strategy, practices the ESG concept in multiple dimensions, regularly reviews ESG management work, actively maintains effective communication with all stakeholders and continuously improves the ESG governance system to enhance ESG management capabilities, achieving sustainable development for itself and society.

Board statement

Governance structure

The Board, as the highest authority and decision-making body for ESG matters, is responsible for leading and supervising ESG-related issues. At the same time, the Company has established an ESG task force as the management team, responsible for the daily management of ESG issues, and ESG relevant departments as the executive body for carrying out specific tasks.

Management policy and strategy

Jacobio attaches great importance to ESG management and regards it as an important part of the Company's strategy. We strictly comply with relevant ESG laws and regulations in operations, actively engage with stakeholders and optimize ESG management strategies according to the development strategy. In 2023, we conducted a review and importance assessment of ESG issues of concern to stakeholders based on external business environment, policy trends, industry development, and our own business characteristics, and continuously responded to the concerns of stakeholders. Meanwhile, under the guidance of the Board, we formulated an ESG strategy centered on "HOPE," guiding Jacobio to make continuous efforts in the aspects of "Harmonious coexistence, Optimized governance, Professional innovation and Evolving together" to promote sustainable development.

Performance review

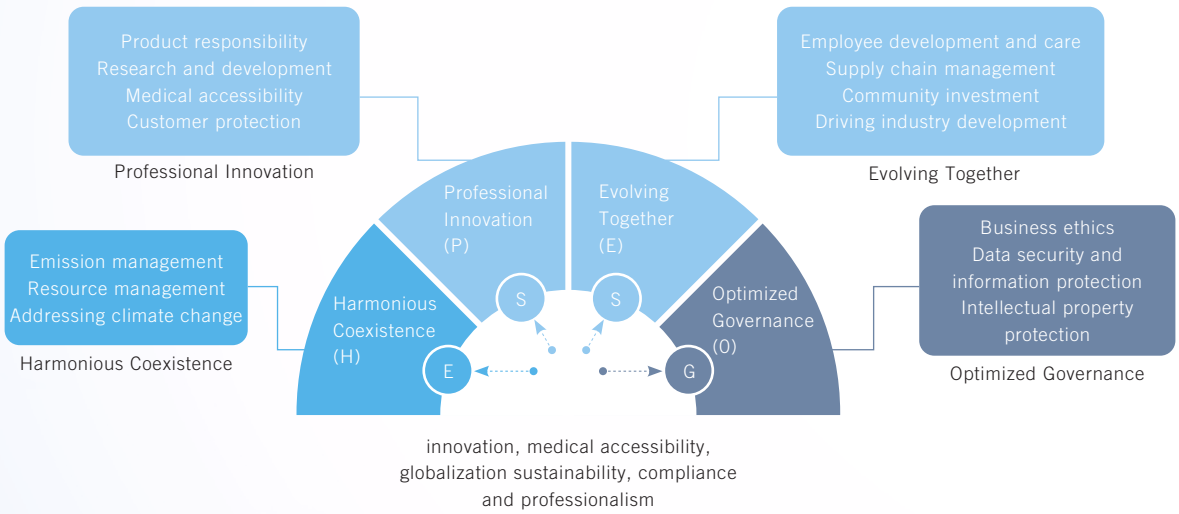
Jacobio has established environmental targets and regularly reviews implementation progress to better track the environmental management process quantitatively, review and manage ESG impacts. In 2023, according to the progress of environmental management and in the light of our actual development needs, we reviewed ESG targets progresses and ESG relevant work to fully implement sustainable development. For detailed information about the Company's environmental targets review, please refer to the *Environmental management* section in this Report.

Environmental, Social and Governance Report

ESG strategy

As a responsible pharmaceutical company, Jacobio focuses on its own development in terms of innovation, professionalism, medical accessibility, sustainability, compliance and globalization. In line with the Company's development strategy, we have formulated an ESG strategy centered on "HOPE," continuously practicing the concept of sustainable development in four aspects: "Harmonious coexistence, Optimized governance, Professional innovation and Evolving together". We are committed to bringing the light of hope to patients.

We actively respond to the Sustainable Development Goals (SDGs), hoping to accelerate the conquest of undruggable targets, bring more treatment options to global cancer patients, improve the five-year survival rate of cancer, make cancer to be a "chronic disease" and enhance the "good health and well-being" of global patients.



Vision: Becoming a global leader recognized for our impact in drug R&D together with our partners.

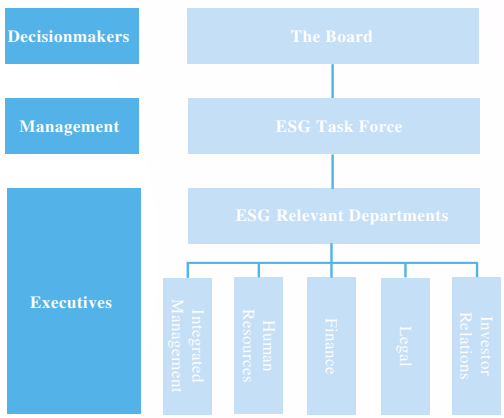
Culture: We develop novel drugs with a professional attitude and embrace the challenges of diseases with elegance. We are committed to leveraging scientific advancements to research first-in-class drugs around the world, bringing the light of hope to cancer patients.

Environmental, Social and Governance Report

ESG governance structure

Jacobio has established a three-tier ESG governance structure with the Board as the highest authority, comprising the decisionmakers, the management and the executives. The Board, as the decisionmakers, is responsible for setting the Company's overall ESG strategies and targets, reviewing and supervising the Company's ESG performance and reviewing ESG reports. The Board sets up an ESG task force, as the management, is responsible for assisting the Board in implementing ESG strategies and targets, and overseeing the implementation of ESG issues. Each ESG relevant department, as the executive body in the governance structure, is responsible for carrying out specific tasks to promote the implementation of ESG management.

ESG governance structure



Stakeholder engagement

Jacobio values maintaining close and effective communication with all stakeholders. Through diversified communication channels, we actively engage with stakeholders, understand and respond to their expectations and demands, and use their opinions and suggestions as important references for ESG management and work planning. Based on our business characteristics, the stakeholders identified by the Company including but are not limited to governments and regulatory authorities, investors, employees, customers, suppliers, media, non-governmental organizations and communities.

The Company enhances transparency in information disclosure by regularly issuing annual reports, promptly announcing significant matters, which help investors understand the Company's business and financial information in a timely and accurate manner. During the reporting period, the Company conducted 19 investment bank strategy conferences, planned 262 roadshows and held one shareholders' meeting. In 2023, the Company was honored with the title of "Best IR Team in Hong Kong Stock Exchange."

Case: Jacobio received investor research

In November 2023, more than 20 investors organized by Jingyanhui visited Jacobio for research purposes. The Company's management introduced the Company's R&D strategy and pipeline layout to investors, and answered their concerns regarding the Company's project competition landscape, financial situation, and future development plans, which strengthened the investors' understanding of the Company, leaving a deep impression of the management's affinity and the Company's vibrant corporate culture on the investors.

Environmental, Social and Governance Report

Key stakeholders	Key ESG issues of concern	Main communication channels
Governments and regulatory authorities	Clinical trial safety Product quality safety Compliance governance Anti-corruption Resource management Addressing climate change Medical accessibility Community investment	Incident reporting Policy consultation Information disclosure Official correspondence
Investors	Clinical trial safety Product quality safety Compliance governance Anti-corruption	Shareholders' meetings Results announcement Semi-annual and annual reports Announcements of significant events Online and offline communications Company website
Employees	Basic rights of employees Occupational health and safety Talent attraction and retention Employee diversity Product quality safety R&D	Employee performance appraisal and feedback Employee internal communication meetings Corporate internal announcements and emails Employee activities Jacobio's WeChat official account Internal publications

Environmental, Social and Governance Report

Key stakeholders	Key ESG issues of concern	Main communication channels
Customers	Clinical trial safety Product quality safety R&D Data security and customer privacy protection Medical accessibility	Information disclosure Daily business communication
Suppliers	R&D Intellectual property protection Business ethics Driving industry development	Supplier inspection Regular communication meetings with suppliers
Media	Resource management Greenhouse gas emissions Addressing climate change Driving industry development Medical accessibility Business ethics Clinical trial safety	Press conferences Media interviews Advertising Social media Industry seminar
Non-governmental organizations and communities	Community investment	Community engagement and communication Identification of community demands

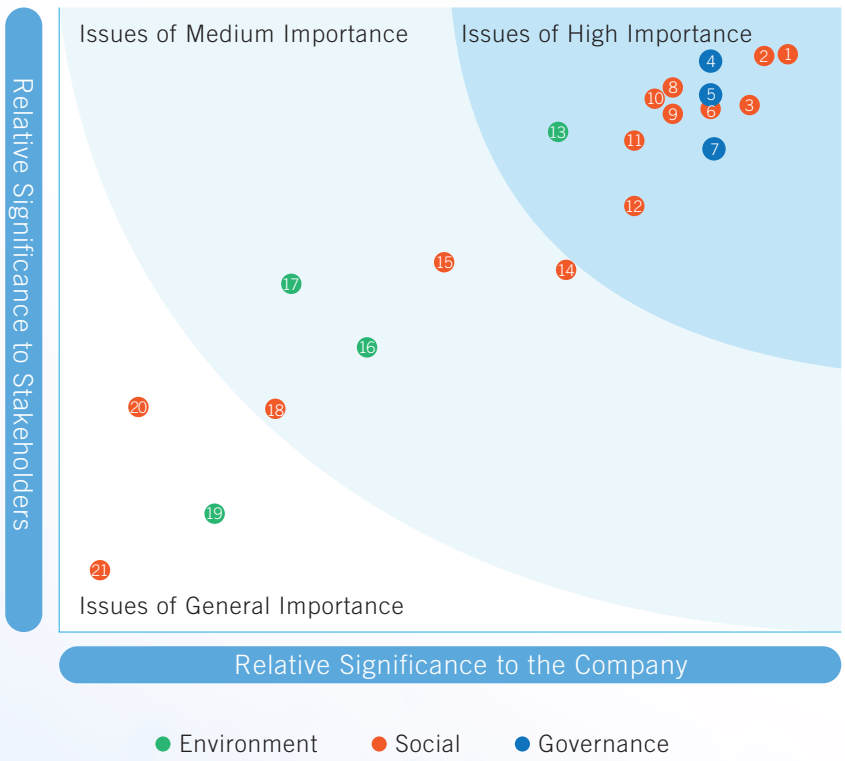
Environmental, Social and Governance Report

Analysis of significant issues

To clarify the key areas of the Company's ESG practice and information disclosure, based on the *Environmental, Social and Governance Reporting Guide* of HKEX, referring to the Global Reporting Initiative (GRI) Standards, considering the stakeholder survey questionnaire responses, business characteristics and industry trends, we have analyzed and identified 21 significant topics for this year. These topics have been prioritized based on "Relative Significance to the Company" and "Relative Significance to Stakeholders", enabling the determination of the priority of each ESG issue.

Identification of ESG issues	Based on the external business environment, policy trends, industry development and our own business characteristics, a series of ESG issues are identified to form the ESG issue library.
ESG issues prioritization	Stakeholders are invited to participate in surveys on the importance of the issues of concern through online questionnaires, collecting feedback on the importance of each ESG issue from each stakeholder.
ESG issues review	The Board conducts a final review of the assessment results of the important issues and publishes the results.

Assessment of importance issues



Environmental, Social and Governance Report

	Number	Issues
Issues of high importance	1	Clinical Trial Safety
	2	Product Quality Safety
	3	Intellectual Property Protection
	4	Compliance Governance
	5	Business Ethics
	6	R&D
	7	Anti-Corruption
	8	Occupational Health and Safety
	9	Basic Rights of Employees
	10	Data Security and Customer Privacy Protection
	11	Supply Chain Management
	12	Talent Training and Development
	13	Emission Management
Issues of medium importance	14	Talent Attraction and Retention
	15	Employee Diversity
	16	Resource Management
	17	Greenhouse Gas Emissions
	18	Medical Accessibility
Issues of general importance	19	Addressing Climate Change
	20	Community Investment
	21	Driving Industry Development

Environmental, Social and Governance Report

COMPLIANT OPERATION

Jacobio strictly adheres to the laws and regulations of the country and region where it operates and has established a sound corporate governance system, promoting compliance in key internal areas and constantly improving the level of compliance management.

Abide by business ethics

Jacobio adheres to the business values of integrity and strictly complies with relevant laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*. We resolutely oppose commercial corruption, establish rigorous internal control systems and ensure that all Company actions consistently follow laws, regulations, industry standards and business ethics. We aim to build long-term stable partnerships with business partners and is committed to creating a clean and compliant enterprise.

The Company strictly adheres to the bottom line of integrity and self-discipline, and has formulated the *Integrity Management System* and incorporating integrity into the employee management system. At various stages including recruitment, promotion, transfer, resignation and assessment, we evaluate employees' integrity. In the event of violations, we impose penalties such as warnings, demotions, salary reductions, probation, deduction of bonuses or termination of labor contracts based on the severity of the misconduct. For serious offenses, we will refer the matter to judicial authorities in accordance with the law. At the same time, we encourage employees to actively report corrupt practices and have established specialized channels to receive reports and accusations. We strictly prohibit the disclosure of the content and information of whistleblowers, require the recipients to properly keep the reporting materials, not to disclose the reporting situation, and not to disclose the whistleblower's name, department, company name, and other information. During the reporting period, the Company was not engaged in any major illegal events or litigation relating to corruption, bribery, extortion, fraud and money laundering.

To promote anti-corruption and integrity education, Jacobio regularly conducts anti-corruption and integrity training for the Board and all employees. In 2023, 8 Directors participated in anti-corruption training.

Environmental, Social and Governance Report

Intellectual property protection

The protection of intellectual property rights is an unwavering position and principle of Jacobio, the Company strictly complies with the domestic laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* as well as international standards such as the *America Invents Act* (AIA), the *European Patent Convention* (EPC) and the *Patent Cooperation Treaty* (PCT) to standardize intellectual property management and continuously strengthen intellectual property protection work.

Jacobio has established a sound intellectual property management system and set up an intellectual property management department responsible for the acquisition, maintenance, application and protection of intellectual property. At the same time, we have formulated the *Employee Invention and Creation Incentive Reward Agreement*, as well as confidentiality agreement templates and related documents regarding intellectual property ownership standards, which specified the management processes and specifications for internal employee inventions and creations, enhanced employee awareness of intellectual property protection, achieved effective management and protection of intellectual property rights such as patents, trademarks, copyrights and trade secrets. We have integrated intellectual property risk awareness throughout the entire process of product development, pre-clinical research, clinical trials and the application and approval process for new drug launch, implemented standardized intellectual property risk review workflows to avoid intellectual property infringement disputes.

Stage	Risk Management of Intellectual Property
Project development	Start anti-infringement retrieval and analysis, deeply search various types of intellectual property information, identify potential risks and plan avoidance strategies.
Pre-clinical R&D	Continuously conduct retrieval of intellectual property information, real-time screening of risks, adjust R&D strategies and content according to the retrieval results.
Clinical trials and new drug launch	Timely submit applications for patent priority to effectively protect R&D achievements.

Risk management of intellectual property

Environmental, Social and Governance Report

Jacobio respects the intellectual property of every individual and comprehensively protects the intellectual property of partners and employees. In the process of collaborative development with partners, we establish the ownership of intellectual property and the distribution of research results through pre-signed agreements such as *Technology Cooperation Agreement*, *Technology Service Agreement*, or *Clinical Trial Agreement* containing intellectual property ownership clauses. Before new employees join the Company, we conduct background checks on their intellectual property and non-compete situations. For existing employees, the Company provides corresponding rewards and compensation in accordance with the *Agreement on Service Invention and Creation Reward* ensuring the interests of employees in job-related creations.

We continue to carry out awareness campaigns on intellectual property protection, integrating content such as business secrecy, service invention and creation reward and intellectual property protection into on boarding training, departmental meetings, business workshops and specialized intellectual property compliance training, enhancing employees' ability to control intellectual property risks. During the reporting period, there were no instances of the Company infringing third-party intellectual property rights.

As of December 31, 2023, Jacobio possesses 47 trademark rights, and has applied for more than 340 global invention patents with 82 authorized invention patents. This year, we have added 62 new invention patent applications and 26 new invention patent authorizations.

Clinical ethics

Jacobio is committed to respecting the rights of patients and to promote the health and well-being of humanity with safe and effective medical services. The Company strictly complies with the strictest laws, regulations and ethical standards such as the *Regulation on the Administration of Human Genetic Resources of the People's Republic of China* and the *Measures for Ethical Review of Life Sciences and Medical Research Involving Human Beings*, established corresponding operating procedures to monitor the entire process of clinical trials.

Jacobio takes all necessary measures to continuously improve our services and processes, ensuring the scientific and safety aspects of clinical trials. In the selection of research centers and researchers, the initiation visits of research centers, routine inspections and closing visits, we strictly follow the established standard operating procedures to ensure compliance with the requirements of ICH[1] guidelines and regulations. Before conducting any clinical trial or treatment, researchers will explain the purpose, methods and potential risks of the research to the patients in detail, ensuring that they fully understand and make independent decisions.

For animal experiments, Jacobio strictly abides by relevant laws and regulations, such as the Laboratory animals – General code of animal welfare (GB/T 42011-2022), the Laboratory Animals – Guideline of welfare and ethics (GB/T 35892-2018) and the "Technical Specifications for Ethical Review of Animal Welfare in Experimental Animals" (DB11/T 1734-2020). Also, Jacobio has established the Animal Welfare Committee and formulated the Jacobio Animal Welfare Review System, standardizing the ethical review of animal experiments and the professional behavior of experimenters to ensure the welfare of animals is fully protected. The Company's Animal Welfare Committee based on the basic principles of ethical review of experimental animal welfare, takes into account the welfare of experimental animals and the interests of animal experimenters, and based on a comprehensive evaluation of the harm suffered by experimental animals and the necessity of using them, conducts scientific reviews and daily supervision of the project to maintain the welfare of experimental animals.

[1] International Conference on Harmonization of Technical Requirements for Registration of Pharmaceutical for Human Use

Environmental, Social and Governance Report

Data security and customer privacy protection

Jacobio emphasizes the information security and privacy protection of subjects in the process of new drug R&D, strictly abides by the *Personal Information Protection Law of the People's Republic of China, Good Clinical Practice* (GCP) and *Guiding Principles for Electronic Data Collection in Clinical Trials*, refers to international standards such as *ICH Good Clinical Practice* (ICH GCP) and *General Data Protection Regulation* (GDPR), applies the Electronic Data Capture System (EDC) for unified data management in clinical trials. At the same time, we have signed confidentiality agreements with EDC manufacturers related to data processing to fully protect the privacy of participants.

We established a comprehensive information security management system. The Company promotes information security management work in accordance with ISO 27001 Information Security Management System certification standards and the second-level standard of *GB/T 22239-2019 Information Security Technology – Baseline for classified protection of cybersecurity*. The Company has formulated related documents such as *Jacobio Information Security Management Measures*, the *Regulations on Machine Room Security Management*, the *Jacobio's Data Backup and Recover Management*. We use management and technical means to protect the privacy of each patient and standardize their personal information processing activities.

Sign a confidentiality agreement	➢ Add a "privacy protection" chapter in the research protocol
	➢ Require all employees, suppliers and partners to sign confidentiality agreements
De-identification of patient data	➢ The sponsor can only receive trial documents with subject numbers
Limit the scope of information	➢ Only collect necessary information for clinical research
	➢ CRAs are not allowed to take any documents with patient information out of the hospital
Regulation of experimental processes	➢ Monitor partners to conduct clinical trials in accordance with subject privacy protection requirements

Environmental, Social and Governance Report

Measures for protecting patient privacy

Implement multi-level identity authentication	• Implement multi-level identity authentication mechanism for enterprise email to prevent unauthorized access • Regularly change passwords and prohibiting the use of weak passwords • Synchronize system accounts with Active Directory (AD) and validating by AD servers
Deploy firewalls and intrusion detection systems	• Deploy dual firewalls and dual intrusion detection defense systems at network entrances to effectively prevent malicious attacks • Implement partitioning in internal server areas to protect internal server data security, deploying two additional firewalls to control external network access
Encrypt stored data	• Use Bitlocker disk encryption for devices like laptops to prevent data theft or tampering
Establish data backup and recovery mechanisms	• Conduct regular incremental and full backups of server data • Conduct recovery drills for ERP (Enterprise Resource Planning), OA (Office Automation), network disks, ELN (Electronic Lab Notebook) and other systems every six months.

Data security measures

We attach great importance to the cultivation of information security awareness among employees, and regularly carry out comprehensive and specialized training in data security management based on the business needs of various departments. We use various forms such as case analysis and simulation exercises to enable employees to continuously improve their information security prevention capabilities in practical operations.

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QUALITY ASSURANCE

As a company focused on the R&D of new drugs, Jacobio regards drug quality as the lifeline of the Company. We always adhere to the principles of high standards and strict requirements, establish a sound quality management system, control product quality, strengthen R&D innovation, provide patients with safer and more effective drugs. At the same time, we attach importance to customer protection work and are committed to providing satisfactory services to customers in the future.

Quality management

Jacobio strictly complies with laws and regulations such as the Pharmaceutical Administration Law of the People's Republic of China, the Provisions for Drug Registration, the Good Clinical Practice, the Nonclinical Good Laboratory Practice, the Good Manufacturing Practice, the International multicenter drug clinical trial guidelines, as well as the regulations on clinical research of new drugs and protection of human subjects in the Code of Federal Regulations (21 CFR) issued by the Food and Drug Administration (FDA), the Good Laboratory Practice (GLP), as well as requirements of the European Medicines Agency (EMA)'s EU GMP for the "manufacture of sterile medicinal products". On this basis, we have established a sound quality management system, strictly controlling product quality, and ensuring that every aspect of drug production, hazard assessment and adverse reaction monitoring conforms to relevant regulations and standards.

Quality management system

To strictly implement quality management, Jacobio has established the quality department, which serves as the quality management organization responsible for formulating and maintaining quality standards and procedures, supervising and evaluating the implementation of the quality management system.

The Company has formulated a series of standard operating procedures such as the Clinical Trial Project Management, the Management of Investigational Drugs, the Regulations for Management of Materials and Sample Destruction, the Regulations for Management of Reference Substances and the Change Management Regulations. By strictly following all the requirements of the quality management system, we strengthen the quality and safety control of early-stage R&D planning, project optimization and clinical trial safety from the three dimensions of comprehensive management, operational technical requirements and equipment, ensuring that the Company's projects and products comply with regulatory, quality standards, project management and registration quality requirements.

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Quality control

In the development and clinical trial stages of the project, Jacobio continues to strengthen the internal system construction and improve internal management procedures, ensuring the quality of R&D and clinical trials through effective quality control measures.

In terms of R&D quality control, we continue to build and improve the quality management system covering organizational and personnel management, facility and equipment management, material and product management, document management, record and data management, etc. During the reporting period, we improved 5 and established 16 management systems and procedural documents for drug quality control in the R&D stage.

In the quality control of clinical trials, we have established a clinical quality management system that covers the entire trial process in accordance with the requirements of NMPA GCP (National Medical Products Administration Good Clinical Practice) and ICH GCP (International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use Good Clinical Practice), including the design, implementation, recording, evaluation, reporting and archiving of clinical trials. During the reporting period, we added several quality management-related documents for clinical stage, such as the *Investigational Medicinal Products Management* and the *Development of clinical study report*. We have implemented comprehensive monitoring measures to manage the quality of raw materials, packaging materials, intermediate products and products. The quality department and related technical departments supervise and manage the production and testing processes of investigational medicinal products according to the Company's clinical trial drug management regulations and quality agreements and review or approve the analysis methods, quality standards, process procedures, batch records, changes, deviations, deviation in test results, and release documents generated by the entrusted party. We prohibit entering the next stage without testing or failing the inspection. We use Clinical Trial Management System (CTMS), electronic Trial Master File (eTMF) and imaging research systems as project management tools to achieve synchronous management of domestic and overseas operational teams. At the same time, we have established relevant systems for experimental record management to ensure the integrity, accuracy and traceability of records.

During the reporting period, although Jacobio did not carry out commercial sales of products, we firmly do not allow any unqualified drugs to flow out at any stage. In 2023, we established the *Unqualified Product Management Regulations* to manage unqualified products generated during the production of clinical samples and marketed products. If any are found, we will immediately conduct a thorough investigation in accordance with the *Unqualified Product Management Regulations* and take corresponding measures.

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Jacobio continues to promote the awareness of quality for all employees, improves its own quality management level and irregularly organizes internal Company training as well as participates in external industry training. During the reporting period, we completed the pre-use training of some quality-related system documents, participated in offline GMP (Good Manufacturing Practice) auditor training organized by the Beijing Pharmaceutical Profession Association, online training on the "Notice on Strengthening the Supervision and Management of Drug Marketing Authorization Holder's Outsourcing Production" conducted by the CFDI (Center for Food and Drug Inspection of NMPA) and online training on "Drug Verification and Inspection Special Training" conducted by the CDE (Center for Drug Evaluation).

Pharmacovigilance

Jacobio cares about medication safety. During the reporting period, we have not yet commercialized our products, but we have established documents such as the *Argus Safety Case Processing User Manual*, the *Management of Safety Information in Studies Conducted in Humans*, and the *Management Initial and Follow-up Reports of SAE/Overdose/Pregnancy Notifications from Investigator* to improve the pharmacovigilance system. We conduct comprehensive monitoring and evaluation of adverse drug reactions, promptly identify and resolve drug safety issues.

To ensure the safety of medication for all patients, the Company stipulates that any adverse reaction events must be detailed in the medical record report form. We will continue to monitor and investigate adverse reaction events, strive to obtain the latest and most accurate information and develop appropriate measures to address or mitigate the impact of adverse events on patients until they are stabilized. When evaluating each adverse reaction event, we will carefully consider whether there is a reasonable causal relationship with the product or research procedure used. Subsequently, our pharmacovigilance team will promptly provide reports of suspected and unexpected serious adverse reactions to external partners and regulatory agencies to ensure transparency and timeliness of information.

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R&D and innovation

Jacobio has always adhered to the R&D concept and mission of "provide compelling innovations and create a pipeline of life-changing medicines for patients worldwide", focusing on internal innovation, relying on the own induced allosteric drug discovery platform and iADC drug development platform, centering around validated cancer signaling pathways developing global first-in-class innovative drugs targeting formerly undruggable targets. During the reporting period, we received innovation awards such as "Top 10 Innovative Biotech Enterprises in 2023" and "Top 100 Chinese Pharmaceutical Innovation Enterprises in 2023".

Relying on the unique induced allosteric drug discovery platform, we systematically elucidate the protein allosteric sites, design novel allosteric molecules, and achieve the mission of "drugging the undruggable". Now the Company has 15 global first-in-class innovative drugs in research, with some projects entering the top three globally and 5 clinical-stage projects conducting clinical trials at hundreds of research centers in China, North America, and Europe. The Company's independently developed glecirasib for non-small-cell lung cancer will be launched in China in 2024. The Company has filed nearly 400 patents related to the above projects and has obtained two orphan drug designations, and five new drugs got Investigational New Drug (IND) approvals from the US FDA, as well as two breakthrough therapy designations from the Center for Drug Evaluation (CDE). In 2023, the Company invested RMB372,320,000 yuan in R&D.

Case: Jacobio achieved CDE breakthrough therapy designation for the treatment of pancreatic cancer

In August 2023, Jacobio's in-house KRAS G12C inhibitor glecirasib was granted breakthrough therapy designation (BTD) for the treatment of second-line or above pancreatic cancer patients with KRAS G12C mutations by the National Medical Products Administration (NMPA) Center for Drug Evaluation (CDE). Pancreatic cancer is a highly aggressive malignancy and with a limited effective treatment currently. The five-year overall survival rate is only 5%. The BTD will expedite the clinical development of glecirasib and accelerate its early access to the patients.

We are committed to "benefiting patients" as our R&D direction, with the needs of patients as the starting point and the benefit of patients as the goal. We continuously explore and pursue higher medical technology, focusing on translating technology into practical applications and striving to improve the accessibility of drugs. We are constantly expanding the drug pipeline targeting undruggable targets, striving to provide more effective treatment options for more patients. In addition, we are implementing a global market strategy, closely cooperating with global partners, leveraging R&D resources and advantages around the world to accelerate the drug development process and bring innovative drugs to the global market as soon as possible.

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In the process of tackling undruggable targets, we are willing to establish long-term stable cooperation relationships with research institutions, biotechnology companies and pharmaceutical companies worldwide. We engage in close cooperation with combination therapy partners, cutting-edge therapy partners, artificial intelligence partners, CRO/CDMO partners in drug discovery, clinical research, commercialization and other stages, seeking the best therapies through external authorization, product introduction and joint development, bringing products to the global market for the benefit of more patients.

Case: Jacobio and Merck & Co., Inc. ("MSD") reached clinical cooperation on the combination therapy of the CD73 monoclonal antibody JAB-BX102 and KEYTRUDA® (pembrolizumab)

On March 22, 2023, Jacobio Pharma announced it has entered into a clinical collaboration with MSD, Rahway, NJ, USA to evaluate the combination of Jacobio's CD73 monoclonal antibody JAB-BX102 in combination with Merck & Co., Inc., Rahway, NJ, USA's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab). The clinical study will evaluate the clinical effect of JAB-BX102 in combination with KEYTRUDA for the treatment of advanced solid tumors.

Customer protection

Jacobio has taken a series of measures to ensure the rights of patients are fully protected. We have established a process for reviewing promotional materials to avoid the transmission of misleading information, improved the drug traceability system to ensure traceable sources and standardized the management of brand label usage to protect patient rights.

Publicity and label

During the reporting period, Jacobio has not yet conducted commercial sales of products, therefore does not involve the publication of drug advertisements to the general public. However, we still strictly comply with the laws and regulations such as the *Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China* and the *Measures for the Examination of Drug Advertisements*, objectively release academic data or important milestones to avoid any false advertising, marketing or misleading content. Regarding promotional content related to the Company, the brand promotion department and business department will review the documents related to the Company's promotion content, and the Board will also review the documents disclosed for the first time to avoid misunderstanding. During the reporting period, Jacobio is not involved in direct promotion or inducement promotion of its products under research.

In terms of trademark management, we have formulated the *Basic Code of Conduct for Jacobio Brand*, which clearly stipulate the requirements for the use and display of brand logos, maintain the image and value of the brand and enhance the public's trust in the Company's brand.

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Drug complaints, tracking and recall

During the reporting period, Jacobio has not yet conducted commercial sales of products and is not involved in any drug complaints and recalls. However, we have identified the requirements of relevant laws and regulations such as the *Pharmaceutical Administration Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests* and have established complaint, drug tracing and recall management procedures in reference to relevant provisions such as the Administration of *Drug Recall*.

Regarding drug complaints, patients can report adverse reactions during clinical trials through various means and channels, such as researchers, doctors and CRAs. We will record and take necessary measures to ensure the safety of patients' medication, including halting the trial and providing treatment.

Jacobio attaches great importance to drug tracking and recall mechanisms. We have formulated relevant systems such as the *Investigational Product Management and the Regulations on the Administration of Clinical Trial Drugs*, comprehensively managing the receipt, storage, dispensing, handling of non-compliant drugs, drug recalls and drug recovery of investigational drugs in clinical trials. We proactively collect incidents involving adverse drug reactions. If any investigational drugs need to be recalled due to safety or stability issues, we will immediately request the project manager to review the dispensing records and arrange for CRAs to contact the affected research centers. Based on the severity of the problem, recall grading is carried out, and a scientifically formulated recall plan is coordinated for drug recall work. After the recall, drug recovery records are filled out and sent back to the medical department. For recalled and returned investigational drugs, written records are made and stored in designated areas with clear identification. Timely treatment is provided to affected patients, and the Company's pharmacovigilance department conducts assessments and reviews to comprehensively ensure patient safety.

During the reporting period, no customer complaints or product recall incidents were received.

GREEN DEVELOPMENT

Jacobio adheres to the principle of green development and actively practices the concept of sustainable development. We continue to improve our environmental management system, reduce pollutant emissions, actively respond to climate change, strengthen resource utilization management, promote energy conservation and emission reduction, and achieve harmonious unity between our own economic development and environmental protection. In 2023, we reviewed the achievement of environmental goals and continued to promote related work.

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Environmental management

Jacobio strictly abides by laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, continuously improves the environmental management system. We have formulated the Corporate Environmental Management System, set up an environmental protection team, and clearly assigned them to be fully responsible for the management and monitoring of our Company's environmental protection work. And the environmental protection team responsible for implementing the principles of "protection priority, prevention first, comprehensive governance, public participation, and responsibility for damage" to further standardize the Company's environmental management. At the same time, we have formulated institutional documents such as the Regulations for Prevention and Control of Air Pollution, the Management Regulations on the Prevention and Control of Environmental Pollution by Solid Waste, the Management Regulations on Hazardous Chemicals Safety to clarify the management methods for various emissions, handle various pollutants in compliance, and prevent environmental risks.

In order to reduce the negative impact of our economic activities on the environment and to promote green work, we have set environmental targets for emission reduction, waste reduction, energy and water conservation and other environmental related aspects. In 2023, we reviewed the achievement of our goals and continued to advance related work.

Environmental targets	Target setting	Progress made
Emission reduction	All laboratory exhaust gases achieve harmless treatment that is 10% higher than the national emission standard.	• The new base has been installed with exhaust gas treatment and emission devices, and will be put into use at the same time as the laboratory in 2023. • In 2023, all laboratory exhaust gases of our Company have achieved harmless treatment that exceeds the national emission standard by 10%.
	By the end of 2060, our Company's operating premises in China will fully achieve carbon neutrality.	• In 2023, our Company has continuously implemented energy-saving and emission reduction measures, strengthened monitoring, analysis, and management of resource utilization, and promoted energy conservation and carbon reduction in operating sites. In the future, we will continue to promote related work in accordance with the carbon neutrality goal.

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Environmental targets	Target setting	Progress made
Waste reduction	By the end of 2023, our employees will fully adopt direct drinking water instead of bottled water.	• In 2023, we completed the installation of direct drinking machines in all office and laboratory areas of the new base. A total of 16 direct drinking machines were installed to replace all bottled water.
	By the end of 2025, the Company will fully promote paperless office, and the paper per capita will be reduced to 50% compared with 2020.	• In 2023, the per capita paper consumption was 36.7 yuan, in 2022 it was 144 yuan, and in 2021 it was 165 yuan. As of the end of 2023, the per capita paper consumption has decreased by 74.5% compared to 2022 and 77.8% compared to 2021.
Energy saving	The installation rate of LED lights in all operating locations of our Company remains 100%.	• In 2023, the installation rate of LED lights in the Beijing new base office and Shanghai office has reached 100%.
	The newly purchased various instruments and equipment maintain in our Company over 80% meeting or exceeding the national first-class energy efficiency standards.	• In 2023, 83.7% of the various instruments and equipment newly purchased by our Company have met or exceeded the national first-class energy efficiency standard.
Water saving	By the end of 2023, 100 percent of the Company's laboratories are equipped with water-saving equipment.	• By the end of 2023, 100 percent of the laboratories in the new base in Beijing have been equipped with water-saving equipment, all of which use energy-saving faucets.
	By the end of 2023, 50% of the wastewater generated during the purified water production process in all laboratories of our Company is reused.	• By the end of 2023, the waste liquid generated during the experimental process of the Beijing New Base laboratory has been transported and treated harmless by a qualified third-party Company. The wastewater generated by cleaning and other methods has been treated by the on-site sewage treatment system and then incorporated into the municipal sewage system.

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Environmental targets	Target setting	Progress made
Others	Our Company maintains 100% procurement of paper with Chinese environmental labeling product certification for office use.	• In 2023, our Company has achieved 100% procurement of office paper with Chinese environmental label product certification.
	By the end of 2024, all office spaces of our Company will pass the ISO 14001 environmental management system certification.	• In 2023, we completed the environmental impact assessment report form for the new base and completed the assessment and emergency plan filing work. We will continue to follow up on the ISO 14001 environmental management system certification work and expect to complete the new base certification by 2024.

Addressing climate change

Climate change is a serious challenge faced by all humanity, and addressing it has become a global consensus. As a responsible pharmaceutical enterprise, Jacobio attaches great importance to climate change risk management and incorporates climate change related risks into the overall risk management work of the Company. In 2023, Jacobio actively responded to the issue of climate change, and disclosed content related to climate change risks by referring to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

As the decision-making and supervisory institution for ESG work, the Board is responsible for reviewing and supervising the implementation of ESG related issues including climate change, and reviewing ESG reports including the issue of climate change. The ESG task force under the Board is responsible for assisting the Board in coordinating and supervising the implementation and implementation of ESG matters such as climate change-related risk assessment and management. At the same time, as executives, the functional departments are responsible for carrying out ESG related work including climate change.

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Strategy

In 2023, based on the current operational situation of the Company and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we identified the physical and transformation risks faced by our own development, and analyzed their potential impact on the Company.

Risk type	Risk classification	Potential financial impact
Physical risk	**Immediate operational risk**	
	• Extreme weather events such as typhoon, heavy snow, and rainstorm	• Interruptions in business activities (such as supply chain disruptions, employee shortages) • Environmental fines lead to increase costs (extreme weather causing chemicals and other substances to enter the environment, resulting in environmental pollution incidents)
	Long term risk	
	• Climate change	• Increase infrastructure costs (such as facility damage) • Increase operating costs (such as insufficient water and electricity supply, rising prices)

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Risk type	Risk classification	Potential financial impact
Transformation risk	**Policies and regulations**	
	• Introduce more rigorous carbon emission policies	• Increase operational costs (such as compliance costs)
	• Requirements and supervision of existing products and services	• Policy changes leading to the write-off or scrapping of existing assets
		• Strict regulatory requirements lead to increased technology and compliance costs
	Technology	
	• New technology or product development failure	• Wastage of R&D expenses for new technologies or products
	• The cost of low-carbon technology transformation	• Wastage of R&D expenses for new or alternative technologies
		• Write-off or scrapping of existing assets (such as equipment obsolescence due to the introduction of new technology)
	Market	
	• Rising material costs	• Increased investment costs
	• Market information uncertainty	• Affected by climate change and other related policies, energy prices have risen, increasing operating costs
	Reputation	
	• Industrial stigmatization	• Reduced available capital
	• Stakeholder concerns and negative feedback are increasing	• Impact on labor management and planning (such as recruitment and retention of employees)

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Risk management

To address climate change related risks, we have further standardized internal management and developed adaptation or mitigation measures to address climate change, as follows:

- In response to the risk of employee and asset damage, we have improved our internal management system and plan. In the event of extreme weather, we will issue early warning information to employees, allowing them to work remotely and flexibly, providing guidance for their travel and work safety during extreme weather, and avoiding casualties.

- In response to the risk of business interruption, we have established a sound emergency response mechanism and regularly evaluated the impact of adverse weather on the Company's operations. We have established an emergency command center and collaborated with regional rescue units to carry out relevant preventive drills.

- In response to environmental risks, we strengthen daily inspections, activate emergency plans in the event of emergencies at the first time, conduct emergency evacuation and first aid if necessary, and investigate, evaluate, and summarize the emergencies.

- In response to technological risks, we actively develop new technologies and products, strengthen R&D investment, strengthen technological barriers, and enhance our own competitiveness.

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Metrics and targets

In 2023, we calculated the greenhouse gas emissions generated by fuel consumption of our own vehicles, purchased electricity, and purchased heat. During the reporting period, the total greenhouse gas emissions were 1,510.42 tonnes of carbon dioxide equivalent. The specific greenhouse gas emissions are shown in the table below:

Greenhouse gas emission indicators[2]	Data for 2023
Total greenhouse gas emissions (scope 1+scope 2)	1,510.42 tonnes
Direct greenhouse gas emissions (scope 1)	
Including: gasoline	33.98 tonnes
Indirect greenhouse gas emissions (scope 2)	
Including: purchased electricity	1,367.24 tonnes
purchased heat	109.20 tonnes
Greenhouse gas emissions per capita	5.23 (tonnes per person)
Greenhouse gas emissions per square meter of floor space	0.07 (tonnes/m^2)

Resource management

The main resource consumption involved in our Company's business operations is energy, water resources, and office paper. We attach great importance to resource conservation, advocate green office and low-carbon environmental protection, and comprehensively promote the implementation of resource conservation work. In 2023, we strengthened the monitoring, analysis, and management of resource utilization, continuously took a series of measures to improve the overall efficiency of resource utilization, and strengthened employee awareness of energy conservation and water conservation through publicity and other forms. We encouraged employees to lead by example in their work and life, and jointly create a green office environment.

Energy management

Jacobio strictly abides by laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, continuously strengthens energy management, and improves the construction of energy management system. In 2023, our energy consumption was electricity, gasoline, and heat. Among them, electricity is our main energy consumption. In the process of energy management, we always practice the concept of "saving electricity", actively implement measures to save electricity, and promote energy conservation and emission reduction.

[2] Jacobio's greenhouse gases (GHG) inventory includes carbon dioxide, methane, and nitrous oxide. GHG emissions are presented in carbon dioxide equivalents. The emission factors for gasoline in Scope 1 of 2023 are sourced from the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* issued by the Intergovernmental Panel on Climate Change (IPCC). The electricity emission factor in Scope 2 is selected from the 2022 National Grid Average Emission Factors published by the *Ministry of Ecology and Environment, PRC*, and the emission factor for purchased steam is selected from the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises in Other Industrial Industries*.

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By the end of 2023, more than 80% of the Company's newly purchased instruments and equipment meet or better than the national level energy efficiency standards.

Electricity saving measures:

- The *Rules for Power Distribution Management*, have been formulated to standardize the daily inspection, maintenance cycle and emergency handling measures of the Company's power distribution system, specify the requirements for power connection and safe use, and strengthen the management of the Company's power distribution system and temporary use operations.
- We select national level energy efficiency standard equipment.
- We carry out regular inspection to check the use of lamps and lanterns, ensure that employees turn off unnecessary electrical equipment such as computers and display screens when going out and after work, and encourage employees to turn off lights when they walk away.
- Unified use of LED energy-saving lamps to replace high-energy lamps.
- The air conditioning, fresh air and exhaust air systems all use frequency conversion control to achieve systematic energy saving.

Energy consumption index[3]	Data for 2023
Total energy consumption	2,803.83 MWh
Direct energy consumption	
Including: gasoline	130.82 MWh
Indirect energy consumption	
Including: electricity	2,397.40 MWh
heat	275.61 MWh
Energy consumption per capita	9.70 (MWh per person)
Energy consumption per square meter of floor space	0.12 (MWh/m^2)

[3] The energy consumption indexes are calculated according to the conversion factors listed in the National Standards of the People's Republic of China General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

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Water resources management

Jacobio strictly abides by the *Water Law of the People's Republic of China*, rationally uses water resources, conducts standardized management of water resources, and continuously implements water-saving actions to reduce water waste. During the reporting period, all laboratories of the Company have been equipped with water saving equipment.

Water saving measures:

- Use direct drinking machines on all floors and cancel the use of bottled water.
- We improve the utilization of chemicals in laboratory, while in the cleaning water, reduce faucet discharge flow.
- The laboratory is equipped with water-saving equipment.
- Strengthen the reuse of wastewater generated by the process of laboratory purified water making water.
- The water saving sign is pasted on the toilet faucet to remind employees to save water.
- Choose the energy-saving faucet.
- Publicize and educate employees on water conservation.

Water consumption index	Data for 2023
Total water consumption[4]	5,118 (tonnes)
Water consumption per capita	19.39 (tonnes per person)
Water consumption per square meter of floor space	0.23 (tonnes/m^2)

[4] Except for our operation locations in Beijing, water consumption in other operation locations is controlled by the property management Company in such locations, and water expenses are included in the property management fee. Water consumption cannot be calculated separately. Therefore, total water consumption and intensity of water consumption during this reporting period are only the data of the operation locations in Beijing. Water consumption per capita is the ratio of water consumption of Beijing operating sites to the number of employees at Beijing operating sites. Since the water resources used by the Company are from municipal water supply, we do not have any problem in obtaining suitable water resources.

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Material management

Jacobio is not currently involved in large-scale commercial production activities and does not use product packaging materials. At present, our material consumption is mainly office supplies. In terms of the use of office supplies, we support employees to receive and use office supplies reasonably. We actively promote paperless and online office mode, encourage employees to print documents on both sides, save office paper and reduce unnecessary paper consumption. At the same time, in the purchase of paper, to implement the concept of environmental protection, we give priority to the purchase of paper with environmental certification. We have set a paper sourcing target that by the end of 2024, 100% of our office paper will be sourced from Forest Stewardship Council (FSC) certified paper.

Emission management

We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and other relevant laws and regulations, formulate the internal management system, standardize the discharge management of "three wastes", and reduce the discharge of pollutants.

Exhaust gases management

The exhaust gas generated by Jacobio mainly comes from the relevant process and operation flow in the experiment. We strictly implement the *Integrated emission standard of air pollutants* and control exhaust emissions. To achieve emission standards, we have formulated the *Regulations for the Prevention and Control of Air Pollution* to standardize exhaust gas management and comply with waste gas treatment. In 2023, all laboratory exhaust gases of the Company achieved harmless treatment of 10% higher than the national emission standards.

In the daily management process, we control air pollutants through maintaining air pollution prevention facilities, actively monitoring annual air pollutant emissions, and adopting new processes, new technologies and other measure. For the treatment of exhaust gas, we set up fume hoods in places where exhaust gas may be generated, and set up activated carbon exhaust treatment devices, and regularly replace activated carbon to ensure normal exhaust gas operation. In 2023, the Company conducted exhaust gas testing on the exhaust gas discharge port, and the test results were in line with national standards. And the annual testing plan for exhaust emissions has been formulated to ensure that the testing results all comply with national standards. In addition, we regularly inspected all fume hoods and their exhaust gas treatment equipment, and all systems were in good working order.

Exhaust gas emission indicators[5]	Data for 2023
Total non-methane hydrocarbon	0.09 (tonnes)
Particulate matters	0.0002 (tonnes)
Total ammonia emissions	0.000 (tonnes)

[5] The Company has a small number of its owned vehicles, thus the emissions of nitrogen oxides, sulfur oxides generated are relatively small. No ammonia detected in 2023.

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Wastewater management

Jacobio continuously strengthens wastewater management, regularly commissions third-party agencies to carry out wastewater quality testing. And we track wastewater discharge, assess the possible environmental impact of R&D activities and take timely improvement measures to reduce wastewater generation as much as possible and ensure wastewater discharge standards. The Company's wastewater mainly comes from the laboratory and daily life. The amount of laboratory waste liquid is relatively small and non-toxic, and it is mainly collected and processed by qualified third-party companies. The domestic sewage is discharged to the septic tank in the park for unified treatment according to the requirements, and is uniformly discharged into the municipal pipe network after meeting the local discharge standards. In 2023, we calculated a total wastewater discharge of 4,133 tonnes.

Wastewater discharge index	Data for 2023
Total wastewater discharge[6]	4,133 (tonnes)
Total chemical oxygen demand	0.111 (tonnes)
Ammonia and nitrogen	0.003 (tonnes)

Waste management

According to the requirements of laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste and the *National Catalogue of Hazardous Wastes*, Jacobio has formulated the Management Regulations on the Prevention and Control of Environmental Pollution by Solid Waste. The EHS department is responsible for the management and control of solid waste generated in the production, living or other activities of the Company, and implements the principle of reducing the amount of solid waste generation and harm, making full and reasonable use of solid waste and harmless disposal of solid waste.

The non-hazardous waste we produced mainly includes domestic waste and office supplies. For domestic waste, according to the relevant requirements of the location of operation, we classified it and uniformly hand it over to the park property for disposal. For electronic waste such as hard disks and computers, we give priority to recycling electronic waste, to reduce the generation of electronic waste.

The hazardous waste we produced mainly includes medical waste, waste liquid, and waste toner cartridges, fluorescent tubes and other harmful waste consumables produced during the experiment. For hazardous waste, we depending on the type, collect, weigh and label it in different containers. And then pre-treat it, temporarily place it in the appropriate holding room. We hand it over to a qualified third party for transportation and disposal.

6 During the reporting period, the Company's amount of wastewater was disclosed based on the test report results issued by qualified professional third-party testing organizations.

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Measures to reduce waste discharge:

- Domestic waste:
  - ✓ Encourage employees to have meals in the canteen, reduce takeout orders, and reduce domestic waste emissions.
  - ✓ Centralized placement of garbage cans on each floor to reduce unnecessary office waste generation of employees.
  - ✓ Segregate your waste so that recyclable waste is retained to the maximum extent possible.
- Hazardous waste:
  - ✓ Strictly control the amount of chemical reagents purchased, and adopt measures such as centralized procurement to ensure the minimum storage under the circumstances of normal experimental activities.
  - ✓ In experimental activities, improve the utilization rate of chemical reagents.

Waste discharges index	Data for 2023
Total hazardous waste discharges	57.98 (tonnes)
Hazardous waste per capita	0.21(tonnes/person)
Hazardous waste per square meter of floor space	0.003 (tonnes/m^2)
Total non-hazardous waste discharges[7]	8.26 (tonnes)
Non-hazardous waste per capita	0.03 (tonnes per person)
Non-hazardous waste per square meter of floor space	0.0004 (tonnes/m^2)

[7] Non-hazardous waste mainly comes from domestic waste and electronic waste. Domestic waste is treated by the property management Company, which cannot be calculated separately. We have estimated the domestic waste data in accordance with the *First National Census on Pollution Sources – Manual for Waste Generation and Discharge Coefficients in Urban Households* issued by the State Council of the People's Republic of China. As the total amount of non-hazardous waste generated by Jacobio's operating sites outside China was relatively small, it was not included in this statistical scope. The total amount of non-hazardous waste emissions and the per capita amount of non-hazardous waste only included those in China.

Environmental, Social and Governance Report

TALENT MANAGEMENT

Jacobio firmly believes in the "people-oriented" employment philosophy, upholds the value of "employees are the most precious wealth", strictly abides by the laws of legal employment, and adheres to the principle of diversified employment. As a new drug R&D enterprise, we attach great importance to talent development, actively build an employee training system, provide diversified salary and benefit policies for employees, and strive to improve employee happiness. Meanwhile, as a responsible pharmaceutical company, we continuously improve our employee occupational health and safety management system, creating a safe and comfortable working environment for our employees.

Employee employment

Labor management

Jacobio strictly abides by the laws and regulations of the located country and localities, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, and the Special Provisions on the Labor Protection of Female Employees. We have formulated internal rules and regulations such as the Employee Handbook, which provide detailed provisions on salary and dismissal, recruitment and promotion, working hours and holidays, equal opportunities and diversity, anti-discrimination, employee treatment and benefits, etc. The aim is to standardize labor management in our Company, clarify employee codes of conduct, provide accurate institutional guidance for employees, help employees better understand the Company's corporate culture, expectations and requirements, as well as their rights and obligations. We are committed to establishing legal and stable employment relationships with employees, fully safeguarding their legitimate rights and interests.

Jacobio always adheres to the recruitment principles of open recruitment, equal competition, internal recommendation, and selective recruitment to hire employees. We prohibit the employment of child labor and firmly oppose forced labor. The *Employee Handbook* and recruitment related regulations clearly specify the age of employment, and conduct background information checks on newly recruited employees to verify their identity information and prevent child labor at the first place. We fully consider the abilities and willingness of our employees, implement standard working hours for all positions, make every effort to ensure reasonable working hours, and strictly prohibit forced labor. If there is any illegal employment behavior such as child labor or forced labor, the Company will immediately cease the relevant labor relations and conduct a detailed investigation into the incident. Based on the investigation results and relevant legal provisions, disciplinary action shall be taken against the relevant personnel involved. During the reporting period, we did not engage in any employment of child labor or forced labor.

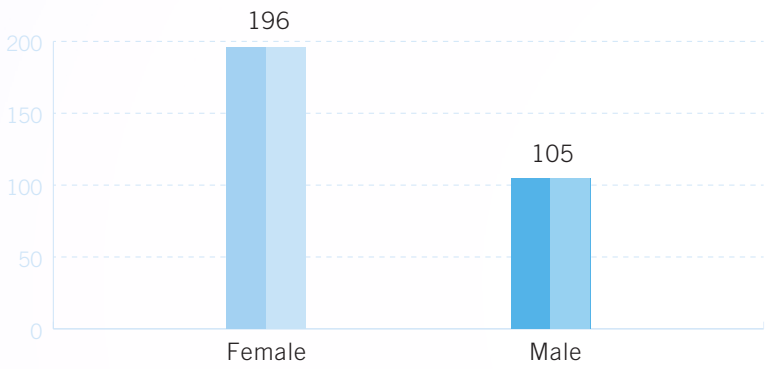
Environmental, Social and Governance Report

Employee diversity

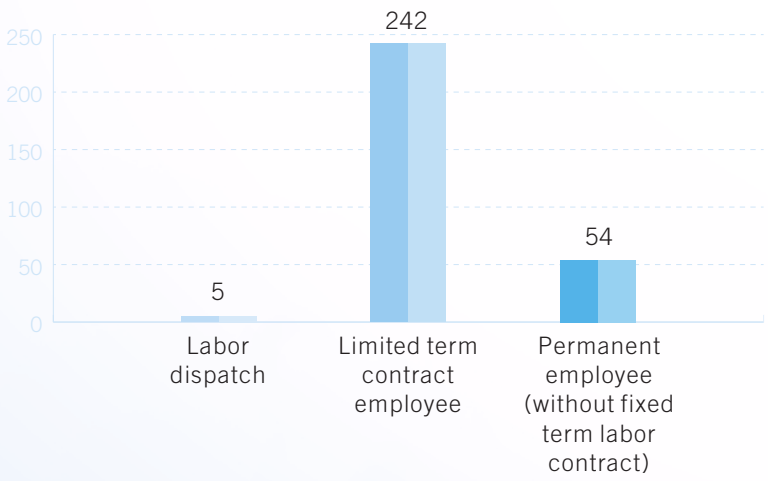
Jacobio actively implements policies of diversity and inclusion, believing that these policies can have a positive impact on us and transmit positive values. We do not give different treatment based on ethnicity, race, gender, marital status, community, or religious beliefs, and we oppose all forms of discrimination. During the reporting period, our Company did not experience any discrimination incidents.

During the reporting period, we have 301 employees in total. The number of employees by gender, employment type, age, region, and class of position is as follows:

The number of employees – by gender

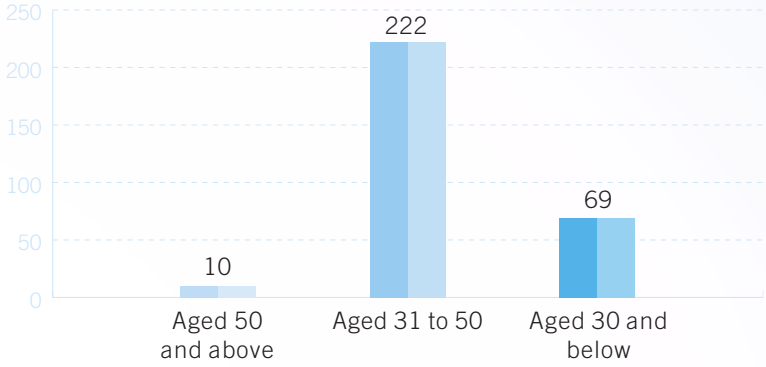


The number of employees – by employment type

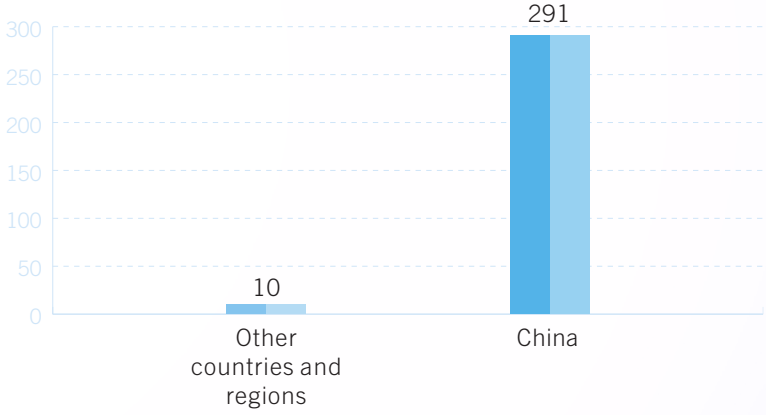


Environmental, Social and Governance Report

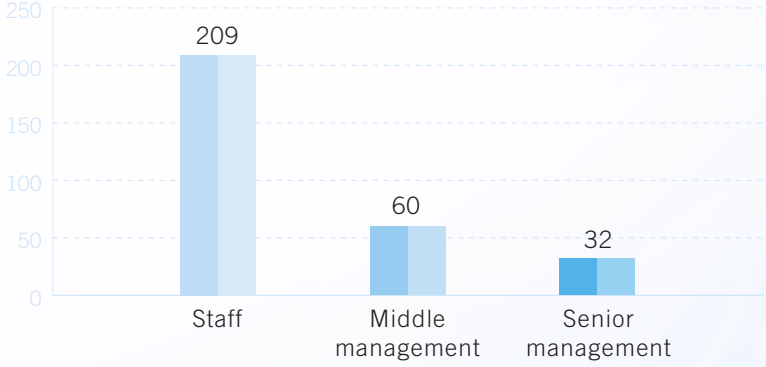
The number of employees – by age



The number of employees – by region



The number of employees – by class of position



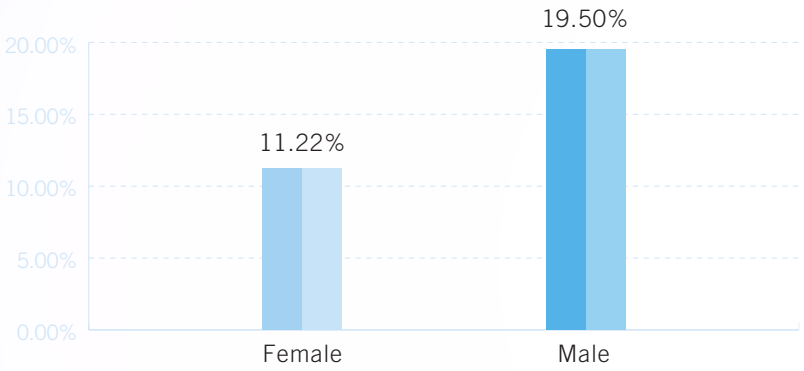
Environmental, Social and Governance Report

Employee retention

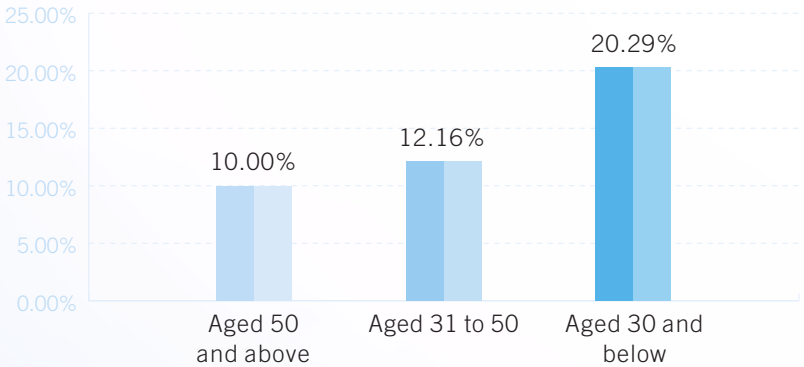
Jacobio attaches great importance to talent retention, adhering to multiple perspectives such as salary and benefits, training and development, and employee communication to retain talents. After employees are hired, we will continue to care about their work status and needs, organize employee communication meetings and symposiums from time to time, actively listen to employee suggestions, promptly solve problems encountered by employees, and provide necessary support (such as psychological counseling).

During the reporting period, our employee turnover rate was 13.95%. The employee turnover rate by different categories is as follows:

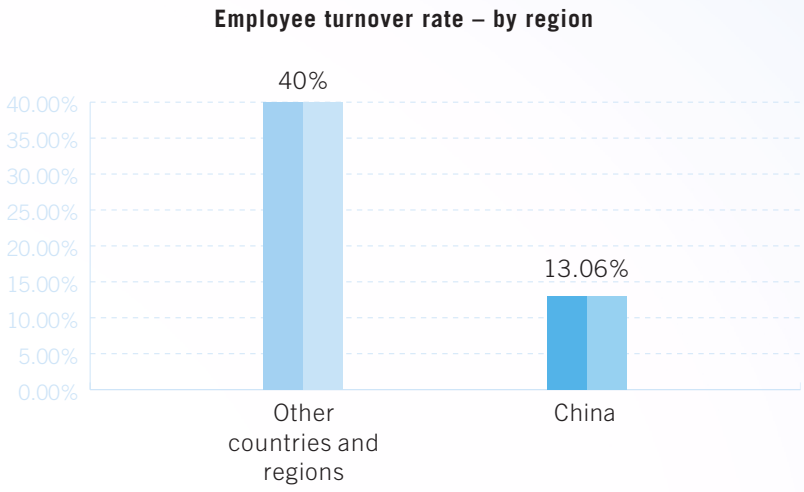
Employee turnover rate – by gender



Employee turnover rate – by age



Environmental, Social and Governance Report



Employee development and training

Employee promotion

Jacobio attaches great importance to the development of each employee, fully recognizes the talents displayed by each employee in different positions, and provides scientific and stable promotion channels for employees. We have formulated the *Promotion Management System* to standardize internal promotion management work. We create sufficient promotion space for employees by establishing a "dual channel" promotion model of technology and job title. Among them, the technical channel is divided into five divisions: senior scientist, senior researcher, researcher, assistant researcher, technician/experimenter, and is divided into 13 levels. The position channel is divided into 10 divisions, including senior vice president, vice president, and senior director.

Our Company organizes research and management personnel to conduct technical rank evaluation and job level evaluation every year. Based on the Company's development needs, annual performance evaluations, and individual comprehensive qualities of employees, we conduct talent inventory to identify employees with potential for improvement and high potential for the team. At the same time, we also identify promotion channels for employees.

Environmental, Social and Governance Report

Employment Training

Jacobio continuously implements the concept of "anytime, anywhere, and following the trend", establishes a comprehensive employee training system, and is committed to providing development opportunities for every employee and helping them grow. The Company formulates training budgets for employees in various departments and levels based on annual development needs, and actively carries out various training courses. Employees can also apply for targeted training courses based on their own work and personal development needs.

Our training system consists of internal training and external training. Internal training includes new employee onboarding and on-duty training. After new employees join, they need to participate in the onboarding training organized by the human resources department, which covers aspects such as corporate culture, company policies, workplace etiquette, team integration, intellectual property, and safety management. For on duty employees, departments of the Company regularly provide professional technical training in various forms to help employees quickly improve their professional abilities. In terms of external training, the Company actively provides formal employees with publicly funded training opportunities, covering various training programs such as vocational qualification certification training, continuing education training, external client level training, professional title assessment, overseas study tours, and academic degree education.

During the reporting period, we conducted internal training such as "Excellent Team" workshop for middle and senior management, new employee onboarding training, and cross departmental scientific research training. We actively participated in external training activities such as the 2023 CSCO (Chinese Society of Clinical Oncology) annual meeting, the promotion of pharmacovigilance inspection guidance principles, and the pharmacovigilance leaders capacity enhancement network training, as well as the laboratory animal certification training exam, continuously improving employee skills.

Environmental, Social and Governance Report

Case: "Excellent Team" workshop for middle and senior management

Jacobio regularly organizes "Excellent Team" Workshop for middle and senior management in the Company. Through the workshop, we have established a real-time communication platform for team discussions and interactions, providing opportunities for team leaders to learn the necessary successful experiences for team development. The "Excellent Team" workshop is a high-quality training course for the Company, which has been organized multiple times a year for middle and senior management personnel for several consecutive years.

Environmental, Social and Governance Report

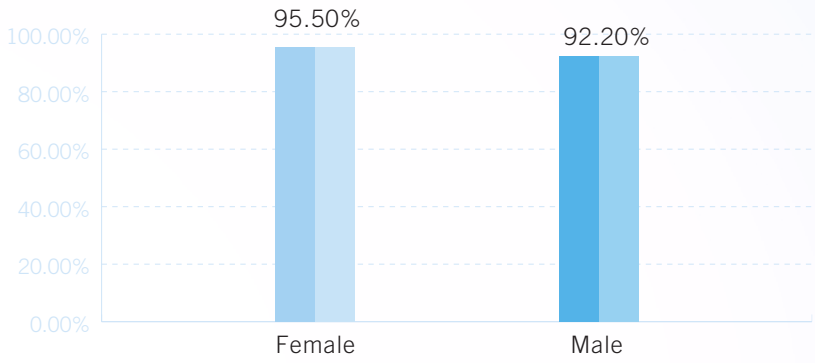
Case: New employee onboarding training


Case: Departmental training

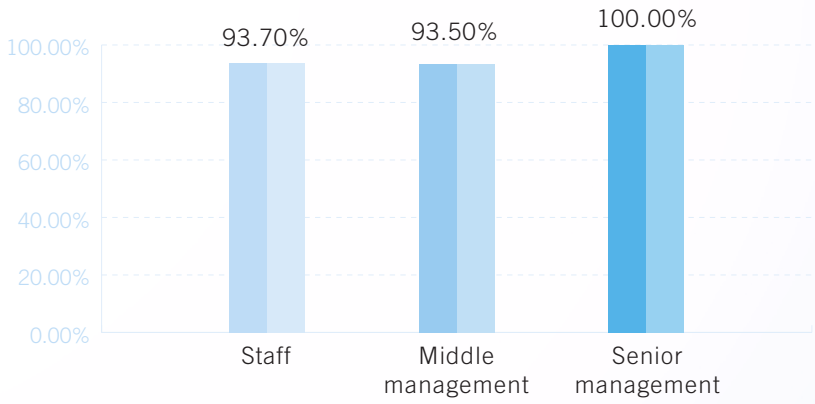

Environmental, Social and Governance Report

During the reporting period, the total training time for our employees was 1,612 hours, with an average training time of 5.36 hours per person. Our average training hours and the percentage by gender and class of position are shown as below:

The percentage of employees trained – by gender

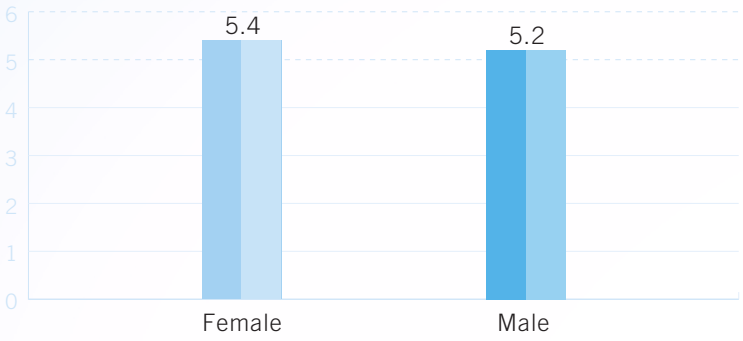


The percentage of employees trained – by class of position

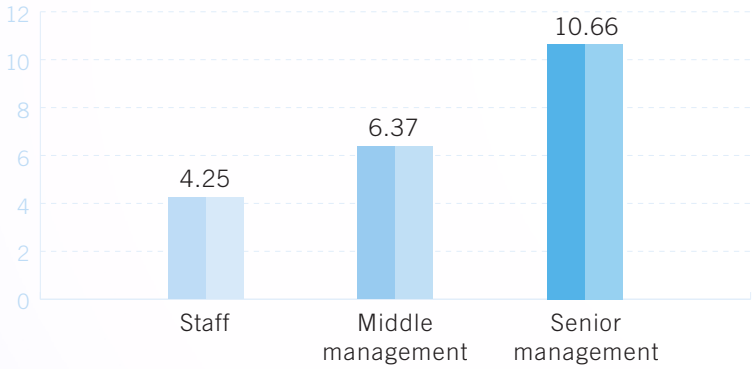


Environmental, Social and Governance Report

Average training hours – by gender



Average training hours – by class of position



Environmental, Social and Governance Report

Employee care

a)Employee salary and benefits

Jacobio strictly complies with international and local laws and regulations. We clearly defined the content of employee salary and benefits in the *Employee Handbook*, committed to providing employees with a competitive salary and benefits system in the industry. Our salary system includes basic salary, performance-based salary, year-end bonus, and project bonus. Our benefit system includes not only statutory benefits and statutory holidays, but also a variety of extra internal employee benefits such as birthday benefits and traditional holiday benefits

Our benefit policies:

- Five Social Insurances and Housing Fund
- Commercial insurance
- Work meal allowance
- Paid annual leave
- Annual physical examination
- Annual trip
- Festival gifts
- Hospitalization consolation fund
- Club activities

Environmental, Social and Governance Report

b) Enriching employee life

We focus on balancing the work and life of our employees, organizing a variety of employee activities to enhance team cohesion, enrich employee life, and improve their happiness index at Jacobio. In our daily work, we provide activity venues such as gyms and nursery for our employees. In 2023, we organized employee activities such as Jacobio Family Day, Christmas and New Year party.

The Company's gym and nursery at the new building base in Beijing economic development zone

Environmental, Social and Governance Report

Case: We held our first Jacobio Family Day event

In September 2023, the Company's first family day event was successfully held, with 150 employees and their families gathered in the new base building. They learned about the Company's development history and new drug R&D knowledge, experienced the professional and elegant corporate culture, explored the working environment of Jacobio employees, and experienced a variety of activities.

In the event, we explained to everyone how the Company emerged and made significant progress under the global technological development and industrial transformation in China, and how to create an innovative drug through preclinical research and clinical trials over a decade. We led the children to enter the laboratory and animal house of Jacobio in person, experiencing the fun and charm of science through chemical experiments and mouse breeding. We led everyone to experience a fulfilling and enjoyable family day through educational and entertainment activities.

Environmental, Social and Governance Report

Case: The Company held a Christmas and New Year party

On the afternoon of December 25, 2023, the Company held a Happy Hour Christmas party, where colleagues enjoyed exquisite food and drinks amidst the wonderful music in the shared space at the headquarters. They spent a leisurely time together during the year-end holiday season.

Employee communication

Jacobio attaches great importance to continuous and effective communication with employees and listens to their voices. We have established various communication channels. The employees can express their opinions and participate in Company management through the Company's intranet, enterprise WeChat, town hall meetings, "boss please answer" gathering, "Our Voice" email, etc. At the same time, the Company has set up an employee suggestion mailbox, where each employee can anonymously provide suggestions and opinions on various aspects of Company management and personal development.

Environmental, Social and Governance Report

Employee health and safety

Safe production

Jacobio is committed to providing employees with a safe and healthy working environment. We strictly abide by relevant laws, regulations, and industry norms such as the Work Safety Law of the People's Republic of China, the regulations on Work-related Injury Insurance, and have formulated multiple internal systems and emergency management plans, such as the Management Manual of Production Safety, the Hazardous Chemicals Management System, the Laboratory Personal Safety Protection, the Use and Maintenance manual of Instrument Equipment in Synthetic Room, the Special Plan for Fire Accidents, and the Special Plan for Hazardous Chemicals Accidents.

We actively implement the responsibility of safety production management and establish a sound environment, health and safety management framework (hereinafter EHS). We have established EHS management teams and health and safety committees in our operational locations in China and the United States, clarifying the safety production responsibilities of relevant departments and team leaders, and continuously strengthening safety production management.

To implement safety production, we regularly carry out safety production inspections and hazard identification work, develop annual safety production training plans, and carry out corresponding training and education work. In order to standardize safety production work, improve the safety quality of Company employees, and avoid production safety accidents, we have formulated the 2023 Safety Production Education and Training Plan. During the reporting period, we conducted training activities related to safety months and laboratory safety, summer fire prevention, fire knowledge, and fire drills in accordance with the annual training plan. We also collected suggestions from on-site personnel and conducted targeted internal professional training. During the reporting period, the Company did not experience any work-related injuries or fatalities.

Environmental, Social and Governance Report

Occupational health and safety

We attach great importance to occupational health and safety, strictly abide by laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases, and the Technical Specifications for Occupational Health Surveillance, and establish a sound occupational health and safety management system. We have established internal management regulations such as the Occupational Disease Prevention and Control Responsibility System, Occupational Health Operation Regulations, Occupational Disease Protection Equipment Management System, Occupational Health Management Regulations, Environmental Factors and Hazard Identification, Evaluation and Update Management Regulations, and continue to carry out occupational health and safety management work. To effectively ensure the occupational health and safety of employees, we actively carried out on-site inspections and inquiries to understand the occupational health and safety risks present on site. And we took corresponding measures such as hardware improvement and system updates to effectively control relevant occupational health and safety risks.

As a new drug R&D enterprise, there is a risk of personnel in contact with hazardous chemicals during the R&D process. We provide pre-employment, on-duty, and off-duty occupational health examinations for employees exposed to high occupational health risks. Based on the actual situation, we formulate corresponding remedial measures to promptly adjust the positions of employees who experience occupational health problems. At the same time, in the hazardous chemical laboratory, we have taken safety measures such as installing fume hoods and universal covers to fully ensure the health and safety of every employee. During the reporting period, the total occupational health investment of the Company was RMB5,796,645.

JOINTLY CREATE

Jacobio attaches great importance to supplier management. We have a stable supply chain and corresponding supply chain management mechanisms. And we always adhere to the principles of "fairness, impartiality, and openness" in procurement, continuously strengthening supplier management. Jacobio also attaches great importance to social responsibility contributions. We continue to strengthen academic exchanges within the industry to seek timely sharing of cutting-edge research within the industry. At the same time, we continue to pay attention to social welfare activities and assume the social responsibility of a responsible enterprise.

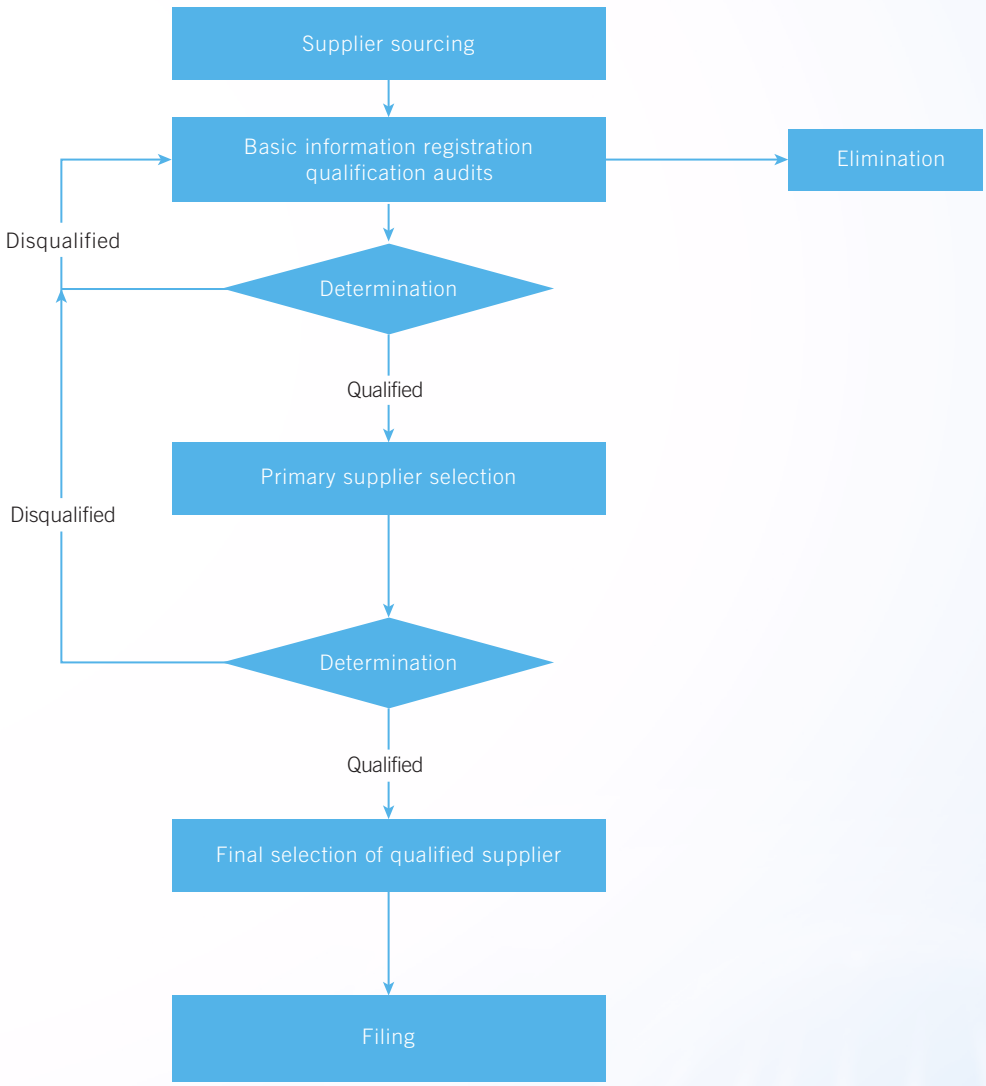
Supply chain management

We continue to deepen the Company's supply chain management and have developed internal management systems such as the *Supplier Management System*, the *Goods Procurement Management System*, and *Contractor Management System* based on the actual operational situation of the Company. We strictly regulate the admission and exit of suppliers, supplier evaluation, supplier environmental and social risks, and practice the principle of responsible procurement.

Environmental, Social and Governance Report

Supplier access

We have established the *Supplier Management System* to standardize the entire process management of supplier sourcing, access, assessment, and elimination. We stipulate that the procurement demand department is responsible for organizing supplier sourcing, and classifying potential suppliers into production R&D, fixed assets, services, intangible assets, and office supplies based on their categories and characteristics. Procurement personnel should conduct strict background checks and qualification audits, fully considering factors such as the supplier's background, qualifications, production capacity, quality, service quality, honest and compliant operation, and sustainable development performance. Ultimately, qualified suppliers will be recorded in the Company's qualified supplier database.



Supplier audit process

Environmental, Social and Governance Report

To identify potential environmental and social risks from suppliers, we strictly follow the qualification audit process and primarily inspect the construction of the supplier's EHS management system. Suppliers who meet the Company's procurement requirements and have no major violations or operate in good faith and compliance may be included in the Company's supplier candidate list. We continue to use three comparative methods to select suppliers with excellent comprehensive capabilities. Under equal conditions, we will prioritize selecting suppliers who meet national environment protection requirements and use environmentally friendly products to promote their use of environmentally friendly products. During the reporting period, we have completed 163 supplier access audits in total.

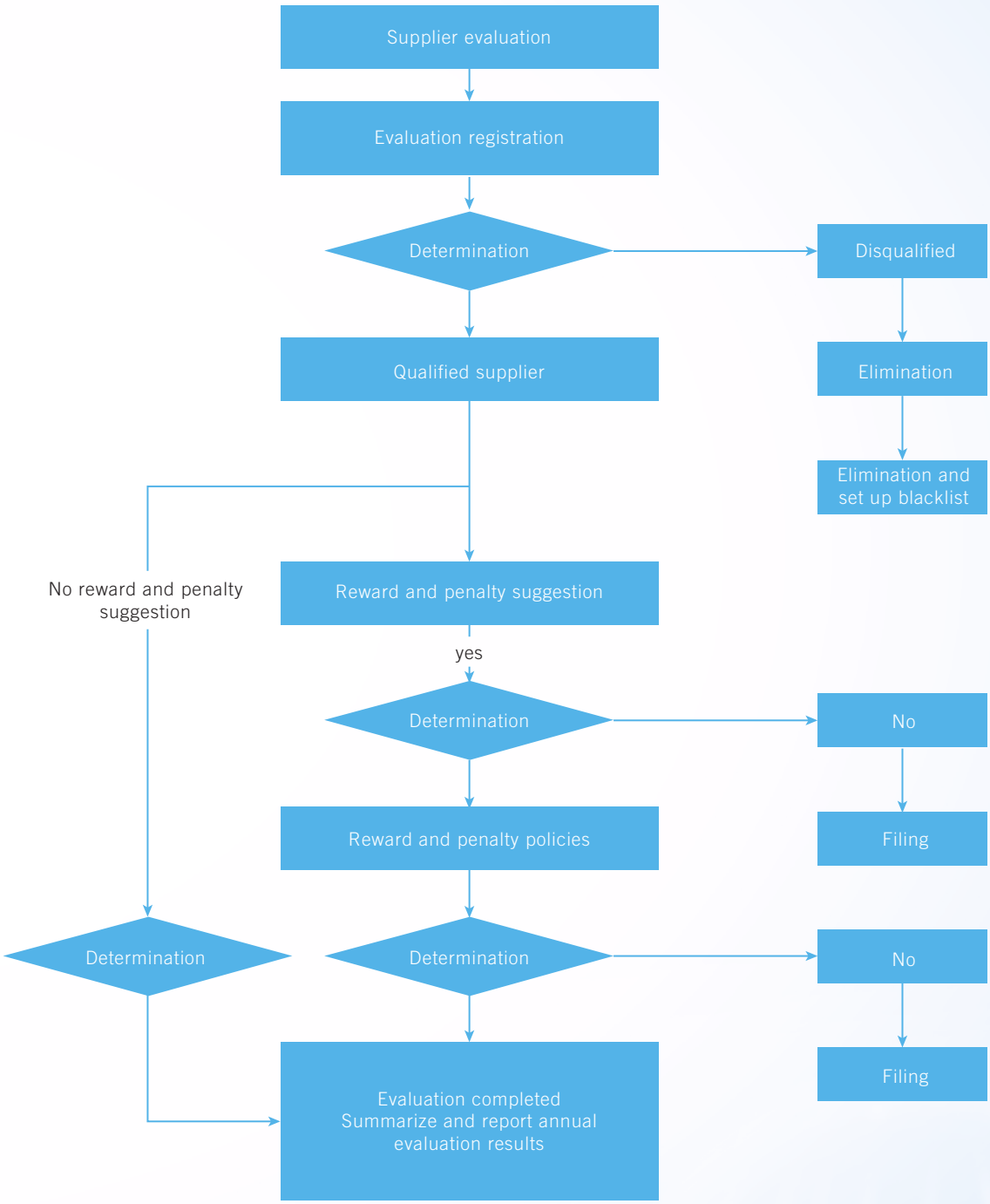
Supplier evaluation

We adopt a method of annual assessment and evaluation to manage qualified suppliers. The procurement department is responsible for conducting supplier assessment and evaluation based on the *Supplier Assessment Form*, which involves various aspects such as quality, cost, manufacturing techniques, and service. Suppliers are managed on a hierarchical basis based on the evaluation results, and we implement different reward and penalty policies for suppliers at different levels.

We regularly conduct audits on various suppliers. During the reporting period, we selected 10 suppliers and conducted audits on their quality, costs, service, and other aspects to strengthen risk monitoring.

Evaluation results of suppliers	Excellent	Good	Average	Poor
Reward and penalty policies	Establish long-term cooperation; Provide more cooperation opportunities; Provide written recognition.	Provide more cooperation opportunities while ensuring a reasonable supplier layout.	Assist or punish suppliers based on their situations.	Elimination

Environmental, Social and Governance Report



Supplier evaluation process

Environmental, Social and Governance Report

Social contribution

Industry communication

Jacobio actively carries out school-enterprise exchanges, seeks opportunities for communication and discussion with peers. We continue to explore the R&D of new cancer drugs, committed to promoting the development of the medical and health industry.

Case: The Economic Observer seminar on "reconstruction of innovative drug R&D rules"

In August 2023, Dr. Wang Yinxiang, Chairman of Jacobio, attended a media seminar organized by The Economic Observer with the theme of "reconstruction of innovative drug research and development rules". He discussed with on-site guests such as Li Ning, Vice President of the National Cancer Center/ Cancer Hospital Chinese Academy of Medical Sciences, on the current status of the clinical trial industry, the connotation of "patient-centered", and clinical value orientation.

Environmental, Social and Governance Report

Case: Visit of outstanding Hong Kong youths

On August 21st, Dr. Yin Danqing, a medical doctor from the University of Hong Kong, led current master's and PhD students in life sciences, biotechnology, pharmacy, bioengineering, bioinformatics and other disciplines from universities in Hong Kong, China, to the Jacobio's Beijing headquarters. They learned and practised in the form of enterprise visits, entrepreneurial sharing, themed debates, and closing competitions, covering the most cutting-edge topics such as gene therapy, AI for Science, and generative AI.

Dr. Long Wei, Executive Vice President of Preclinical R&D at Jacobio, shared and exchanged ideas with Hong Kong Youths, and introduced the Company's new drug development strategy, as well as the two major technology platforms behind the project (induced allosteric drug discovery platform and iADC platform). At the same time, he also shared with students the differences between engaging in new drug R&D in the academic and industrial sectors. This activity provided a platform for outstanding young people from both regions to exchange and share ideas, leading young talents from both regions to further explore cutting-edge achievements in the industry.

Environmental, Social and Governance Report

Case: Dr. Wang Yinxiang was invited to give a keynote speech at the School of Pharmacy, Tsinghua University

In September 2023, Dr. Wang Yinxiang, Chairman and CEO of Jacobio, was invited to give a keynote speech titled "Focusing on the Development of Undruggable Antitumor Drugs Targets – Searching for Entrepreneurial Opportunities in the Development of New Technologies" at the School of Pharmacy, Tsinghua University. Dr. Wang shared his personal experiences from academia to industry with his classmates, as well as the research history and future development direction of anti-tumor drugs. At the same time, he discussed with the teachers and classmates the potential and advantages of Chinese biopharmaceutical companies in developing innovative new drugs for the global market.

Inclusive healthcare

As a socially responsible enterprise, Jacobio actively promotes inclusive healthcare and continuously contributes to the community. Combining our own enterprise advantages and industry experience, we opened the thematic column "Snack for Science" on the Company's WeChat official account platform, opened a "For Patients" page on the Company's official website, and popularized cancer treatment related knowledge for the public.

Environmental, Social and Governance Report

Case: Inclusive healthcare - "Snack for Science" thematic science popularization column

In 2023, based on our own R&D progress and industry exchanges, we released three "Snack for Science" articles on the Company's WeChat official account platform, introducing the R&D history of KRAS targets, the introduction of "King of Cancer" pancreatic cancer. We provided the public with a new channel to obtain scientific knowledge.

Case: Opening up a "For Patients" page on the official website

We have opened up "For Patients" on the official website of Jacobio. In the "For Patients", we provide real-time updates on our Company's research products and clinical trial projects in operation, providing first-hand treatment plans for cancer patients. By the end of the reporting period, the Company has released 13 treatment plans, involving pancreatic cancer, non-small cell lung cancer, colorectal cancer, appendix cancer, small intestine cancer, esophageal squamous cell cancer and other tumor diseases.

Environmental, Social and Governance Report

Volunteer activities

Jacobio actively engages in community service and encourages employees to do their best to actively carry out volunteer activities in the local community.

Case: Volunteer activity of "Hope lodge"

On December 6th, the Christmas season, the American team went to the American Cancer Society's Hope Lodge for volunteer work. "Hope Lodges" are spread throughout the United States, providing free accommodation for cancer patients and their caregivers receiving treatment in medical institutions in various regions.

The Jacobio team came to a Hope Lodge, made lunch for the patients, and accompanied them to have a pleasant day together. As a member of the life and health industry, the Company encourages colleagues to have the opportunity to do some public welfare work within their capabilities, making our society more beautiful.

Environmental, Social and Governance Report

APPENDIX

ESG key performance

Key performance	Unit/Category	2023	2022	2021
Environmental				
Exhaust gas				
Non-methane hydrocarbon	Tonnes	0.09	0.02	0.01
Total ammonia emissions	Tonnes	0.000	0.004	0.003
Particulate matters	Tonnes	0.0002	0.006	0.005
Wastewater				
Total wastewater drainage	Tonnes	4,133.00	906.00	1,913.35
Chemical oxygen demand	Tonnes	0.111	1.05	1.04
Ammonia and nitrogen	Tonnes	0.003	0.008	0.007
Green House Gas (GHG)				
Direct GHG emissions (Scope 1)	tCO_2e	33.98	10.00	11.11
Indirect GHG emissions (Scope 2)	tCO_2e	1,476.44	884.98	819.33
Total GHG emissions (Scope 1 and Scope 2)	tCO_2e	1,510.42	894.98	830.44
GHG emissions per capita	tCO_2e per person	5.23	2.92	3.19
GHG emissions per square meter of floor space	tCO_2e/m^2	0.07	0.11	0.10
Waste				
Total hazardous waste discharges	Tonnes	57.98	54.99	62.34
Hazardous waste per capita	Tonnes per person	0.21	0.18	0.24
Hazardous waste per square meter of floor space	$Tonnes/m^2$	0.003	0.007	0.008
Total non-hazardous waste discharges	Tonnes	8.26	28.48	25.70
Non-hazardous waste per capita	Tonnes per person	0.03	0.10	0.10
Non-hazardous waste per square meter of floor space	$Tonnes/m^2$	0.0004	0.004	0.003
Energy consumption				
Total energy consumption	MWh	2,803.83	1,296.67	1,208.28
Direct energy consumption – Petrol	MWh	130.82	39.08	43.42
Indirect energy consumption – purchased electricity	MWh	2,397.40	1,257.89	1,164.86
Indirect energy consumption – purchased heat	MWh	275.61	/	/
Energy consumption per capita	MWh per person	9.70	4.22	4.65
Energy consumption per square meter of floor space	MWh/m^2	0.12	0.16	0.15

Environmental, Social and Governance Report

Key performance		Unit/Category	2023	2022	2021
Water					
Total water consumption		Tonnes	5,118	984	2,215
Water consumption per capita		Tonnes per person	19.39	3.63	9.54
Water consumption per square meter of floor space		Tonnes/m^2	0.23	0.13	0.29
Social					
Employment and diversity					
Total number of employees		Person	301	307	260
Gender	Male	Person	105	118	104
	Female	Person	196	189	156
Employment type	Permanent employees (without fixed term labor contracts)	Person	54	/	/
	Fixed term labor contracts	Person	242	/	/
	Labor dispatch	Person	5	/	/
Age	Aged 30 and below	Person	69	87	64
	Aged 31 to 50	Person	222	207	182
	Aged 50 and above	Person	10	13	14
Region	China	Person	291	293	245
	Other countries and regions	Person	10	14	15
Class of position	Senior management	Person	32	/	/
	Middle management	Person	60	/	/
	Staff	Person	209	/	/
Employee turnover rate					
Gender	Male	%	19.50	14.40	22.80
	Female	%	11.22	11.60	16.70
Age	Aged 30 and below	%	20.29	6.60	22.00
	Aged 31 to 50	%	12.16	14.90	17.80
	Aged 50 and above	%	10.00	14.80	25.00
Region	China	%	13.06	11.50	18.90
	Other countries and regions	%	40.00	34.50	25.00
Occupational health and safety					
Total number of work-related fatalities		person	0	0	0
Rate of work-related fatalities		%	0	0	0
Lost days due to work-related injury		Day	0	89	0

Environmental, Social and Governance Report

Key performance		Unit/Category	2023	2022	2021
Employee development and training					
Percentage of employees trained	Male	%	92.20	91.50	66.30
	Female	%	95.50	95.20	65.40
	Senior management	%	100.00	100.00	100.00
	Middle management	%	93.50	95.90	80.00
	Staff	%	93.70	93.10	59.90
Average training hours per person	Male	hours	5.20	10.00	12.00
	Female	hours	5.40	7.50	8.40
	Senior management	hours	10.66	8.50	9.40
	Middle management	hours	6.37	8.60	11.70
	Staff	hours	4.25	8.40	9.40
Supply chain management					
Total number of suppliers		Numbers	1,572	1,409	1,181
Region	Mainland China	Numbers	1,440	1,280	1,071
	Hong kong, Macau, and Taiwan of China	Numbers	7	7	6
	Other countries and regions	Numbers	125	122	104
Product responsibilities					
Percentage of products recalled due to safety and health issues		%	0	0	0
Number of complaints on products and service		Times	0	0	0
Anti-corruption					
The number of concluded cases regarding corrupt practices		Numbers	0	0	0
Number of employees participating in anti-corruption training		Person	301	307	100
Number of Directors participating in anti-corruption training		Person	8	9	12

Environmental, Social and Governance Report

Index of indicators

Index Position		Hong Kong Exchange ESG Guidelines Index Number and content	GRI Standards Index number
About the Report		reporting principles, reporting scope	2-1, 2-2, 2-3, 2-4, 2-5
About Jacobio			2-9, 2-10
ESG Governance	Board statement	governance structure	2-9
	ESG strategy		2-22
	ESG governance structure		2-9, 2-11, 2-12, 2-13
	Stakeholder engagement		2-29
	Analysis of significant issues		3-1, 3-2, 3-3
Compliant Operation	Abide by business ethics	B7, B7.1, B7.2	205-2, 205-3
	Intellectual property protection	B6, B6.3	
	Clinical ethics	B6	
	Data security and customer privacy protection	B6, B6.5	418-1
Quality Assurance	Quality management	B6, B6.4	416-1, 416-2
	R&D and innovation	B6	
	Customer protection	B6, B6.1, B6.2	417-1, 417-2
Green Development	Environmental management	A1, A1.5, A1.6, A2, A2.3, A2.4, A3, A3.1	302-4, 302-5
	Addressing climate change	A4, A4.1	201-2
	Resource management	A2, A2.1, A2.2	302-1, 302-2, 302-3, 303-4, 303-5
	Emission management	A1, A1.1, A1.2, A1.3, A1.4	305-1, 305-2, 305-4, 305-7, 306-1, 306-2, 306-3
Talent management	Employee employment	B1, B1.1, B1.2, B4, B4.1, B4.2	2-7, 401-1, 405-1, 406-1, 408-1, 409-1
	Employee development and training	B3, B3.1, B3.2	404-1, 404-2
	Employee care	B1	401-2, 401-3
	Employee health and safety	B2, B2.1, B2.2, B2.3	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-10
Jointly create	Supplier chain management	B5, B5.1, B5.2, B5.3, B5.4	308-1, 308-2
	Social contribution	B8, B8.1, B8.2	413-1

Environmental, Social and Governance Report

READER'S FEEDBACK

To continuously improve our ESG work and enhance our ESG management capabilities and level, we would greatly appreciate hearing your opinions and suggestions.

Please kindly assist in completing the relevant issues raised in the feedback form and choose the following methods to provide feedback to us.

Address: Building 8, No. 105 Jinghai Third Road, BDA, Beijing, China

Tel: 010-56315466

Postcode: 100176

Your Information	
Name	
Company name	
Tel	
Email	
Opinions & Suggestions	

1. What do you think of our ESG report?

   O Excellent O Good O Average

2. Do you think this report has presented the significant impact of our ESG issues?

   O Yes O More or less O Don't know

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this report?

   O Very high O High O Average O Low O Very low

4. Which aspect of this report are you most satisfied with?

   _____

5. What kind of information do you want to learn more about?

   _____

6. Do you have any suggestions for the ESG reports to be released in the future?

   _____

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in the in-house discovery and development of innovative oncology therapies. An analysis of the Group's revenue and operating results for the year ended December 31, 2023, by its principal activities are set out in note 5 to the consolidated financial statements of the Group on pages 180 to 181 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "Important Events After the Reporting Period" in this annual report.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, customers, suppliers and other business associates are key to the Group's success. The Group strives to cultivate long-term relationships with them. An account of the Company's key relationships with its employees, customers and suppliers, and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- its financial position;
- its ability to obtain additional financing to fund its operations;
- its ability to develop and commercialize its drug candidates, all of which are in pre-clinical or clinical development;
- its ability to identify additional drug candidates;
- its success in demonstrating the safety and efficacy of its drug candidates to the satisfaction of regulatory authorities or producing positive results in its clinical trials;
- material aspects of the research, development, and commercialization of pharmaceutical products being heavily regulated;
- lengthy, time-consuming, and inherently unpredictable regulatory approval processes of the regulatory authorities for its drug candidates;
- competition in the pharmaceutical industry where the Group serves; and
- its ability to obtain and maintain patent protection for its drug candidate.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling its social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community, and achieving sustainable growth. A discussion on the Group's environmental policies and performance is set out in the Environment, Social and Governance Report of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2023, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINANCIAL RESULTS

The results of the Group for the year ended December 31, 2023, are set out in the section headed "Management Discussion and Analysis" of this annual report and the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 148 to 149 of this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out in the section headed "Five-Year Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

During the year ended December 31, 2023, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

DIVIDEND POLICY AND FINAL DIVIDEND

Subject to the laws of the Cayman Islands and the Articles of Association, the Company may in general meeting declare dividends in any currency but no dividends shall exceed the amount recommended by the Board, and no dividends will be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium. We do not currently have an expected dividend payout ratio. The determination to pay dividends will be made at the discretion of the Board and will be based upon our cash flow, financial condition, capital requirements, and any other conditions that our Directors deem relevant.

The Board did not recommend the payment of the final dividend for the year ended December 31, 2023 (December 31, 2022: NIL).

DIRECTORS' REPORT

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("**AGM**") of the Company is scheduled to be held on Friday, June 7, 2024. A notice convening the AGM will be published and dispatched to the Shareholders of the Company in the manner required by the Listing Rules in due course.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 4, 2024 to Friday, June 7, 2024, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, June 3, 2024.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2023, the Group has one customer, as such, the Group's sales to its five largest customers accounted for 100% and the Group's sales to the single largest customer accounted for 100% for the year ended December 31, 2023.

During the year ended December 31, 2023, none of the Directors, their respective close associates, or any Shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, has any interest in the Group's customer.

Major Suppliers

For the year ended December 31, 2023, the Group's five largest suppliers accounted for 40.6%, as compared to 44.2% of the Group's total purchases for the year ended December 31, 2022. The Group's single largest supplier accounted for 18.5% for the year ended December 31, 2023, as compared to 15.3% of the Group's total purchases for the year ended December 31, 2022.

During the year ended December 31, 2023, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of total issued Shares of the Company) had any interest in the Group's five largest suppliers.

PROPERTY, PLANT, AND EQUIPMENT

Details of movements in property, plant, and equipment of the Group during the year ended December 31, 2023, are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Group during the year ended December 31, 2023, and details of the Shares Repurchased and cancelled during the year ended December 31, 2023, are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended December 31, 2023, are set out on page 151 in the consolidated statement of changes in equity and in the notes 28 and 34 to the consolidated financial statements.

DIRECTORS' REPORT

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2023.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2023, and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 148 to 207 of this annual report.

DIRECTORS

The Directors during the year ended December 31, 2023 and up to the date of this annual report were:

Name of Directors	Position
Dr. Yinxiang WANG	Chairman and Executive Director
Ms. Xiaojie WANG	Executive Director
Ms. Yunyan HU	Executive Director
Dr. Dong LYU (resigned with effect from August 31, 2023)	Non-executive Director
Ms. Yanmin TANG	Non-executive Director
Dr. Te-li CHEN	Non-executive Director
Dr. Ruilin SONG	Independent non-executive Director
Dr. Ge WU	Independent non-executive Director
Dr. Daqing CAI (resigned with effect from March 23, 2023)	Independent non-executive Director
Dr. Bai LU (appointed with effect from March 23, 2023)	Independent non-executive Director

Note: Dr. Dong LYU has resigned from his position as a non-executive Director with effect from August 31, 2023, Dr. Daqing CAI has resigned from his position as an independent non-executive Director with effect from March 23, 2023. Such resignations are due to their intentions to pursue other personal affairs. Dr. Bai LU has been appointed as an independent non-executive Director with effect from March 23, 2023. Please refer to the relevant announcements of the Company dated March 22, 2023 and August 30, 2023 for further details.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, Ms. Yanmin TANG, Ms. Yunyan HU and Dr. Te-li CHEN shall retire from office by rotation at the 2024 AGM and, being eligible, offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company under which he/she gas agreed to act as an executive Director for a term of three years, which may be terminated by not less than 30 days' notice in writing served by either party on the other and is subject to termination provisions therein. Each of the non-executive Directors and the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years which may be terminated 30 days in advance by either party in writing. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Connected Transactions" in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2023.

CONTRACTS WITH SUBSTANTIAL SHAREHOLDERS

Save for the Placing and Subscription Agreement and otherwise disclosed in this annual report, no contract of significance was entered into among the Company or any of its subsidiaries and the substantial shareholders or any of their subsidiaries, whether for the provision of services or otherwise, during the year ended December 31, 2023.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

DIRECTORS' REPORT

Interests in Shares of the Company

Name of director	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding[2]
Dr. Yinxiang WANG	Interest in controlled corporation; interest held jointly with another person	221,151,750[3][4][7]	27.93%
Ms. Xiaojie WANG	Beneficial owner; founder of a discretionary trust; interest in controlled corporation; interest held jointly with another person	221,151,750[3][5][7]	27.93%
Ms. Yunyan HU	Beneficial owner; founder of a discretionary trust; interest held jointly with another person	221,151,750[6][7]	27.93%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 791,755,080 Shares in issue as at December 31, 2023.

3. The entire share capital of each of Dr. Wang's SPV 1 and Dr. Wang's SPV 2 is directly owned by Dr. Wang and indirectly wholly owned by Dr. Wang and Ms. Zhu Shen, the spouse of Dr. Wang, respectively, and the voting rights of the Shares held by Willgenpharma Ltd which are intended to be used for employee incentive purposes are exercisable by Dr. Wang. Accordingly, Dr. Wang is deemed to be interested in such number of Shares held by Dr. Wang's SPV 1, Dr. Wang's SPV 2 and Willgenpharma Ltd. Dr. Wang is also deemed to be interested in all Shares held by Ms. Zhu Shen and Wordspharma Ltd, a company wholly-owned by Ms. Zhu Shen as Ms. Zhu Shen is the spouse of Dr. Wang. In addition, each of Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2 and Willgenpharma Ltd is also deemed to be interested in all Shares held by Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Honourpharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

4. Ms. Zhu Shen beneficially owns 384,900 Shares. In addition, the entire share capital of Wordspharma Ltd i s wholly owned by Ms. Zhu Shen. Accordingly, Ms. Zhu Shen is deemed to be interested in such number of Shares held by Wordspharma Ltd. Moreover, Ms. Zhu Shen is the spouse of Dr. Wang. Accordingly, Ms. Zhu Shen is also deemed to be interested in the Shares in which Dr. Wang is interested.

5. The share capital of Ms. Wang's SPV is indirectly owned by the XM Family Trust as to 99.5% and directly owned by Ms. Wang as to 0.5%. Ms. Wang is the settlor, the protector and the beneficiary of the XM Family Trust and therefore she is deemed to be interested in the shares held by Ms. Wang's SPV under the SFO. The voting rights of the Shares held by Gloryviewpharma Ltd which are intended to use for employee incentive purposes are exercisable by Ms. Wang. Accordingly, Ms. Wang is deemed to be interested in the Shares held by Gloryviewpharma Ltd. In addition, each of Ms. Wang, Ms. Wang's SPV and Gloryviewpharma Ltd are deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Blesspharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

6. The share capital of Ms. Hu's SPV is indirectly owned by the YN Family Trust as to 99.5% and directly owned by Ms. Hu as to 0.5%. Ms. Hu is the settlor, the protector and the beneficiary of the YN Family Trust and therefore she is deemed to be interested in the shares held by Ms. Hu's SPV under the SFO. In addition, each of Ms. Hu and Ms. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd and Blesspharma Ltd as they are parties acting in concert.

7. Blesspharma Ltd and Honourpharma Ltd are our ESOP Platforms. The entire share capital of Blesspharma Ltd is wholly owned by Blesspharma Trust. Ms. Wang and Ms. Hu are the administrators of Blesspharma Trust and are able to exercise the voting rights of the Shares held by Blesspharma Ltd, therefore they are deemed to be interested in the Shares held by Blesspharma Ltd under the SFO. In addition, the entire share capital of Honourpharma Ltd is directly owned by Dr. Wang. As the actual grantor under the 2021 Plan, the voting rights of the Shares held by Honourpharma Ltd are held by Ms. Wang and Ms. Hu. Accordingly, Ms. Wang and Ms. Hu are deemed to be interested in such number of Shares held by Honourpharma Ltd under the SFO.

DIRECTORS' REPORT

Save as disclosed above, as at December 31, 2023, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, (within the meaning Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at December 31, 2023, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding[2]
Dr. Wang's SPV 1[3]	Beneficial interest; interest held jointly with another person	221,151,750	27.93%
Dr. Wang's SPV 2[3]	Beneficial interest; interest held jointly with another person	221,151,750	27.93%
Willgenpharma Ltd[3]	Beneficial interest; interest held jointly with another person	221,151,750	27.93%
Ms. Zhu Shen[4]	Interest of spouse	221,151,750	27.93%
Ms. Wang's SPV[5]	Beneficial owner; interest held jointly with another person	221,151,750	27.93%
Gloryviewpharma Ltd[5]	Beneficial interest; interest held jointly with another person	221,151,750	27.93%
Blesspharma Ltd[6]	Beneficial interest; interest held jointly with another person	221,151,750	27.93%
Mr. Ze Liu[7]	Interest of spouse	221,151,750	27.93%
Ms. Hu's SPV[8]	Beneficial owner; interest held jointly with another person	221,151,750	27.93%
Honourpharma Ltd[9]	Beneficial interest; interest held jointly with another person	221,151,750	27.93%
Center Venture Holding I Limited (formerly known as BioEngine Capital Holding Limited)[10]	Beneficial interest	79,436,600	10.03%
Center Laboratories, Inc[10]	Interest in controlled corporation	87,486,890	11.05%
LAV Coda Limited[11]	Beneficial interest	42,134,075	5.32%
LAV Biosciences Fund IV, L.P. [11]	Interest in controlled corporation	47,670,875	6.02%
LAV GP IV, L.P.[11]	Interest in controlled corporation	47,670,875	6.02%
LAV Corporate IV GP, Ltd.[11]	Interest in controlled corporation	47,670,875	6.02%
LAV Asset Management (Hong Kong) Limited[11]	Interest in controlled corporation	60,734,925	7.67%
Mr. Yi Shi[11]	Interest in controlled corporation	60,734,925	7.67%

DIRECTORS' REPORT

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding[2]
Qiming Venture Partners VI, L.P. [12]	Beneficial interest	48,305,740	6.10%
Qiming Corporate GP VI, Ltd[12]	Interest in controlled corporation	49,605,555	6.27%
HH SPR-III Holdings Limited[13]	Beneficial interest	47,443,510	5.99%
Hillhouse Fund IV, L.P.[13]	Interest in controlled corporation	47,443,510	5.99%
Hillhouse Investment Management, Ltd. [13]	Interest in controlled corporation	47,443,510	5.99%
VISTRA TRUST (SINGAPORE) PTE. LIMITED[14]	Trustee; interest held jointly with another person	221,151,750	27.93%
Silver Summit Group Limited[15]	Interest in controlled corporation; interest held jointly with another person	221,151,750	27.93%
Ultimate Estate Limited[15]	Interest in controlled corporation; interest held jointly with another person	221,151,750	27.93%
Easy Sonic International Limited[16]	Interest in controlled corporation; interest held jointly with another person	221,151,750	27.93%
Treasure Partner International Limited[16]	Interest in controlled corporation; interest held jointly with another person	221,151,750	27.93%

Note:

1. All interests stated are long positions.

2. The calculation is based on the total number of 791,755,080 Shares in issue as at December 31, 2023.

3. The entire share capital of each of Dr. Wang's SPV 1 and Dr. Wang's SPV 2 is directly owned by Dr. Wang and indirectly wholly owned by Dr. Wang and Ms. Zhu Shen, the spouse of Dr. Wang, respectively, and the voting rights of the Shares held by Willgenpharma Ltd which are intended to be used for employee incentive purposes are exercisable by Dr. Wang. Accordingly, Dr. Wang is deemed to be interested in such number of Shares held by Dr. Wang's SPV 1, Dr. Wang's SPV 2 and Willgenpharma Ltd. Dr. Wang is also deemed to be interested in all Shares held by Ms. Zhu Shen and Wordspharma Ltd, a company wholly-owned by Ms. Zhu Shen as Ms. Zhu Shen is the spouse of Dr. Wang. In addition, each of Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2 and Willgenpharma Ltd is also deemed to be interested in all Shares held by Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Honourpharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

4. Ms. Zhu Shen beneficially owns 384,900 Shares. In addition, the entire share capital of Wordspharma Ltd is wholly owned by Ms. Zhu Shen. Accordingly, Ms. Zhu Shen is deemed to be interested in such number of Shares held by Wordspharma Ltd. Moreover, Ms. Zhu Shen is the spouse of Dr. Wang. Accordingly, Ms. Zhu Shen is also deemed to be interested in the Shares in which Dr. Wang is interested.

5. The share capital of Ms. Wang's SPV is indirectly owned by the XM Family Trust as to 99.5% and directly owned by Ms. Wang as to 0.5%. Ms. Wang is the settlor, the protector and the beneficiary of the XM Family Trust and therefore she is deemed to be interested in the shares held by Ms. Wang's SPV under the SFO. The voting rights of the Shares held by Gloryviewpharma Ltd which are intended to be used for employee incentive purposes are exercisable by Ms. Wang. Accordingly, Ms. Wang is deemed to be interested in the Shares held by Gloryviewpharma Ltd. In addition, each of Ms. Wang, Ms. Wang's SPV and Gloryviewpharma Ltd are deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Blesspharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

DIRECTORS' REPORT

6. The entire share capital of Blesspharma Ltd is wholly owned by Blesspharma Trust. Ms. Wang and Ms. Hu are the administrators of Blesspharma Trust and are able to exercise the voting rights of the Shares held by Blesspharma Ltd, therefore they are deemed to be interested in the Shares held by Blesspharma Ltd under the SFO. In addition, Blesspharma Ltd is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

7. Mr. Ze Liu is the spouse of Ms. Wang. Accordingly, Mr. Ze Liu is deemed to be interested in the Shares in which Ms. Wang is interested.

8. The share capital of Ms. Hu's SPV is indirectly owned by the YN Family Trust as to 99.5% and directly owned by Ms. Hu as to 0.5%. Ms. Hu is the settlor, the protector and the beneficiary of the YN Family Trust and therefore she is deemed to be interested in the shares held by Ms. Hu's SPV under the SFO. In addition, each of Ms. Hu and Ms. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd and Blesspharma Ltd as they are parties acting in concert.

9. The entire share capital of Honourpharma Ltd is directly owned by Dr. Wang. As the actual grantor under the 2021 Plan, the voting rights of the Shares held by Honourpharma Ltd are held by Ms. Wang and Ms.Hu. Accordingly, Ms. Wang and Ms. Hu are deemed to be interested in such number of Shares held by Honourpharma Ltd under the SFO. In addition, Honourpharma Ltd is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Blesspharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

10. Pursuant to an internal reorganization of Center Laboratories, Inc., BioEngine Capital Inc. was merged by absorption into Center Laboratories, Inc. with effect from July 8, 2022, upon which BioEngine Capital Inc.'s assets (including its 100% shareholding in BioEngine Capital Holding Limited) were assumed by Center Laboratories, Inc. BioEngine Capital Inc. was dissolved with effect from August 2, 2022. BioEngine Capital Holding Limited was renamed Center Venture Holding I Limited with effect from August 22, 2022. To the best of our Director's knowledge, Center Venture Holding I Limited (formerly known as BioEngine Capital Holding Limited) is a directly wholly owned subsidiary of Center Laboratories, Inc. Accordingly, Center Laboratories, Inc. is deemed to be interested in the shares in which Center Venture Holding I Limited is interested. In addition, since Center Laboratories, Inc. is interested in 33.23% of the interests in Fangyuan, Center Laboratories, Inc. is also deemed to be interested in the Shares held by Fangyuan Growth SPC – PCJ Healthcare Fund SP.

11. To the best of our Director's knowledge, LAV Coda Limited is wholly owned by LAV Biosciences Fund IV, L.P., a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund IV, L.P. is LAV GP IV, L.P., whose general partner is LAV Corporate IV GP, Ltd., a Cayman company owned by Mr. Yi Shi. Therefore, under the SFO, each of LAV Biosciences Fund IV, L.P., LAV GP IV, L.P., LAV Corporate IV GP, Ltd. and Mr. Yi Shi is deemed to be interested in the Shares held by LAV Coda Limited.

    To the best of our Director's knowledge, the general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a Cayman company owned by Mr. Yi Shi as well. Therefore, under the SFO, each of LAV Biosciences Fund V, L.P., LAV GP V, L.P., LAV Corporate V GP, Ltd. and Mr. Yi Shi is deemed to be interested in the Shares held by LAV Biosciences Fund V, L.P.

    Therefore, Mr. Yi Shi is deemed to be interested in the Shares held by both LAV Coda Limited and LAV Biosciences Fund V, L.P. LAV Asset Management (Hong Kong) Limited entered into an investment management agreement to manage Shares held by the funds.

DIRECTORS' REPORT

12. Qiming Venture Partners VI, L.P. and Qiming Managing Directors Fund VI, L.P. are exempted limited partnerships registered under the laws of the Cayman Islands. Qiming GP VI, L.P. is the general partner of Qiming Venture Partners VI, L.P., whereas Qiming Corporate GP VI, Ltd. is the general partner of both Qiming GP VI, L.P. and Qiming Managing Directors Fund VI, L.P.

13. To the best of our Director's knowledge, Hillhouse Investment Management, Ltd. acts as the sole management company of Hillhouse Fund IV, L.P., which owns HH SPR-III Holdings Limited. Therefore, Hillhouse Investment Management, Ltd. is deemed to be interested in the Shares held by HH SPR-III Holdings Limited.

14. As at December 31, 2023, Dr. Wang, Willgenpharma Ltd, Yakovpharma Ltd, Johwpharma Ltd, Honourpharma Ltd, Ms. Hu, Ms. Hu's SPV, Wordspharma Ltd, Blesspharma Ltd, Gloryviewpharma Ltd, Ms. Wang and Ms. Wang's SPV are concert parties, each is deemed to be interested in aggregate interests of 221,151,750 shares, including the shares owned by Ms. Zhu Shen, Dr. Wang's wife, and Wordspharma Ltd, which is wholly owned by Ms. Zhu Shen. Therefore, Vistra Trust (Singapore) Pte. Limited is deemed to be interested in 221,151,750 shares.

15. As at December 31, 2023, Dr. Wang, Willgenpharma Ltd, Yakovpharma Ltd, Johwpharma Ltd, Honourpharma Ltd, Ms. Hu, Ms. Hu's SPV, Wordspharma Ltd, Blesspharma Ltd, Gloryviewpharma Ltd, Ms. Wang and Ms. Wang's SPV are concert parties, each is deemed to be interested in aggregate interests of 221,151,750 Shares, including the Shares owned by Ms. Zhu Shen, Dr. Wang's wife, and Wordspharma Ltd, which is wholly owned by Ms. Zhu Shen. Besides, 22,932,500 shares were directly held by Ms. Wang's SPV which is directly owned by Ultimate Estate Limited as to 99.5% and which in turn is wholly owned by Silver Summit Group Limited. Accordingly, Ultimate Estate Limited and Silver Summit Group Limited are deemed to be interested in the Shares and Ultimate Estate Limited and Silver Summit Group Limited are deemed to be interested in 221,151,750 shares.

16. As at December 31, 2023, Dr. Wang, Willgenpharma Ltd, Yakovpharma Ltd, Johwpharma Ltd, Honourpharma Ltd, Ms. Hu, Wordspharma Ltd, Blesspharma Ltd, Gloryviewpharma Ltd, Ms. Wang and Ms. Wang's SPV are concert parties, each is deemed to be interested in aggregate interests of 221,151,750 Shares, including the Shares owned by Ms. Zhu Shen, Dr. Wang's wife, and Wordspharma Ltd, which is wholly owned by Ms. Zhu Shen. Besides, 23,081,095 shares were directly held by Ms. Hu's SPV which is directly owned by Treasure Partner International Limited as to 99.5% and which in turn is wholly owned by Easy Sonic International Limited. Accordingly, Treasure Partner International Limited and Easy Sonic International Limited are deemed to be interested in the Shares and Treasure Partner International Limited and Easy Sonic International Limited are deemed to be interested in 221,151,750 shares.

Save as disclosed above, as at December 31, 2023, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2023, none of our Directors had any interest in a business, apart from the business of our Group, which competed or was likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

On August 31, 2021, our 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, which represented approximately 19.74% of the issued share capital of Hebecell on a fully-diluted and as-converted basis upon completion of the third closing of the Share Purchase Agreement, at the total consideration of US$25,000,000. 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 (the "**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. Certain other investors to the Supplemental Agreement, namely Wordspharma Ltd., Ultimate Estate Limited, Treasure Partner International Limited and Olive Rise Holdings Limited, are associates of our executive Directors, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG, Ms. Yunyan HU and Mr. Weidong LIN (a former director of Beijing Jacobio), respectively. Accordingly, the entering into of the Supplement Agreement, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Hebecell, founded in Boston in 2016, is primarily engaged in developing universal, cost-effective and off-the-shelf NK cell therapeutics based on its proprietary 3D-induced pluripotent stem cell (iPSC) platform, which will be available to worldwide patients for the treatment of cancer, viral infectious and autoimmune diseases. Considering (i) due to the COVID-19 pandemic, the conditions for the second closing were not met and the parties agreed not to proceed with the second and third closings as described in the Share Purchase Agreement; and (ii) the strategic realignment of the Company, the Company decided to enter into the Supplemental Agreement to re-allocate more resources for prioritizing the clinical development of JAB-21822 (an oral, small molecule KRAS G12C inhibitor independently developed by the Company) and other ongoing and planned early-stage drug discovery and development. The Directors (including the independent non-executive Directors) consider the terms of the Supplemental Agreement are executed on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are of the view that entering into the Supplemental Agreement will not have any material adverse effect on the operation, business and financial position of the Group. For more details, please refer to the Company's Announcements dated August 31, 2021 and March 10, 2023, respectively.

The Group has no non-exempt continuing connected transactions (the "**Continuing Connected Transactions**") for the Group for the year ended December 31, 2023, which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. Details of related party transactions of the Group for the year ended December 31, 2023 are set out in note 33 to the consolidated financial statements. Save as disclosed above, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent shareholders' approval, annual review, and disclosure requirements in Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2023, the Company did not retain any profits under IFRSs as reserves available for distribution to our equity shareholders.

DONATION

During the year ended December 31, 2023, the Group did not make charitable donations (December 31, 2022: nil).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

BANK BORROWINGS AND OTHER BORROWINGS

The bank borrowings and other borrowings primarily consisted of unsecured short-term bank loans which are denominated in RMB. Details of the bank borrowings of our Group as at December 31, 2023 are set out in note 24 to the consolidated financial statements.

PUBLIC FLOAT

According to information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the public float as required under the Listing Rules during the year ended December 31, 2023 and up to the date of this annual report.

CORPORATE GOVERNANCE

The Board is of the opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the year under review. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2023, are set out in note 32 to the consolidated financial statements.

DIRECTORS' REPORT

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages, and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force for the year ended December 31, 2023. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group or existed during the year ended December 31, 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Vendor Placing and Subscription

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 purchasers on a best effort basis 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**"). The closing price as quoted on the Stock Exchange on the last trading day prior to the signing of the Placing and Subscription Agreement was HK$7.80 per Share. On February 14, 2023 and February 17, 2023, the Vendor Placing and the Subscription have been completed, respectively. A total of 22,100,100 Placing Shares have been successfully placed at the Placing Price of HK$7.26 per Placing Share to not less than six professional, institutional and/or individual investors (the "**Purchasers**"). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchasers, together with their respective ultimate beneficial owners, are third parties independent of and not connected with the Top-up Vendor, the parties acting in concert with the Top-up Vendor, the Company and connected persons of the Company. None of such Purchasers and their respective ultimate beneficial owners has become a substantial shareholder of the Company upon taking up the Placing Shares. The Top-up Vendor was not involved in screening and selecting the Purchasers in connection with the Vendor Placing.

DIRECTORS' REPORT

The Vendor Placing and the Subscription are beneficial to continuously developing the Company's pipeline of candidate products whilst broadening the shareholder base of the Company. The Vendor Placing and the Subscription will also provide an opportunity to further strengthen the Company's financial position and provide additional working capital to the Company. 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, 2023 and February 17, 2023.

Repurchase of Shares

During the Reporting Period, the Company repurchased a total of 1,807,200 Shares of the Company at an aggregate consideration (before all the relevant expenses) of HK$6,121,110 on the Stock Exchange. As of the date of this report, all such repurchased Shares have been cancelled. Particulars of the repurchases made by the Company during the Reporting Period are as follows:

Month of repurchase during the Reporting Period	No. of Shares repurchased	Price paid per Share		Aggregate consideration paid
		Highest price *(HK$)*	Lowest price *(HK$)*	*(HK$)*
July 2023	139,800	4.13	3.72	530,244
August 2023	499,800	3.84	3.73	1,899,402
September 2023	1,167,600	3.24	3.06	3,691,464
Total	**1,807,200**			**6,121,110**

Save for the Vendor Placing and Subscription and the repurchase of Shares as mentioned above, neither our Company nor any of its subsidiaries had purchased, sold or redeemed any of our Company's listed securities during the year ended December 31, 2023.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2023. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2023.

DIRECTORS' REPORT

STOCK INCENTIVE PLANS

The Company has three existing share schemes, namely the 2017 Stock Incentive Plan (the "**2017 Plan**"), the 2020 Stock Incentive Plan (the "**2020 Plan**") and the 2021 Stock Incentive Plan (the "**2021 Plan**"). From January 1, 2023, the Company relied on the transitional arrangements provided for the existing share schemes and will comply with the requirements under new Chapter 17 of the Listing Rules accordingly (effective from January 1, 2023).

2017 Stock Incentive Plan

The 2017 Plan was adopted on January 1, 2017 and modified on March 1, 2020. A summary of the principal terms of the 2017 Plan is set out below:

Purpose

The purposes of the 2017 Plan are to attract and retain the best available personnel, to provide additional incentives to Employees.

Eligible participants

Employees. The award shall be granted in the form of restricted share ("**2017 Awards**") under the 2017 Plan.

Maximum number of shares

The maximum aggregate number of Shares which were available to all 2017 Awards is 11,159,320 Shares (which are satisfied by existing Shares), representing 1.41% of the issued Shares as of the date of this annual report. No further 2017 Awards will be granted under the 2017 Plan.

There is no maximum limit of 2017 Awards which may be granted to each grantee subject to the compliance of the Listing Rules.

Vesting of 2017 Awards

The vesting period are specified in the respective award agreement between the Company and the grantee. Details of the vesting period of individual grants are stated in the tables below.

Consideration

There is no amount payable on application or acceptance of the 2017 Awards.

Purchase price

The purchase price under the 2017 Plan is RMB0.02 for each restricted share.

DIRECTORS' REPORT

Life

The 2017 Plan has already expired as of December 31, 2023.

No 2017 Awards were granted under the 2017 Plan during the year ended December 31, 2023. Details of movement of 2017 Awards under the 2017 Plan during the year ended December 31, 2023 are set out below:

Grantees	Nature	Date of grant	Number of restricted shares unvested as at January 1, 2023	Vesting Period	Purchase price	Granted during 2023	Vested during 2023	Lapsed/ forfeited during 2023	Cancelled during 2023	Number of restricted shares unvested as at December 31, 2023	Weighted average closing price of Shares immediately before date of vesting during 2023
Directors of the Company											
Nil											
Five highest paid individuals during 2023 (excluding Directors)											
Nil											
Other grantees in aggregate											
Employees	Restricted shares	2020/3/1	258,090	2020-2023	RMB0.02	–	258,090	–	–	–	HK$6.97
Total	**Restricted shares**	–	**258,090**	–	–	–	**258,090**	–	–	–	–

2020 Stock Incentive Plan

The Company adopted the 2020 Plan on March 1, 2020. A summary of the principal terms of the 2020 Plan is set out below:

Purpose

The purposes of the 2020 Plan are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors of the Company or Related Entity and any person engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

Eligible participants

Employees, Directors of the Company or Related Entity and any person engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity. The award shall be granted in the form of option, restricted share and other right or benefit ("**2020 Awards**") under the 2020 Plan.

DIRECTORS' REPORT

Maximum number of shares

The maximum aggregate number of Shares which are available to all 2020 Awards is 11,531,025 Shares (which are satisfied by existing Shares), representing approximately 1.46% of the issued Shares as of the date of this annual report. No further 2020 Awards will be granted under the 2020 Plan.

There is no maximum limit of 2020 Awards which may be granted to each grantee subject to the compliance of the Listing Rules.

Exercise period

Any 2020 Awards granted under the 2020 Plan shall be exercisable at such times and under such conditions as determined by the administrator of the 2020 Plan ("**2020 Awards Administrator**") under the terms of the 2020 Plan and specified in the respective award agreement between the Company and the grantees.

Vesting of 2020 Awards

The vesting period of 2020 Awards under the 2020 Plan shall be determined by the 2020 Awards Administrator subject to the terms of the 2020 Plan and described in the respective award agreement between the Company and the grantee.

Details of the exercise period and vesting period of individual grants are stated in the tables below.

Consideration

There is no amount payable on application or acceptance of the 2020 Awards.

Exercise price or purchase price

The exercise or purchase price, if any, for an 2020 Award shall be determined by the 2020 Awards Administrator.

Life

The 2020 Plan shall continue in effect until the tenth (10th) anniversary of March 1, 2020. The remaining life of the 2020 Plan is approximately 5 years and 10 months as of the date of this annual report.

No 2020 Awards were granted under the 2020 Plan during the year ended December 31, 2023. Details of movement of 2020 Awards under the 2020 Plan during the year ended December 31, 2023 are set out below:

Grantees	Nature	Date of grant	Number of outstanding options or unvested restricted shares as at January 1, 2023	Vesting Period	Exercise Period	Purchase Price	Exercise Price	Options or restricted shares granted during 2023	Options exercised during 2023	Restricted shares vested during 2023	Options or restricted shares lapsed/ forfeited during 2023	Options or restricted shares cancelled during 2023	Number of options outstanding or restricted shares unvested as at December 31, 2023	Weighted average closing price of Shares immediately before date of vesting during 2023
Directors of the Company														
Dr. Wang	Restricted shares	2020/7/20	242,930	2020 to 2023	N/A	USD0.00002	N/A	–	N/A	242,930	–	–	–	HK$3.85
Ms. Wang	Restricted shares	2020/7/20	180,500	2020 to 2023	N/A	RMB0.02	N/A	–	N/A	180,500	–	–	–	HK$3.85
Ms. Hu	Restricted shares	2020/7/20	136,170	2020 to 2023	N/A	RMB0.02	N/A	–	N/A	136,170	–	–	–	HK$3.85
Five highest paid individuals during 2023 (excluding Directors)	Options	2020/7/20	5,000,000	2020 to 2025	90 days following the 5th year anniversary of the grant date	Nil	USD0.00002[1] or USD0.8	–	–	N/A	–	–	5,000,000	N/A
Other grantees in aggregate														
Employees	Options	2022/3/25	250,000	2022 to 2024	90 days following the 5th year anniversary of the grant date	Nil	USD0.8	–	–	N/A	–	–	250,000	N/A
	Restricted shares	2020/3/1	1,380,200	2020 to 2025	N/A	RMB0.02	N/A	–	N/A	460,065	50,000	–	870,135	HK$8.77
		2020/7/20	93,670	2020 to 2023	N/A	USD0.00002	N/A	–	N/A	93,670	–	–	–	HK$3.85
		2021/9/14	237,500	2021 to 2025	N/A	RMB0.02	N/A	–	N/A	–	187,500	–	50,000	N/A
		2022/9/16	62,500	2022 to 2024	N/A	RMB0.02	N/A	–	N/A	37,500	–	–	25,000	HK$8.77
		2022/12/1	1,175,000	2022 to 2027	N/A	RMB0.02 or Nil	N/A	–	N/A	140,313	100,000	–	934,687	HK$5.90
Total	**Options**	–	**5,250,000**	–	–	–	–	–	–	–	–	–	**5,250,000**	–
	Restricted shares	–	**3,508,470**	–	–	–	–	–	–	**1,291,148**	**337,500**	–	**1,879,822**	–

Notes:

1. As a result of the capitalisation issue which took place immediately before the completion of the Global Offering, the exercise price disclosed has been adjusted in proportion to the modification of the number of share options, and the modifications mentioned above did not result in any incremental fair value granted.

2. As the shares under the 2020 Plan are existing Shares, the total number of Shares available for issue under the 2020 Plan is 0. The number of shares that may be issued in respect of the 2020 Awards granted under the 2020 Plan during the year ended December 31, 2023 divided by the weighted average number of Shares in issue during the year ended December 31, 2023 is not applicable.

DIRECTORS' REPORT

2021 Stock Incentive Plan

The Company has adopted the 2021 Plan on August 31, 2021. A summary of the principal terms of the 2021 Plan is set out below:

Purpose

The purposes of the 2021 Plan are to attract and retain the best available personnel, to provide additional incentives to Employees and to promote the success of the Company's business.

Eligible participants

Persons eligible to receive Awards under the 2021 Plan are Employees, who is in the employ of the Company or any Related Entity and is manager level or above, or considered essential for the Company's development by the Company's management team, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The award shall be granted in the form of hypothetical number of Shares, to be settled upon vesting in Shares, restricted share ("**RSU**") or other right or benefit granted or sold ("**2021 Awards**") under the 2021 Plan.

Administration

With respect to grants of 2021 Awards to Employees, the 2021 Plan shall be administered by the administrator, namely Ms. Xiaojie WANG and Ms. Yunyan HU, Directors of the Company, or a person designated by Ms. Xiaojie WANG and Ms. Yunyan HU (the "**Administrator**").

Maximum number of shares

The Administrator may instruct the actual grantor (being Blesspharma Ltd or Honourpharma Ltd), at any time as they deem appropriate, to purchase existing Shares on the open market utilizing consideration received in relation to the grant of 2021 Awards. Subject to the adjustments upon changes in capitalization, the maximum aggregate number of Shares which are available for all 2021 Awards is (i) 10,000,000 existing Shares, representing 1.26% of the issued Shares as of the date of this annual report; plus (ii) existing Shares purchased on the open market from time to time. No purchase of existing Shares will be made if the relevant purchase on the open market would result in the actual grantor holding in aggregate more than 1.30% of total number of issued Shares of the Company in issue as of the date of the adoption of the Plan or 10,000,000 Shares, whichever is lower. No existing Shares had been purchased on the open market during the year ended December 31, 2023 and up to the date of this annual report. The number of 2021 Awards available for grant under the 2021 Plan as of January 1, 2023 and December 31, 2023 were 4,770,000 and 5,194,096, respectively. As of the date of this annual report, the total number of Shares available for grant under the 2021 Plan was 5,194,096 Shares, representing approximately 0.66% of the issued Shares of the Company.

There is no maximum limit of 2021 Awards which may be granted to each grantee subject to the compliance of the Listing Rules.

DIRECTORS' REPORT

Life

The 2021 Plan shall continue in effect until the tenth (10th) anniversary of August 31, 2021. The remaining life of the 2021 Plan is approximately 7 years and 4 months as of the date of this annual report.

Vesting of 2021 Awards

The vesting period of 2021 Awards under the 2021 Plan shall be determined by the Administrator subject to the terms of the 2021 Plan and described in the respective award agreement between the Company and the grantee. Details of the vesting period of individual grants are stated in the tables below.

Purchase price

The purchase price, if any, for a 2021 Award under the 2021 Plan shall be determined by the Administrator.

Consideration

Subject to applicable laws, the consideration to be paid for the Shares to be issued upon purchase of a 2021 Award including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued the payment methods as provided in the award agreement. The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of award agreement or by other means, grant 2021 Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

For further details of the 2021 Plan, please refer to the announcements of the Company dated August 31, 2021 and October 8, 2021.

DIRECTORS' REPORT

5,230,000 units of 2021 Awards were granted under the 2021 Plan. No 2021 Awards were granted under the 2021 Plan during the year ended December 31, 2023. Details of movement of the 2021 Awards under the 2021 Plan during the year ended December 31, 2023 are set out below:

Grantees	Nature	Date of grant	Number of restricted shares unvested as at January 1, 2023	Vesting Period	Purchase price[2]	Restricted shares granted during 2023[1]	Restricted shares lapsed/ forfeited during 2023	Restricted shares cancelled during 2023	Restricted shares vested during 2023	Number of restricted shares unvested as at December 31, 2023	Weighted average closing price of Shares immediately before date of vesting during 2023
Directors of the Company											
Nil											
Five highest paid individuals during 2023 (excluding Directors)	Restricted shares	2022/12/1[1][2]	410,000	2022 to 2026	Nil	–	–	–	52,275	357,725	HK$4.86
Other grantees in aggregate											
Employees	Restricted shares	2022/12/1[1][2]	4,820,000	2022 to 2026	Nil	–	424,096	–	848,404	3,547,500	HK$4.65
Total	**Restricted shares**	–	**5,230,000**	–	–	–	**424,096**	–	**900,679**	**3,905,225**	–

Notes:

1. The Company has set specific performance targets for all the grantees. Performance targets for grantees in the clinical department include submitting registrational clinical trial applications and completing the first patient enrollment, and obtaining approval for the NDA of certain drug candidates. For grantees in other departments, the performance targets include obtaining approval for IND applications of various drug candidates.

2. As the shares under the 2021 Plan are existing Shares, the total number of Shares available for issue under the 2021 Plan is 0. The number of shares that may be issued in respect of the 2021 Awards granted under the 2021 Plan during the year ended December 31, 2023 divided by the weighted average number of Shares in issue during the year ended December 31, 2023 is not applicable.

MATERIAL CONTRACTS AND EXECUTION

Beijing Jacobio (as tenant) and Beijing Yizhuang Shengyuan Investment and Development Group Co., Ltd.* (北京亦莊盛元投資開發集團有限公司) (as landloard) entered into a lease agreement dated October 19, 2021 (the "**Lease Agreement**") in relation to the lease of premises for office and manufacture use and R&D laboratory for a fixed term of ten calendar years from September 1, 2022 to August 31, 2032 and subsequently entered into the supplementary agreements on August 31, 2022 and November 18, 2022. For details, please refer to the announcement of the Company dated April 25, 2023. Save for the Lease Agreement, during the Reporting Period, the Group did not have any material custody, contracting or lease arrangements, nor were there such arrangements carried forward to the Reporting Period from the previous period.

DIRECTORS' REPORT

USE OF PROCEEDS FROM GLOBAL OFFERING

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**"). All unutilized Net Proceeds as at December 31, 2023 are expected to be utilized by the end of 2025.

As at December 31, 2023, approximately RMB450.7 million of the Net Proceeds had been utilized as follows:

	Percentage of Net Proceeds	Allocation of Net Proceeds *RMB million*	Unutilized Net Proceeds as at December 31, 2022 *RMB million*	Utilized Net Proceeds in 2023 *RMB million*	Unutilized Net Proceeds as at December 31, 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)]	18%	213.0	193.6	118.8	74.8
Fund the set-up of our sales and marketing team and commercialization activities of JAB-3312 and JAB-21822 in China	4%	47.3	47.3	–	47.3
Fund ongoing and planned clinical trials of JAB-8263	10%	118.3	62.9	9.7	53.2
Fund clinical development of JAB-21822, including registrational clinical trials and preparation for NDA	38%	454.6	201.9	161.7	40.2
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	18%	207.9	100.6	100.6	–
Fund the planned decoration of our R&D center and construction of our in-house GMP-compliant manufacturing facility	8%	94.6	80.1	59.9	20.2
For working capital and general corporate purposes	4%	47.4	–	–	–
Total	**100%**	**1,183.1**	**686.4**	**450.7**	**235.7**

Note:

(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.

DIRECTORS' REPORT

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

For the details regarding the placing and the top-up subscription, please refer to the section headed "Purchase, Sale or Redemption of Listed Securities of our Company". The Company received total net proceeds of approximately HK$158.9 million, equivalent to approximately RMB139.1 million from the Subscription, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. All unutilized net proceeds from the Subscription as at December 31, 2023 are expected to be utilized by the end of 2025. There has been no change in the intended use of the net proceeds as previously disclosed in the announcements of the Company published on the websites of the Stock Exchange and the Company dated February 10, 2023 and February 17, 2023.

As at December 31, 2023, approximately RMB46.1 million of the Net Proceeds had been utilized as follows:

	Percentage of Net Proceeds	Allocation of Net Proceeds *RMB million*	Utilized Net Proceeds in 2023 *RMB million*	Unutilized Net Proceeds as at December 31, 2023 *RMB million*
Advancing the clinical trials of the Company's KRAS G12C inhibitor JAB-21822 (including confirmatory clinical trials)	35%	48.7	–	48.7
Advancing the research and development of the Company's pre-clinical pipeline products, including the development of programs such as JAB-23E73 ($KRAS^{multi}$ inhibitor) and its iADC platforms	65%	90.4	46.1	44.3
Total	**100%**	**139.1**	**46.1**	**93.0**

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, no important events affecting the Company occurred after the reporting period and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets.

DIRECTORS' REPORT

AUDITOR

The Company has appointed PricewaterhouseCoopers as the auditor of the Company for the year ended December 31, 2023. The consolidated financial statements of the Group for the year ended December 31, 2023 have been audited by PricewaterhouseCoopers. There was no change in the auditor of the Company in the preceding three years.

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

Yinxiang WANG
Chairman

Hong Kong, March 28, 2024

Independent Auditor's Report

To the Shareholders of JACOBIO PHARMACEUTICALS GROUP CO., LTD.
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of JACOBIO PHARMACEUTICALS GROUP CO., LTD. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 148 to 207, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is research and development expenses.

Key Audit Matter	How our audit addressed the Key Audit Matter
Research and development expenses Refer to Notes 2.1.4 and 6 to the consolidated financial statements. The Group incurred research and development expenses of approximately RMB372,320,000 for the year ended 31 December 2023 which mainly consisted of testing fees, employee benefit expenses, raw materials and consumables used in relation to research and development activities. We considered this is a key audit matter because the amount of the research and development expenses incurred is significant to the consolidated financial statements, and significant audit effort was involved in auditing the research and development expenses.	We performed the following audit procedure on research and development expenses: • Understood, evaluated and tested the management's key controls over research and development expenses; • Tested the research and development expenses, on a sample basis, by examining the relevant supporting documents, including contracts, progress reports, the underlying invoices, payment slips and staff time reports; • Circularised confirmations, on a sample basis, to suppliers to confirm the transaction amounts in relation to the research and development activities during the year; and • Tested research and development expenses before and after the year end date, on a sample basis, to assess whether they were recorded in the appropriate financial reporting period by examining the relevant supporting documents, including contracts and the underlying invoices. Based on the above procedures performed, we found the research and development expenses tested were supported by the evidences we obtained.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Company is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2024

Consolidated Statement of Profit or Loss

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	5	**63,520**	95,746
Cost of revenue	6	**(60,317)**	(83,112)
Gross profit		**3,203**	12,634
Research and development expenses	6	**(372,320)**	(445,647)
Administrative expenses	6	**(46,615)**	(42,551)
Other income	8	**7,504**	1,854
Other gains – net	9	**10,350**	79,509
Operating loss		**(397,878)**	(394,201)
Finance income	10	**47,071**	24,610
Finance expenses	10	**(8,312)**	(2,270)
Finance income – net	10	**38,759**	22,340
Loss before income tax		**(359,119)**	(371,861)
Income tax expense	11	**–**	–
Loss for the year		**(359,119)**	(371,861)
Loss for the year attributable to owners of the Company		**(359,119)**	(371,861)
Loss per share attributable to owners of the Company:			
– Basic and diluted (in RMB per share)	12	**(0.46)**	(0.49)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Loss for the year		**(359,119)**	(371,861)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**73**	304
Other comprehensive income for the year, net of tax		**73**	304
Total comprehensive loss for the year		**(359,046)**	(371,557)
Total comprehensive loss for the year attributable to owners of the Company		**(359,046)**	(371,557)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**88,797**	58,744
Right-of-use assets	15	**130,806**	146,484
Intangible assets		**1,366**	1,019
Long-term investments measured at fair value through profit or loss	16	**18,181**	25,421
Other receivables and prepayments	17	**2,908**	4,232
Long-term bank deposits	19	**50,013**	–
Total non-current assets		**292,071**	235,900
Current assets			
Contract assets	5	**9,339**	15,033
Other receivables and prepayments	17	**11,224**	25,026
Cash and bank balances	19	**1,147,847**	1,298,688
Total current assets		**1,168,410**	1,338,747
Total assets		**1,460,481**	1,574,647
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	**523**	510
Other reserves	28	**4,114,620**	3,979,524
Share-based compensation reserve	29	**152,027**	137,170
Accumulated losses		**(3,193,799)**	(2,834,680)
Total equity		**1,073,371**	1,282,524
LIABILITIES			
Non-current liabilities			
Redemption liability	22	**58,817**	–
Lease liabilities	23	**121,969**	134,663
Deferred income	21	**1,194**	1,609
Total non-current liabilities		**181,980**	136,272
Current liabilities			
Lease liabilities	23	**14,329**	13,131
Borrowings	24	**73,616**	–
Trade payables	25	**81,191**	96,551
Other payables and accruals	26	**35,994**	44,361
Derivative financial instruments	18	**–**	1,808
Total current liabilities		**205,130**	155,851
Total liabilities		**387,110**	292,123
Total equity and liabilities		**1,460,481**	1,574,647

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 148 to 207 were approved by the Board of Directors of the Company on 28 March 2024 and were signed on its behalf by:

Yinxiang Wang **Xiaojie Wang**

Consolidated Statement of Changes in Equity

	Note	Share capital *RMB'000*	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2023		**510**	**3,979,524**	**137,170**	**(2,834,680)**	**1,282,524**
Comprehensive loss						
Loss for the year		**–**	**–**	**–**	**(359,119)**	**(359,119)**
Exchange differences on translation of foreign operations		**–**	**73**	**–**	**–**	**73**
Transactions with owners						
Issue of shares	*27, 28*	**15**	**139,122**	**–**	**–**	**139,137**
Repurchase and cancellation of shares	*27, 28*	**(2)**	**(5,680)**	**–**	**–**	**(5,682)**
Share-based payments	*29*	**–**	**–**	**14,857**	**–**	**14,857**
Contribution from an investor	*22, 28*	**–**	**1,581**	**–**	**–**	**1,581**
Balance at 31 December 2023		**523**	**4,114,620**	**152,027**	**(3,193,799)**	**1,073,371**
Balance at 1 January 2022		510	3,979,220	120,177	(2,462,819)	1,637,088
Comprehensive loss						
Loss for the year		–	–	–	(371,861)	(371,861)
Exchange differences on translation of foreign operations		–	304	–	–	304
Transactions with owners						
Share-based payments	*29*	–	–	16,993	–	16,993
Balance at 31 December 2022		510	3,979,524	137,170	(2,834,680)	1,282,524

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash used in operations	*30*	**(381,444)**	(311,005)
Interests received		**17,245**	18,587
Net cash used in operating activities		**(364,199)**	(292,418)
Cash flows from investing activities			
Payments for property, plant and equipment		**(37,829)**	(16,444)
Payments for intangible assets		**(831)**	(62)
Proceeds from disposal of property, plant and equipment		**1,729**	85
Payments for long-term investments measured at fair value through profit or loss		**–**	(5,000)
Payments for bank deposits with original maturities of over 3 months		**(824,999)**	(662,470)
Proceeds from settlement of bank deposits with original maturities of over 3 months		**786,534**	–
Interest received on bank deposits with original maturities of over 3 months		**22,171**	–
Payments for restricted bank deposits		**–**	(12,691)
Withdrawals of restricted bank deposits		**10,758**	8,261
(Payments for)/proceeds from settlements of derivative financial instruments		**(5,534)**	1,999
Net cash used in investing activities		**(48,001)**	(686,322)
Cash flows from financing activities			
Payment of rental deposits		**(27)**	(1,136)
Refund of rental deposits		**643**	–
Interests paid		**(2,631)**	(2,259)
Proceeds from borrowings		**73,616**	–
Net proceeds from issue of shares	*27(a)*	**139,137**	–
Payments for repurchase of shares	*27(b)*	**(5,682)**	–
Principal elements of lease payments		**(18,778)**	(6,459)
Contribution from an investor	*22*	**60,000**	–
Net cash from/(used in) financing activities		**246,278**	(9,854)
Net decrease in cash and cash equivalents		**(165,922)**	(988,594)
Cash and cash equivalents at beginning of the year		**624,375**	1,527,204
Effects of exchange rate changes on cash and cash equivalents		**10,702**	85,765
Cash and cash equivalents at end of the year	*19*	**469,155**	624,375

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

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 consolidated financial statements are presented in Renminbi ("RMB") and rounded to nearest thousand of RMB, unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The material and other accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Summary of material accounting policies

2.1.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards ("IFRS")
- IAS Standards ("IAS")
- Interpretations developed by the IFRS Interpretations Committee ("IFRIC Interpretations") or its predecessor body, the Standing Interpretations Committee ("SIC Interpretations").

(b) Historical cost convention

The consolidated financial statements have been prepared under a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are measured at fair value.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

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

The adoption of these new and amended standards does not have material impact on the financial performance and position of the Group and also the material accounting policies of the Group. Refer to Note 11(c) for the impact of amendments to IAS 12 on presentation of deferred tax assets and liabilities before offsetting.

(d) New and amended standards not yet adopted

Certain amended standards have been published by IASB that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amended standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.1.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet, and consolidated statement of changes in equity, respectively.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(i) Business combination

The Group applies the acquisition method to account for business combinations except for business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date; any gain or loss arising from such remeasurement is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognise at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognise in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the business acquired the difference is recognised directly in profit or loss as a bargain purchase.

(ii) Changes in ownership interests without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transaction – that is, as transactions with equity owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.1.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvement, the shorter lease term as follows:

Machinery and equipment	5-10 years
Office equipment and furniture	3-5 years
Leasehold improvement	Shorter of remaining lease term or estimated useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Construction in progress represents leasehold improvement under construction, which is stated at actual construction costs less any impairment loss. Construction in progress is transferred to property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.4).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in profit or loss.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.4 Research and development costs

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed drug product and all the following can be demonstrated:

- The technical feasibility to complete the development project so that it will be available for use or sale;
- The intention to complete the development project to use or sell the intangible asset;
- The ability to use or sell the intangible asset;
- The manner in which the development project will generate probable future economic benefits for the Group;
- The availability of adequate technical, financial and other resources to complete the development project and use or sell the intangible asset; and
- The expenditure attributable to the asset during its development can be reliably measured.

Capitalised development costs are amortised using the straight-line method over the life of the related intangible asset. Amortisation shall begin when the asset is available for use.

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred.

During the years ended 31 December 2023 and 2022, there were no development costs meeting these criteria and capitalised as intangible assets.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

– Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

See Note 20 for details about each type of financial assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.5 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognise in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/losses – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/losses – net.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognise in profit or loss and presented net in the consolidated statement of profit or loss within other gains/losses – net in the period in which it arises.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.5 Financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/losses – net in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Derivatives

The Group's derivatives are not designated as hedging instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss.

(d) Impairment

The Group assesses the expected credit losses associated with its other receivables and contract assets on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.6 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

At contract inception, the Group assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct.

The Group considers the terms of the contracts to determine the transaction price. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value.

The Group recognises revenue only when it satisfies a performance obligation by transferring control of the promised goods or services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria:

- The counterparty simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- The Group's performance creates or enhances an asset that the counterparty controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group adopts an appropriate method of measuring progress for the purpose of recognising revenue. The Group evaluates the measure of progress at the end of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

The Group enters into license and collaboration agreements for research, development, manufacturing and commercialisation services. The terms of these arrangements typically include non-refundable upfront payments, reimbursements for costs incurred, milestone payments and royalties on net sales of licensed products. The contracts generally do not include a significant financing component.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.6 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

As part of the accounting for these arrangements, the Group use significant judgement: (i) to determine the performance obligations; and (ii) to estimate variable consideration.

Licenses of intellectual property: The Group assesses whether the licensing of the Group's intellectual property is distinct from the other performance obligations identified in the arrangements. For licenses determined to be distinct, the Group recognises revenue from non-refundable, upfront payments allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is able to use and benefit from the license.

Research and development services: For research and development services determined to be distinct, the portion of the reimbursements for costs incurred and other transaction price allocated to the performance obligations is recognised as revenue over time as delivery or performance of such services occurs.

The Group uses judgement to determine whether milestones or other variable consideration, except for royalties, should be included in the transaction price.

Milestone payments: At the inception of each arrangement that includes milestone payments, the Group assesses whether the milestones are considered highly probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method.

In making these assessments, the Group considers various factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve a particular milestone. Milestone payments that are subject to regulatory approvals and commercialisation stages are not considered highly probable of being achieved until those approvals are obtained or commercialisation stages are achieved.

The transaction price will be allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognises revenue from milestone payments as or when the performance obligations are satisfied. At the end of each subsequent reporting period, the Group re-evaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price.

Royalties: For arrangements that include sales-based royalties, the Group recognises revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.7 Leases

The Group leases properties for operation. Rental contracts are typically made for a fixed period of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment (if any):

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- Restoration costs.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.7 Leases (Continued)

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Right-of-use assets are subject to impairment review based on the policy as set out in Note 2.2.4.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise IT equipment and small items of office furniture.

2.1.8 Redemption liability

Redemption liability arises from a contract that contains an obligation to purchase equity instruments of the Group for cash or another financial asset. As the Group does not have the unconditional right to avoid delivering cash or another financial asset to repurchase its equity interests, the Group recognized a financial liability initially at the present value of the estimated future cash outflows of the redemption obligation.

Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect the present value of revised estimated future cash outflows and the adjustments will be recognised in profit or loss. The interests accrued on the redemption liability are recorded in finance expenses.

2.1.9 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(b) Pension obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.9 Employee benefits (Continued)

(c) Housing funds, medical insurance and other social insurance

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Share-based payments

(i) Equity-settled share-based payment transaction

The Group operates equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

– Including any market performance conditions;

– Excluding the impact of any service and non-market performance vesting conditions;

– Including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.9 Employee benefits (Continued)

(d) Share-based payments (Continued)

(i) Equity-settled share-based payment transaction (Continued)

In addition, in some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement date and grant date.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed on the date of the forfeiture.

(ii) Share-based payment transaction among group entities

The grant by the Company of its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies

2.2.1 Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.2 Associates

An associate is an entity over which the Group has significant influence but not control.

Investments in associates in the form of convertible redeemable preferred shares are accounted as financial assets measured at fair value through profit or loss (Note 2.1.5).

2.2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency. The functional currency of the subsidiaries of the Group, which operate in other jurisdictions generally use their respective local currencies as their functional currencies.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss within other gains/losses – net.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.3 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for consolidated statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.2.4 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognise amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.2.6 Trade and other receivables

Trade receivables are amounts due from customers for goods or products sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.2.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and on hand, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.2.9 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within 1 year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.10 *Borrowings and borrowing costs*

(a) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(b) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.11 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting dates in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.11 Income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.2.12 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Where the grants relate to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relate to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset on straight-line basis.

2.2.13 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

– The loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.

– By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

– The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

– The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective group entities' functional currency.

During the years ended 31 December 2023 and 2022, the Group mainly operates in the PRC with most of the transactions settled in RMB, but also undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. Management manages its foreign exchange risk by closely reviewing the movement of the foreign currency rates and considers hedging significant foreign exchange exposure should the need arise.

The Group's exposure to foreign exchange risk at 31 December 2023 and 2022, expressed in RMB, was as follows:

	As at 31 December 2023		As at 31 December 2022	
	USD	**HKD**	USD	HKD
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Contract assets	**9,339**	**–**	15,033	–
Other receivables	**–**	**–**	7,881	–
Long-term investments measured at fair value through profit or loss	**18,181**	**–**	25,421	–
Cash and bank balances	**853,232**	**13,147**	840,544	11
Trade payables	**(39,359)**	**–**	(25,916)	–
Derivative financial instruments	**–**	**–**	(1,808)	–

As at 31 December 2023, if USD and HKD had strengthened/weakened by 5% against RMB with all other variables held constant, the Group's loss before income tax for the year would have been approximately RMB42,727,000 lower/higher (2022: RMB43,058,000 lower/higher).

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liability. Redemption liability and borrowings which obtained at fixed rates exposed the Group to fair value interest rate risk.

As at 31 December 2023, the Group's redemption liability and borrowings are denominated in RMB and bear interest at fixed rates and their carrying amounts amounted to approximately RMB58,817,000 (2022: Nil) and RMB73,616,000 (2022: Nil), respectively.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, long-term bank deposits, contract assets, other financial assets carried at amortised cost and at fair value through profit or loss and derivative financial instruments. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

Credit risk is managed on a group basis. For cash and cash equivalents and other bank deposits, management considers the credit risk is low because the counterparties are state-owned or public listed commercial banks and financial institutions. The Group does not expect any losses and no loss allowance provision for cash and cash equivalents and other bank deposits was recognised.

For contract assets and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contract assets. The Group does not expect any losses from contract assets from the customer, which is a reputable pharmaceutical company with low credit risk, and no loss allowance provision for contract assets was recognised. The Group has assessed whether there is a significant increase in credit risk in relation to other receivables during the years, and no significant increase in credit risk was identified since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables, and no loss allowance provision for other receivables was recognised.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year ***RMB'000***	**Between 1 and 2 years** ***RMB'000***	**Between 2 and 5 years** ***RMB'000***	**Over 5 years** ***RMB'000***	**Total** ***RMB'000***
As at 31 December 2023					
Trade payables	**81,191**	**–**	**–**	**–**	**81,191**
Other payables and accruals (excluding non-financial liabilities)	**18,060**	**–**	**–**	**–**	**18,060**
Lease liabilities	**19,634**	**19,105**	**56,939**	**66,421**	**162,099**
Borrowings	**74,336**	**–**	**–**	**–**	**74,336**
Redemption liability	**–**	**–**	**70,350**	**–**	**70,350**
Total	**193,221**	**19,105**	**127,289**	**66,421**	**406,036**

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at 31 December 2022					
Trade payables	96,551	–	–	–	96,551
Other payables and accruals (excluding non-financial liabilities)	18,425	–	–	–	18,425
Lease liabilities	18,982	18,883	56,636	84,955	179,456
Total	133,958	18,883	56,636	84,955	294,432

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Group may issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total borrowings, redemptions liability and lease liabilities less cash and cash equivalents. As at 31 December 2023 and 2022, the Group is in a net cash position.

3.3 Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statement. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2023 and 2022:

	As at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Assets				
Long-term investments measured at fair value through profit or loss	**–**	**–**	**18,181**	**18,181**

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Long-term investments measured at fair value through profit or loss	–	–	25,421	25,421
Liabilities				
Derivative financial instruments	–	1,808	–	1,808

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Back-solve method and equity allocation model based on a combination of observable and unobservable inputs.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 assets for the years ended 31 December 2023 and 2022:

	Long-term investments measured at fair value through profit or loss *RMB'000*	Derivative financial instruments *RMB'000*	Total *RMB'000*
As at 1 January 2022	16,228	2,856	19,084
Additions	5,000	–	5,000
Changes in fair value	4,193	(2,856)	1,337
As at 31 December 2022	25,421	–	25,421
Include unrealised gains recognised in profit or loss for the year	4,193	–	4,193
As at 1 January 2023	**25,421**	**–**	**25,421**
Changes in fair value	**(7,240)**	**–**	**(7,240)**
As at 31 December 2023	**18,181**	**–**	**18,181**
Include unrealised losses recognised in profit or loss for the year	**(7,240)**	**–**	**(7,240)**

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended 31 December 2023 and 2022.

(iv) Valuation processes

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(v) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022		**31 December 2023**	31 December 2022	
	RMB'000	*RMB'000*				
Long-term investments measured at fair value through profit or loss	**18,181**	25,421	Expected volatility	**75.22%-96.80%**	60.55%-84.17%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("DLOM")	**30.00%-31.90%**	27.37%-31.18%	The higher the DLOM, the lower the fair value
			Risk-free rate	**3.78%-3.88%**	3.89%	The higher the risk-free rate, the lower the fair value

Should the risk-free rate used in the back-solve method and the equity allocation model be 10% higher/lower from management's estimates, the estimated fair value carrying amounts of long-term investments measured at fair value through profit or loss as at 31 December 2023 would have been approximately RMB20,000 lower/higher respectively (2022: approximately RMB80,000 lower/RMB94,000 higher respectively).

The carrying amounts of the Group's financial assets and other financial liabilities, including cash and bank balances, long-term bank deposits, other receivables, borrowings, redemption liability, lease liabilities, trade payables and other payables, approximate their fair values.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of fair value of long-term investments measured at fair value through profit or loss

Long-term investments measured at fair value through profit or loss, in the absence of an active market, is estimated by using appropriate valuation techniques. The Group used back-solve method to determine the underlying equity fair value of the investee and then adopted the equity allocation model to determine the fair value of the long-term investments measured at fair value through profit or loss as at date of purchase and at the end of each reporting period. Key assumptions, such as expected volatility, DLOM and risk-free rate are disclosed in Note 3.3(v). Any change in key assumptions used in the valuation allocation model will have impacts on the fair values.

(b) Recognition of share-based compensation expenses

As mentioned in Note 29 equity-settled share-based compensation plans were granted to the employees. The Group have used Black-Scholes model or binomial model to determine the total of the share options and referred the market price of the Company's shares at the grant date to determine the total fair value of the restricted shares granted to employees, which are to be expensed over the vesting period. Significant estimate on assumptions, such as the risk-free interest rate, expected volatility, estimation of vesting period and dividend yield, is required to be made by the Group in applying the methods.

5 SEGMENT AND REVENUE INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("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.

Notes to the Consolidated Financial Statements

5 SEGMENT AND REVENUE INFORMATION (Continued)

(b) License and collaboration agreement with a customer

For the year ended 31 December 2023, all of the Group's revenue of RMB63,520,000 (2022: RMB95,746,000) 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 would 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"). The Transition Period finally ended at 24 December 2023 and during the Transition Period, the Group has continued to provide research and development services under the Agreement and the customer has reimbursed all the costs incurred by the Group under the pre-approved development plan.

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue from the Agreement recognized:		
Over time	**63,520**	95,746
At a point in time	**–**	–
	63,520	95,746

(d) Assets related to contracts with customers

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current		
Contract assets relating to the Agreement	**9,339**	15,033
Less: loss allowance	**–**	–
	9,339	15,033

Notes to the Consolidated Financial Statements

6 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Testing fees	**184,418**	202,589
Employee benefits expenses *(Note 7)*	**174,097**	163,034
Raw materials and consumables used	**55,735**	149,540
Depreciation and amortisation	**25,080**	13,795
Professional services expenses	**7,533**	13,072
Short-term leases expenses	**4,050**	10,030
Auditor's remuneration	**2,393**	2,768
– Audit services	**2,393**	2,588
– Non-audit services	**–**	180
Others	**25,946**	16,482
Total	**479,252**	571,310

For the year ended 31 December 2023, the Group incurred research and development expenses of approximately RMB372,320,000 which mainly consisted of testing fees, employee benefit expenses, raw materials and consumables used in relation to research and development activities (2022: RMB445,647,000).

7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**127,932**	121,179
Social security costs and housing benefits	**16,082**	13,542
Share-based compensation expenses *(Note 29)*	**14,857**	16,993
Contribution to pension plans (i)	**10,629**	9,253
Other employee benefits	**4,597**	2,067
	174,097	163,034

(i) During the year ended 31 December 2023, no forfeited contributions were utilised by the Group to reduce its contributions to pension plans for the current year (2022: Nil).

(ii) Employee benefits expenses have been charged to the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of revenue	**5,425**	12,453
Research and development expenses	**140,841**	124,134
Administrative expenses	**27,831**	26,447
	174,097	163,034

Notes to the Consolidated Financial Statements

8 OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Government grants	**7,504**	830
Other income from a related party *(Note 33 (c))*	**–**	1,024
	7,504	1,854

9 OTHER GAINS – NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange gains	**20,688**	82,531
Net fair value changes on derivative financial instruments	**(3,726)**	(7,215)
Net fair value changes on long-term investments measured at fair value through profit or loss	**(7,240)**	4,193
Net gains on disposal of property, plant and equipment	**628**	–
	10,350	79,509

10 FINANCE INCOME – NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance income		
– Interest income	**47,071**	24,610
Finance expenses		
– Interest costs on lease liabilities	**(5,963)**	(2,270)
– Interest costs on borrowings	**(1,951)**	–
– Interest costs on redemption liability	**(398)**	–
	(8,312)	(2,270)
Finance income – net	**38,759**	22,340

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
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

The subsidiary as incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5%. 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 years ended 31 December 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 years ended 31 December 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 years ended 31 December 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 years ended 31 December 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 ("Super-deduction") 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 years ended 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSE (Continued)

(b) Numerical reconciliation of income tax expense

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(359,119)**	(371,861)
Tax credits calculated at statutory tax rate of 25%	**(89,780)**	(92,965)
Impact of applying different tax rate	**(5,295)**	(27,952)
Expenses not deductible for taxation purposes	**3,744**	5,541
Super deduction for research and development expenses	**(103,771)**	(90,027)
Tax losses and temporary differences not recognised as deferred income tax assets	**195,102**	205,403
Income tax expense	**–**	–

(c) Deferred tax assets/(liabilities)

The Group has applied amendments to IAS 12 for its annual reporting period commencing 1 January 2023 to recognise deferred income tax assets and deferred income tax liabilities for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities separately on a gross basis. Accordingly, the comparative figures as presented in Note 11(c) below have been restated. The Group's major deferred tax assets and liabilities and movements thereon during the current and prior years are as follows.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
The balance of deferred income tax assets comprises temporary differences attributable to:		
Lease liabilities	**19,652**	22,131
Set-off of deferred income tax liabilities pursuant to set-off provisions	**(19,652)**	(22,131)
Net deferred income tax assets	**–**	–

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSE (Continued)

(c) Deferred tax assets/(liabilities) (Continued)

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
The balance of deferred income tax liabilities comprises temporary differences attributable to:		
– Right-of-use assets	**(19,652)**	(22,131)
– Fair value gains on derivative financial instruments	**–**	–
Set-off of deferred income tax assets pursuant to set-off provisions	**19,652**	22,131
Net deferred income tax liabilities	**–**	–

The gross movements in deferred income tax assets/(liabilities), without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Lease liabilities ***RMB'000***	Tax losses ***RMB'000***	Right-of-use assets ***RMB'000***	Fair value gains on derivative financial instruments ***RMB'000***	Total ***RMB'000***
As at 1 January 2022	1,303	821	(1,441)	(683)	–
(Charged)/credited to profit or loss	20,828	(821)	(20,690)	683	–
As at 31 December 2022	22,131	–	(22,131)	–	–
As at 1 January 2023	**22,131**	**–**	**(22,131)**	**–**	**–**
(Charged)/credited to profit or loss	**(2,479)**	**–**	**2,479**	**–**	**–**
As at 31 December 2023	**19,652**	**–**	**(19,652)**	**–**	**–**

As at 31 December 2023 and 2022, the Group had unused tax losses of approximately RMB2,355,650,000 and RMB1,575,242,000, respectively that can be carried forward against future taxable income. No deferred income tax assets have been recognised in respect of these tax losses due to the unpredictability of future taxable income.

The unused tax losses of the Group were mainly from the subsidiaries incorporated in Mainland China. Pursuant to the relevant regulations, the tax losses of the subsidiaries incorporated in Mainland China, which are HNTE or Small and Medium-sized Technological Enterprises, will expire within 10 years.

Notes to the Consolidated Financial Statements

12 LOSS PER SHARE

(a) Basic loss per share

Basic and diluted loss per share reflecting the effect of the issuance of ordinary shares by the Company are presented as follows.

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective financial year.

	Year ended 31 December	
	2023	2022
Loss attributable to owners of the Company for the year (RMB'000)	**(359,119)**	(371,861)
Weighted average number of fully paid ordinary shares in issue (in thousands)	**772,842**	751,876
Basic loss per share (in RMB per share)	**(0.46)**	(0.49)

Movement in fully paid ordinary shares of the Company for the periods are shown in Note 27.

As at 31 December 2023, 16,566,644 (2022: 19,016,560) shares in relation to outstanding share options, ungranted or unvested restricted shares under employee incentive plans have not been included in the calculation of basic loss per share as presented above.

(b) Diluted loss per share

The Group had potential dilutive shares throughout the years ended 31 December 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 years ended 31 December 2023 and 2022, the inclusion of these potential dilutive shares in the calculation of diluted loss per share would be anti-dilutive. Hence, the Group's diluted loss per share equals to its basic loss per share for the years ended 31 December 2023 and 2022.

13 DIVIDEND

No dividend has been declared by the Company for the year ended 31 December 2023 (2022: Nil).

Notes to the Consolidated Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment *RMB'000*	Office equipment and furniture *RMB'000*	Leasehold improvement *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2023					
Cost	**47,537**	**5,766**	**10,202**	**27,787**	**91,292**
Accumulated depreciation	**(19,904)**	**(3,809)**	**(8,835)**	**–**	**(32,548)**
Net book value	**27,633**	**1,957**	**1,367**	**27,787**	**58,744**
Year ended 31 December 2023					
Opening net book amount	**27,633**	**1,957**	**1,367**	**27,787**	**58,744**
Additions	**6,718**	**1,371**	**746**	**32,658**	**41,493**
Disposals	**(279)**	**(120)**	**(702)**	**–**	**(1,101)**
Transfers	**–**	**–**	**60,445**	**(60,445)**	**–**
Depreciation charge	**(4,869)**	**(1,127)**	**(4,350)**	**–**	**(10,346)**
Effects of exchange rate changes	**7**	**–**	**–**	**–**	**7**
Closing net book value	**29,210**	**2,081**	**57,506**	**–**	**88,797**
As at 31 December 2023					
Cost	**53,226**	**6,158**	**61,856**	**–**	**121,240**
Accumulated depreciation	**(24,016)**	**(4,077)**	**(4,350)**	**–**	**(32,443)**
Net book value	**29,210**	**2,081**	**57,506**	**–**	**88,797**
As at 1 January 2022					
Cost	45,443	4,582	10,202	–	60,227
Accumulated depreciation	(15,301)	(2,824)	(8,036)	–	(26,161)
Net book value	30,142	1,758	2,166	–	34,066
Year ended 31 December 2022					
Opening net book amount	30,142	1,758	2,166	–	34,066
Additions	2,060	1,349	–	27,787	31,196
Disposals	–	(85)	–	–	(85)
Depreciation charge	(4,603)	(1,065)	(799)	–	(6,467)
Effects of exchange rate changes	34	–	–	–	34
Closing net book value	27,633	1,957	1,367	27,787	58,744
As at 31 December 2022					
Cost	47,537	5,766	10,202	27,787	91,292
Accumulated depreciation	(19,904)	(3,809)	(8,835)	–	(32,548)
Net book value	27,633	1,957	1,367	27,787	58,744

Notes to the Consolidated Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of property, plant and equipment has been charged to the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of revenue	**161**	531
Research and development expenses	**8,607**	4,910
Administrative expenses	**1,578**	1,026
	10,346	6,467

15 RIGHT-OF-USE ASSETS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Leased properties	**130,806**	146,484

The Group leases properties for its own use. Information about leases for which the Group is a lessee is presented below:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost	**155,348**	171,290
Accumulated depreciation	**(24,542)**	(24,806)
Net book amount	**130,806**	146,484

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening net book amount	**146,484**	7,706
Additions	**1,999**	148,834
Depreciation charged to profit or loss	**(14,250)**	(6,582)
Depreciation capitalized (a)	**(3,427)**	(3,474)
Closing net book amount	**130,806**	146,484

(a) The depreciation of a leased property was capitalised as construction in progress during the renovation period.

Notes to the Consolidated Financial Statements

15 RIGHT-OF-USE ASSETS (Continued)

The consolidated statement of profit or loss and the consolidated statement of cash flows contain the following amounts relating to leases:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets	**14,250**	6,582
Interest costs on lease liabilities	**5,963**	2,270
Expenses relating to short-term leases	**4,050**	10,030
The cash outflow for leases as operating activities	**4,465**	8,670
The cash outflow for leases as financing activities	**19,458**	8,718

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Preferred shares investment in an associate (a)	**11,339**	17,516
Preferred shares investment in an investee	**6,842**	7,905
	18,181	25,421

(a) In 2021, the Company has subscribed for 132,125 convertible redeemable series A preferred shares of Hebecell Holding Limited ("Hebecell") at a total consideration of USD2.5 million and has nominated one director in the board of directors of Hebecell.

(b) The investees of these preferred shares investments are principally engaged in research and development in biotechnology industry, and the major valuation techniques and assumptions used to determine fair values of long-term investments measured at fair value through profit or loss are disclosed in Note 3.3.

17 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Prepayments for goods and services	**6,196**	12,074
Value-added tax recoverable	**3,457**	2,402
Retention receivables	**2,908**	3,383
Others	**1,571**	11,399
	14,132	29,258
Less: non-current portion (a)	**(2,908)**	(4,232)
Current portion	**11,224**	25,026

(a) The non-current portion of other receivables and prepayments includes retention receivables not expect to be recovered in the coming 12 months and prepayments to suppliers of property, plant and equipment.

Notes to the Consolidated Financial Statements

18 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Foreign currency options	**–**	1,808

During the years ended 31 December 2022, the Group entered into several foreign currency exchange contracts with banks in order to manage the Group's foreign currency exposure in relation to USD against RMB. As at 31 December 2022, the notional amount of these foreign currency exchange contracts amounted to USD20,000,000. These foreign currency exchange contracts are not designated for hedge accounting purposes and are measured at fair value through profit or loss. During the year ended 31 December 2023, the Group has settled all these foreign currency exchange contracts with the respective banks.

19 CASH AND BANK BALANCES

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents	**469,155**	624,375
Bank deposits with original maturities of over 3 months	**723,984**	659,223
Restricted bank deposits (a)	**4,721**	15,090
	1,197,860	1,298,688
Less: Long-term bank deposits (non-current portion)	**(50,013)**	–
Cash and bank balances (current portion)	**1,147,847**	1,298,688

(a) As at 31 December 2023, restricted bank deposits are the deposits for performance guarantees of contracts (2022: deposits for performance guarantees and foreign currency exchange contracts).

Notes to the Consolidated Financial Statements

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost		
– Other receivables *(Note 17)*	**4,479**	13,934
– Cash and bank balances *(Note 19)*	**1,147,847**	1,298,688
– Long-term bank deposits *(Note 19)*	**50,013**	–
Long-term investments measured at fair value through profit or loss *(Note 16)*	**18,181**	25,421
	1,220,520	1,338,043
Financial liabilities		
Financial liabilities at amortised cost		
– Trade payables *(Note 25)*	**81,191**	96,551
– Other payables and accruals (excluding non-financial liabilities) *(Note 26)*	**18,060**	18,425
– Borrowings *(Note 24)*	**73,616**	–
– Redemption liability *(Note 22)*	**58,817**	–
Lease liabilities *(Note 23)*	**136,298**	147,794
Derivative financial instruments *(Note 18)*	**–**	1,808
	367,982	264,578

21 DEFERRED INCOME

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Asset-related government grants	**1,194**	1,609
To be realised within 12 months	**415**	415
To be realised after more than 12 months	**779**	1,194
	1,194	1,609

22 REDEMPTION LIABILITY

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Redemption liability at amortised cost (a)	**58,817**	–

Notes to the Consolidated Financial Statements

22 REDEMPTION LIABILITY (Continued)

(a) Pursuant to a capital increase agreement of Jacobio Pharmaceuticals Co., Ltd ("Beijing Jacobio") dated 30 June 2023 (the "Investment Agreement"), a third party, Beijing E-town International Investment & Development Co., Ltd. (the "Investor") proposed to invest an aggregate amount of RMB150 million to subscribe for 3.03% of the registered capital of Beijing Jacobio. Payment for the subscription consideration will be made in cash in three instalments based on the milestones of Beijing Jacobio's research and development activities. As at 31 December 2023, Beijing Jacobio has received the first instalment of RMB60 million.

Pursuant to the Investment Agreement, Beijing Jacobio is obligated to redeem the equity interests held by the Investor at the end of five-year period commencing on the date of the receipt of proceeds (the "Investment Period"), and has an option to redeem it at any time prior to the expiry of the Investment Period. The redemption price is the original investment principals plus interests calculated in accordance with terms of the Investment Agreement. The Investment Agreement was treated as a forward contract with fixed redemption price and the risks and rewards associated with ownership of the related equity investment in Beijing Jacobio had been transferred to the Group.

The Investment Agreement that contained an obligation for Beijing Jacobio to purchase its own equity instruments for cash gave rise to a financial liability recognised initially at the present value of the redemption amount and subsequently measured at amortised cost. A discount rate of 3.45% was applied to determine the present value of the redemption liability. The difference between the initial recognition amount of the redemption liability and the consideration paid by the Investor was recorded in other reserve (Note 28).

23 LEASE LIABILITIES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current	**14,329**	13,131
Non-current	**121,969**	134,663
	136,298	147,794

The Group leases properties for its own use and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowing rates of the Group ranging from 3.71% to 5.50% (2022: 3.86% to 5.50%).

For the total cash outflows for leases including payments of lease liabilities and payments of interest costs on leases are disclosed in Note 15.

24 BORROWINGS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Unsecured short-term bank loans	**73,616**	–

As at 31 December 2023, the unsecured bank loans are repayable within 1 year and bear interests at rates ranging from 3.10% to 3.90% per annum.

Notes to the Consolidated Financial Statements

25 TRADE PAYABLES

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**81,191**	96,551

The carrying amounts of trade payables approximate their fair values.

26 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Payroll and welfare payables	**15,998**	23,583
Payables for purchases of property, plant and equipment and intangible assets	**14,113**	14,724
Tax payables	**1,936**	2,353
Accrued professional service fees	**1,960**	1,818
Others	**1,987**	1,883
Total	**35,994**	44,361

27 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares *USD'000*	Number of preferred shares	Nominal value of preferred shares *USD'000*
Authorised:				
As at 1 January 2022, 31 December 2022 and 2023	1,000,000,000	100	–	–

	Number of shares	Share capital *USD'000*	*RMB'000*
Issued and fully paid:			
As at 1 January 2023	771,462,180	76	510
Issue of shares (a)	22,100,100	2	15
Repurchase and cancellation of shares (b)	(1,807,200)	–	(2)
As at 31 December 2023	791,755,080	78	523
As at 31 December 2021 and 2022	771,462,180	76	510

Notes to the Consolidated Financial Statements

27 SHARE CAPITAL (Continued)

(a) The Company completed the placing of existing shares to certain investors and the subscription of new shares by top-up vendor on 14 February 2023 and 17 February 2023 respectively. For these shares placement and subscription, the Company issued 22,100,100 ordinary shares with par value of USD0.0001 each at a price of HKD7.26 per share. Accordingly, amount of approximately USD2,000 (equivalent to approximately RMB15,000) are credited to share capital and the remaining proceeds (net of share issuance costs) of approximately RMB139,122,000 are credited to capital reserve.

(b) The mandate for the shares repurchase has been approved by the shareholders of the Company at the annual general meeting of the Company held in June 2023. During the year ended 31 December 2023, the Company has repurchased 1,807,200 of its own shares from the market which were subsequently cancelled (2022: Nil). The shares were acquired at prices ranging from HKD3.06 to HKD4.13, with an average price of HKD3.39 per share.

28 OTHER RESERVES

	Capital reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Total *RMB'000*
As at 1 January 2023	3,979,361	163	3,979,524
Issue of shares *(Note 27(a))*	139,122	–	139,122
Repurchase and cancellation of shares *(Note 27(b))*	(5,680)	–	(5,680)
Contribution from an investor *(Note 22)*	1,581	–	1,581
Exchange differences on translation of foreign operations	–	73	73
As at 31 December 2023	4,114,384	236	4,114,620
As at 1 January 2022	3,979,361	(141)	3,979,220
Exchange differences on translation of foreign operations	–	304	304
As at 31 December 2022	3,979,361	163	3,979,524

Notes to the Consolidated Financial Statements

29 SHARE-BASED PAYMENTS

The Group has adopted three employee incentive plans in 2017, 2020 and 2021, respectively. These incentive plans were designed to provide incentives to employees. Therein, the plan adopted in 2017 and its modification has already expired as of 31 December 2023 and other plans shall be valid and effective for ten years commencing on each adoption date.

2017 employee incentive plan ("2017 Plan") and its modification

In 2017, participants were granted share options of a subsidiary of the Company under the 2017 Plan. In 2020, the same group of participants were granted restricted shares at a consideration of RMB0.02 per share, taking place of the share options granted under 2017 Plan ("Modification of 2017 Plan"). No further options or restricted shares would be granted under the 2017 Plan and its modification.

2020 employee incentive plan ("2020 Plan")

Restricted shares which had been granted under the 2020 Plan shall vest during the period from 2022 to 2027 if certain service conditions and/or non-market performance conditions are met.

Share options of Willgenpharma Ltd, an employee incentive platform of the Group, which had been granted under the 2020 Plan shall vest from 2024 to 2025 if certain service conditions or non-market performance conditions are met. The share options vested are exercisable during the exercise period pursuant to the stock option award agreements. When the options are exercised, participants will hold the ordinary shares of the Company indirectly.

No restricted share or share option was granted under the 2020 Plan during the year ended 31 December 2023 (2022: 1,275,000 restricted shares and 250,000 share options).

2021 employee incentive plan ("2021 Plan")

Restricted shares which had been granted under the 2021 Plan shall vest during the period from 2023 to 2026 if certain service conditions and non-market performance conditions are met.

No restricted share or share option was granted under the 2021 Plan during the year ended 31 December 2023 (2022: 5,230,000 restricted shares).

As at 31 December 2023, 5,194,096 shares have not been granted under the existing employee incentive plans (2022: 4,770,000 shares). The summaries of share options and restricted shares under employee incentive plans are disclosed as follows:

Notes to the Consolidated Financial Statements

29 SHARE-BASED PAYMENTS (Continued)

(a) Share options

Set out below are the summaries of share options granted under the employee incentive plans:

	Year ended 31 December			
	2023		2022	
	Exercise price per option	**Number of options**	Exercise price per option	Number of options
As at 1 January	**USD0.00002 or USD0.8 (i), USD0.8**	**5,250,000**	USD0.00002 or USD0.8 (i)	6,000,000
Granted during the year	**–**	**–**	USD0.8	250,000
Forfeited during the year	**–**	**–**	USD0.00002 or USD0.8 (i)	(1,000,000)
As at 31 December	**USD0.00002 or USD0.8 (i), USD0.8**	**5,250,000**	USD0.00002 or USD0.8 (i), USD0.8	5,250,000
Exercisable as at 31 December		**–**		–

No options expired during the years ended 31 December 2023 and 2022. Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	**Exercise price**	**Share options**	
		As at 31 December 2023	As at 31 December 2022
90 days following the 5th year anniversary of the grant dates of each batch	USD0.00002 or USD0.8 (i)	**5,000,000**	5,000,000
	USD0.8	**250,000**	250,000
		5,250,000	5,250,000
Weighted average remaining contractual life of options outstanding at end of period		**1.80 years**	2.80 years

(i) The exercise price of these share options is USD0.00002 per option and shall be adjusted to USD0.8 per option retroactively if certain service conditions are not met.

Notes to the Consolidated Financial Statements

29 SHARE-BASED PAYMENTS (Continued)

(b) Restricted shares

Set out below are the summaries of restricted shares granted under the employee incentive plans:

	Number of restricted shares	
	2023	2022
As at 1 January	**8,996,560**	6,770,010
Granted during the year	**–**	6,505,000
Vested during the year	**(2,449,917)**	(4,128,450)
Forfeited during the year	**(761,596)**	(150,000)
As at 31 December	**5,785,047**	8,996,560

(c) Expenses arising from share-based payment transactions

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
2020 Plan	**6,764**	12,086
2021 Plan	**8,093**	4,907
	14,857	16,993

As at 31 December 2023, the accumulated expenses arising from share-based payment transactions amounting to RMB152,027,000 were recognised in the share-based compensation reserve (2022: RMB137,170,000).

Notes to the Consolidated Financial Statements

30 CASH FLOW INFORMATION

(a) Cash used in operations

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(359,119)**	(371,861)
Adjustments for:		
– Depreciation of property, plant and equipment	**10,346**	6,467
– Amortisation of intangible assets	**484**	746
– Depreciation of right-of-use assets	**14,250**	6,582
– Net fair value changes on long-term investments measured at fair value through profit or loss	**7,240**	(4,193)
– Finance income – net	**(38,759)**	(22,340)
– Share-based compensation expenses	**14,857**	16,993
– Net foreign exchange gains	**(20,688)**	(82,531)
– Net fair value changes on derivative financial instruments	**3,726**	7,215
– Net gains on disposal of property, plant and equipment	**(628)**	–
Changes in working capital:		
– Contract assets	**5,694**	49,886
– Other receivables and prepayments	**4,684**	29,188
– Trade payables	**(15,360)**	45,504
– Other payables and accruals	**(7,756)**	7,754
– Deferred income	**(415)**	(415)
Cash used in operations	**(381,444)**	(311,005)

(b) Changes in liabilities from financing activities

	Lease liabilities ***RMB'000***	**Redemption liability** ***RMB'000***	**Borrowings** ***RMB'000***
As at 1 January 2022	(6,807)	–	–
Cash used in financing activities	8,718	–	–
New leases *(Note 15)*	(147,435)	–	–
Interest costs *(Note 10)*	(2,270)	–	–
As at 31 December 2022	(147,794)	–	–
As at 1 January 2023	**(147,794)**	**–**	**–**
Cash used in/(from) financing activities	**19,458**	**(60,000)**	**(71,665)**
New leases *(Note 15)*	**(1,999)**	**–**	**–**
Interest costs *(Note 10)*	**(5,963)**	**(398)**	**(1,951)**
Other changes *(Note 28)*	**–**	**1,581**	**–**
As at 31 December 2023	**(136,298)**	**(58,817)**	**(73,616)**

(c) Major non-cash transactions

Major non-cash transaction during the year ended 31 December 2023 was the addition and disposal to right-of-use assets and the related lease liabilities (Note 15).

Notes to the Consolidated Financial Statements

31 COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not provided in the consolidated financial statements:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contracted but not provided for – Property, plant and equipment	71	51,393

32 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2023:

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered/Issued share capital	Ownership interest held by the Group		Ownership interest held by other investors	
				2023	2022	**2023**	2022
Directly held:							
JACOBIO (HK) PHARMACEUTICALS CO., LIMITED	Hong Kong, limited company	Investing holding, Hong Kong	10,000 shares of par value HKD1.00	**100.00%**	100.00%	**-**	-
Indirectly held:							
Beijing Jacobio	the PRC, limited liability company*	Research and development of new drugs, the PRC	RMB291,177,296	**96.97%**	100.00%	**3.03%** ***(Note 22)***	-
Jacomab Pharmaceuticals Co., Ltd.	the PRC, limited liability company*	Research and development of new drugs, the PRC	RMB5,400,000	**100.00%**	100.00%	**-**	-
JACOBIO (US) PHARMACEUTICALS, INC.	the United States of America ("U.S."), corporation	Research and development of new drugs, U.S.	5,000 shares of par value USD1.00	**100.00%**	100.00%	**-**	-

* Registered as foreign-invested enterprise under PRC law

(i) Investments in subsidiaries

The Company's subsidiaries are unlisted companies and the investments in subsidiaries are accounted for at cost.

(ii) Significant restrictions

As at 31 December 2023, cash and bank balances of the Group, amounting to RMB618,969,000 (2022: RMB448,966,000) were held in Mainland China and they are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Notes to the Consolidated Financial Statements

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Hebecell	Associate of the Group

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2023 and 2022.

(b) Key management compensation

Key management includes directors and senior management.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**12,791**	12,360
Share-based compensation expenses	**5,522**	8,739
	18,313	21,099

The salaries and other short-term employee benefits disclosed above include RMB1,537,000 of salaries payable which were unpaid as at year end and are included in other payables and accruals (2022: RMB2,107,000).

(c) Transactions with other related parties

The following transactions occurred with related parties:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Provide consulting services		
Hebecell	**–**	1,024

Notes to the Consolidated Financial Statements

34 BALANCE SHEET AND MOVEMENTS OF REVERSES OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investments in subsidiaries	**1,702,120**	1,174,071
Long-term investments measured at fair value through profit or loss	**18,181**	25,421
Amounts due from subsidiaries	**386,941**	–
Total non-current assets	**2,107,242**	1,199,492
Current assets		
Amounts due from subsidiaries	**8,662**	396,562
Cash and bank balances	**521,603**	860,245
Total current assets	**530,265**	1,256,807
Total assets	**2,637,507**	2,456,299
EQUITY		
Share capital	**523**	510
Other reserves	**4,358,930**	4,225,488
Share-based compensation reserve	**152,027**	137,170
Accumulated losses	**(1,876,133)**	(1,908,833)
Total equity	**2,635,347**	2,454,335
LIABILITIES		
Current liabilities		
Other payables and accruals	**2,160**	1,964
Total liabilities	**2,160**	1,964
Total equity and liabilities	**2,637,507**	2,456,299

The balance sheet of the Company were approved by the Board of Directors of the Company on 28 March 2024 and were signed on its behalf by:

Yinxiang Wang **Xiaojie Wang**

Notes to the Consolidated Financial Statements

34 BALANCE SHEET AND MOVEMENTS OF REVERSES OF THE COMPANY (Continued)

Movements of reserves of the Company

	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2023	**4,225,488**	**137,170**	**(1,908,833)**	**2,453,825**
Comprehensive income				
Profit for the year	**–**	**–**	**32,700**	**32,700**
Transactions with owners				
Issue of shares	**139,122**	**–**	**–**	**139,122**
Repurchase and cancellation of shares	**(5,680)**	**–**	**–**	**(5,680)**
Share-based payments	**–**	**14,857**	**–**	**14,857**
Balance at 31 December 2023	**4,358,930**	**152,027**	**(1,876,133)**	**2,634,824**
Balance at 1 January 2022	4,225,488	120,177	(1,993,558)	2,352,107
Comprehensive income				
Profit for the year	–	–	84,725	84,725
Transactions with owners				
Share-based payments	–	16,993	–	16,993
Balance at 31 December 2022	4,225,488	137,170	(1,908,833)	2,453,825

Notes to the Consolidated Financial Statements

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out as follows:

	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses (iii) *RMB'000*	Share-based compensation expenses *RMB'000*	Employer's social security costs *RMB'000*	Total *RMB'000*
Year ended 31 December 2023						
Chairman						
Yinxiang Wang	–	2,640	375	247	153	3,415
Executive directors						
Xiaojie Wang	–	2,304	60	187	–	2,551
Yunyan Hu	–	2,064	300	141	–	2,505
Non-executive directors						
Te-Li Chen	–	–	–	–	–	–
Yanmin Tang	–	–	–	–	–	–
Dong Lyu (i)	–	–	–	–	–	–
Independent non-executive directors						
Ruilin Song	400	–	–	–	–	400
Ge Wu	200	–	–	–	–	200
Daqing Cai (i)	–	–	–	–	–	–
Bai Lu (i)	150	–	–	–	–	150
	750	7,008	735	575	153	9,221

Notes to the Consolidated Financial Statements

35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses (iii) *RMB'000*	Share-based compensation expenses *RMB'000*	Employer's social security costs *RMB'000*	Total *RMB'000*
Year ended 31 December 2022						
Chairman						
Yinxiang Wang	–	2,308	500	819	139	3,766
Executive directors						
Xiaojie Wang	–	1,843	400	618	–	2,861
Shaojing Hu (ii)	–	–	–	411	–	411
Yunyan Hu	–	1,843	500	467	33	2,843
Non-executive directors						
Te-Li Chen	–	–	–	–	–	–
Yanmin Tang	–	–	–	–	–	–
Ting Feng (ii)	–	–	–	–	–	–
Dong Lyu (i)	–	–	–	–	–	–
Independent non-executive directors						
Ruilin Song	400	–	–	–	–	400
Ge Wu	200	–	–	–	–	200
Daqing Cai (i)	–	–	–	–	–	–
Xiaoming Wu (ii)	50	–	–	–	–	50
	650	5,994	1,400	2,315	172	10,531

(i) On 23 March 2023, Daqing Cai has resigned from his positions as an independent non-executive director, and Bai Lu was appointed as an independent non-executive director.

On 31 August 2023, Dong Lyu has resigned from his positions as an non-executive director.

(ii) On 22 March 2022, Shaojing Hu, Ting Feng and Xiaoming Wu have resigned from their positions as an executive director, a non-executive director and an independent non-executive director, respectively.

(iii) During the years ended 31 December 2023 and 2022, discretionary bonuses are mainly determined with reference to the performance of the relevant director.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2023 and 2022.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2023 and 2022.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2023 and 2022.

(f) Five highest paid individuals

For the years ended 31 December 2023, the five individuals whose emoluments were the highest in the Group include 3 (2022: 4) directors, whose emoluments are reflected in the analysis presented in Note 35(a) above. The emoluments payable to the remaining 2 (2022: 1) highest paid individuals were as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Basic salaries, other allowances and benefits in kind	**6,114**	3,629
Contribution to pension scheme	**373**	279
Discretionary bonus	**727**	336
Share-based compensation expenses	**5,755**	6,424
	12,969	10,668

Notes to the Consolidated Financial Statements

35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(f) Five highest paid individuals (Continued)

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2023	2022
Emolument bands		
HKD3,500,001 – HKD4,000,000	**1**	–
HKD4,000,001 – HKD4,500,000	**–**	–
HKD4,500,001 – HKD5,000,000	**–**	–
HKD5,000,001 – HKD5,500,000	**–**	–
HKD5,500,001 – HKD6,000,000	**–**	–
HKD6,000,001 – HKD6,500,000	**–**	–
HKD6,500,001 – HKD7,000,000	**–**	–
HKD7,000,001 – HKD7,500,000	**–**	–
HKD7,500,001 – HKD8,000,000	**–**	–
HKD8,000,001 – HKD8,500,000	**–**	–
HKD8,500,001 – HKD9,000,000	**–**	–
HKD9,000,001 – HKD9,500,000	**–**	–
HKD9,500,001 – HKD10,000,000	**–**	–
HKD10,000,001 – HKD10,500,000	**1**	–
HKD10,500,001 – HKD11,000,000	**–**	–
HKD11,000,001 – HKD11,500,000	**–**	–
HKD11,500,001 – HKD12,000,000	**–**	1
	2	1

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial information and financial statements is set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the Year Ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	–	486,286	152,809	95,746	**63,520**
Cost of revenue	–	(44,115)	(139,979)	(83,112)	**(60,317)**
Research and development expenses	(138,976)	(185,952)	(280,838)	(445,647)	**(372,320)**
Administrative expenses	(71,081)	(53,838)	(44,578)	(42,551)	**(46,615)**
Loss for the year	(425,817)	(1,513,677)	(301,187)	(371,861)	**(359,119)**
Total comprehensive loss for the year	(431,477)	(1,519,120)	(301,392)	(371,557)	**(359,046)**

CONSOLIDATED BALANCE SHEET

	As at December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Current assets					
Contract assets	–	171,413	64,919	15,033	**9,339**
Other receivables and prepayments	3,746	15,743	32,675	25,026	**11,224**
Derivative financial instruments	–	784	4,550	–	**–**
Cash and bank balances	314,338	1,627,408	1,537,583	1,298,688	**1,147,847**
Current liabilities					
Trade payables	12,737	28,281	51,047	96,551	**81,191**
Other payables and accruals	23,960	37,376	24,868	44,361	**35,994**
Lease liabilities	9,024	8,221	4,918	13,131	**14,329**
Borrowings	–	–	–	–	**73,616**
Net current assets	272,363	1,741,470	1,558,894	1,182,896	**963,280**
Non-current assets	45,243	52,002	82,107	235,900	**292,071**
Non-current liabilities	787,684	7,272	3,913	136,272	**181,980**
Net (liabilities)/assets	(470,078)	1,786,200	1,637,088	1,282,524	**1,073,371**
Total equity	(470,078)	1,786,200	1,637,088	1,282,524	**1,073,371**

Definitions and Glossary

"2017 Plan"	The 2017 Stock Incentive Plan adopted by the Company on January 1, 2017 and modified on March 1, 2020
"2020 Plan"	The 2020 Stock Incentive Plan adopted by the Company on March 1, 2020
"2021 Plan"	The 2021 Stock Incentive Plan adopted by the Company on August 31, 2021
"2024 AGM"	the annual general meeting of the Company to be held on June 7, 2024
"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 the 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
"Blesspharma Ltd"	a limited company incorporated in the BVI on July 27, 2020, which is an employee incentive platform of our Company
"Board"	the board of Directors
"BRAF"	B-Raf proto-oncogene, a gene that encodes a protein called B-Raf
"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 Manufacturing Organization, a company that mainly provides CMC and manufacturing services in the pharmaceutical industry
"China" or "PRC"	the People's Republic of China

Definitions and Glossary

"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)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise
"Core Product(s)"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules
"Corporate Governance Code" or "CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CRC"	colorectal cancer
"CRO"	Contract Research Organization, a company focused on providing R&D services to companies in the pharmaceutical and agrochemical markets
"CRPC"	castration-resistant prostate cancer
"Directors"	director(s) of our Company
"Dr. Wang"	Dr. Yinxiang Wang (王印祥), our executive Director, Chief Executive Officer, Chairman of our Board
"Dr. Wang's SPV 1"	Yakovpharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Dr. Yinxiang Wang
"Dr. Wang's SPV 2"	Johwpharma Ltd, a limited liability company incorporated under the laws of the BVI which is indirectly wholly owned by Dr. Yinxiang Wang and Ms. Zhu Shen, the spouse of Dr. Wang
"EGFR"	epidermal growth factor receptor
"Employee"	any person, who is in the employ of our Company or any Related Entity and is manager level or above, or considered essential for our Company's development by the Company's management team, subject to the control and direction of our Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by our Company or a Related Entity shall not be sufficient to constitute "employment" by our Company
"ESCC"	esophageal squamous cell carcinoma, a high-mortality cancer with complex etiology and progression involving both genetic and environmental factors
"ESOP Platforms"	Willgenpharma Ltd, Gloryviewpharma Ltd, Honourpharma Ltd and Blesspharma Ltd

Definitions and Glossary

"FPI"	First-Patient-In
"Global Offering	the offer of Shares for subscription as described in the Prospectus
"GLP-tox"	GLP-compliant toxicity study
"GMP"	good manufacturing practice
"GMP API"	GMP-compliant active pharmaceutical ingredients
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes
"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 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
"Jacobio US"	JACOBIO (US) PHARMACEUTICALS, INC., a limited liability company incorporated under the laws of the State of Delaware on December 20, 2018, being an indirect wholly-owned subsidiary of our Company
"Jacomab"	Jacomab Pharmaceuticals Co., Ltd. (北京加科天實抗體新藥研發有限公司), a limited liability company incorporated under the laws of PRC on December 7, 2016, being an indirect wholly-owned subsidiary of our Company

Definitions and Glossary

"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
"KRAS G12X-mutant"	Multiple mutant forms at codon-12 of the KRAS protein
"Listing"	the listing of our Company on the main board of the Stock Exchange on December 21, 2020
"Listing Date"	December 21, 2020, being the date on which the Offer Shares were listed and dealings in the Offer Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"LOF"	loss-of-function
"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
"Memorandum"	the memorandum of association of the Company
"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
"Ms. Hu"	Ms. Yunyan Hu (胡雲雁), our executive Director, Senior Vice President
"Ms. Hu's SPV"	Hmed Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Ms. Yunyan Hu
"Ms. Wang"	Ms. Xiaojie Wang (王曉潔), our executive Director, President of Administration
"Ms. Wang's SPV"	Risepharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Ms. Xiaojie Wang
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NSCLC"	non-small cell lung cancer
"Nomination Committee"	the nomination committee of the Board

Definitions and Glossary

"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell-mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-(L)1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"Phase I"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"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 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
"Placing and Subscription Agreement"	the placing and subscription agreement entered into among the Company, the Top-up Vendor and the Placing Agent in relation to the Vendor Placing and the Subscription on February 10, 2023
"Prospectus"	the prospectus of our Company dated December 9, 2020 being issued in connection with the Listing
"RAS"	a low-molecular-weight GDP/GTP-binding guanine triphosphatase, which is a prototypical member of the small-GTPase superfamily
"Register of Members"	the register of members of the Company
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC

Definitions and Glossary

"Related Entity"	any Parent or Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2023
"RP2D"	recommended Phase II dose
"SCLC"	small cell lung cancer
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with a nominal value of US$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Shares
"SHP2"	Src homology region 2 domain-containing phosphatase-2, a protein tyrosine phosphatase acting as a key regulator in the RAS signaling pathway
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Shares"	22,100,100 Shares issued by the Company and subscribed by the Topup Vendor pursuant to the Placing and Subscription Agreement
"TNBC"	triple-negative breast cancer
"U.S."	The United States of America
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA"	U.S. Food and Drug Administration
"%"	per cent.