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

2024 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)
(resigned with effect from August 30, 2024)
Dr. Te-li CHEN (陳德禮)

Independent Non-executive Directors

Dr. Ruilin SONG (宋瑞霖)
Dr. Ge WU (吳革)
Dr. Bai LU (魯白)

AUDIT COMMITTEE

Dr. Bai LU (魯白) *(Chairman)*
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)
Dr. Ge WU (吳革)
Dr. Bai LU (魯白)
Ms. Yanmin TANG (唐豔旻)
(resigned with effect from August 30, 2024)
Dr. Te-li CHEN (陳德禮)
(appointed with effect from August 30, 2024)

NOMINATION COMMITTEE

Dr. Yinxiang WANG (王印祥) *(Chairman)*
Dr. Ruilin SONG (宋瑞霖)
Dr. Ge WU (吳革)
Dr. Bai LU (魯白)
Ms. Yanmin TANG (唐豔旻)
(resigned with effect from August 30, 2024)
Dr. Te-li CHEN (陳德禮)
(appointed with effect from August 30, 2024 and ceased with effect from March 19, 2025)
Ms. Yunyan HU (胡雲雁)
(appointed with effect from March 19, 2025)

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)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered Public Interest Entity Auditor
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Central, Hong Kong

COMPLIANCE ADVISOR

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REGISTERED OFFICE

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George Town
Grand Cayman KY1-9008
Cayman Islands

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Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
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Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR

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PRINCIPAL BANKERS

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https://www.jacobiopharma.com

STOCK CODE

1167

Chairman's Statement

Dear Investors,

2024 marked a pivotal milestone in Jacobio's journey. We successfully submitted the New Drug Application (NDA) for our KRAS G12C inhibitor, glecirasib, signifying the company's transition from early-stage R&D to a new era of commercialization. This breakthrough is the culmination of a decade-long pursuit to tackle undruggable targets, underscoring the growing prowess of Chinese innovative biotechs in global oncology.

On the commercialization front, we secured a licensing agreement with Allist for the Greater China rights to glecirasib and our SHP2 inhibitor (JAB-3312), with a total deal value up to RMB900 million. This partnership provides robust cash flow to fuel our pipeline development.

In research, we published over ten datasets, including pivotal clinical data for glecirasib in *Nature Medicine* (impact factor 58.7) and the first disclosure of our SHP2 inhibitor's structure in Medicinal Chemistry. The rapid advancement of projects like our pan-KRAS inhibitor (JAB-23E73) further solidified Jacobio's position among the global top three in the KRAS pathway.

As we approach our tenth anniversary in 2025, the commercialization of glecirasib will serve as a springboard to unlock innovation value. The drug is expected to obtain regulatory approval in the second quarter of 2025, with expanded indications for first-line combination therapies, colorectal cancer, and pancreatic cancer, unlocking significant market potential.

On the R&D front, we remain committed to our "core assets rank global top three" strategy, accelerating core projects like Pan-KRAS and iADC. Targeting KRAS mutations which are present in roughly one-quarter of cancer patients globally, and the next frontier of tumor immunotherapy, iADC, we aim to translate foundational research into clinical breakthroughs, offering more treatment options for patients.

At this decade milestone, we recognize that sustained leadership in a competitive landscape demands optimized resource allocation and enhanced R&D efficiency. With cash reserves exceeding RMB1 billion, we are well-positioned to support pipeline development for the next three to four years.

From target discovery to clinical breakthroughs, and from scientific innovation to commercial success, Jacobio remains steadfast in its mission to deliver transformative therapies for patients worldwide. The turning point of 2025 is the beginning of a new journey. With greater R&D efficiency and a broader global vision, we are committed to creating long-term value for our shareholders.

Sincerely,
Dr. Yinxiang Wang
Chairman and Chief Executive Officer

Financial Highlights

FINANCIAL HIGHLIGHTS

Revenue

Our revenue increased by RMB92.2 million or 145.2% from RMB63.5 million for the year ended December 31, 2023 to RMB155.7 million for the year ended December 31, 2024, which was attributable to the License-out Agreement. For the year ended December 31, 2023, our revenue was in relation to the R&D costs reimbursement generated from the license and collaboration agreement with AbbVie which was terminated in 2023.

Research and Development Expenses

Our research and development expenses decreased by RMB42.1 million or 11.3% from RMB372.3 million for the year ended December 31, 2023 to RMB330.2 million for the year ended December 31, 2024, primarily due to the decrease of raw materials and consumables used and R&D staff costs.

Administrative Expenses

Our administrative expenses decreased by RMB3.5 million or 7.5% from RMB46.6 million for the year ended December 31, 2023 to RMB43.1 million for the year ended December 31, 2024. This was primarily attributable to (i) the combined impact of decrease in administrative employee costs and professional service costs; and (ii) the increase of depreciation and amortization expenses in connection with our newly leased headquarters in Beijing in 2023.

Loss for the Year

As a result of the above factors, the loss for the year decreased by RMB203.4 million or 56.6% from RMB359.1 million for the year ended December 31, 2023 to RMB155.7 million for year ended December 31, 2024.

Business Highlights

HIGHLIGHTS

During the Reporting Period, despite the biotech industry navigating various challenges in an uncertain geopolitical environment, our Group remained to commit an innovation-driven global R&D strategy, advancing our pipeline in the most competitive way and generating robust data throughout the year.

We have achieved the following key milestones during the Reporting Period:

- completed our first NDA submission of glecirasib for the second-line NSCLC in China;
- initiated a pivotal Phase III trial of glecirasib in combination with a SHP2 inhibitor, sitneprotafib (JAB-3312), for the front-line NSCLC in China;
- initiated a pivotal Phase II trial of glecirasib in PDAC and other tumor types in China;
- licensed out the Greater China rights of glecirasib and sitneprotafib (JAB-3312) to Allist with the deal amount includes an upfront payment and milestone payments of up to RMB900 million, and a double-digit royalty payments on net sales of glecirasib and sitneprotafib (JAB-3312); and
- launched two first-in-human (FIH) trials (the P53Y220C activator JAB-30355 and the pan-KRAS inhibitor JAB-23E73) in the U.S. and China.

Our Group has transformed into a biotech leader in the global R&D space, especially in the RAS space.

Progress of Core Pipeline Products

- ***Glecirasib (JAB-21822, KRAS G12C inhibitor) and Sitneprotafib (JAB-3312, SHP2 inhibitor)***

  NSCLC

  ≥2L NSCLC – The NDA application of glecirasib monotherapy in ≥2L NSCLC was submitted to the CDE in May 2024 and the priority review designation was granted in the same month. The first indication for glecirasib in ≥2L NSCLC is expected to be approved in the first half of 2025.

  1L NSCLC – Glecirasib in combination with sitneprotafib has demonstrated promising efficacy and favorable safety profile in the front-line NSCLC. Therefore, the CDE approved the Phase III pivotal trial design of glecirasib in combination with sitneprotafib to treat 1L NSCLC patients in February 2024. The Phase III pivotal trial in China has been activated with the FPI on August 7, 2024. Sitneprotafib is the first SHP2 inhibitor to enter a Phase III registrational trial worldwide. The commercialization and further clinical development in development for glecirasib and sitneprotafib in China glecirasib and sitneprotafib right of licensed to Allist on August 30, 2024. For details, please refer to the announcement of the Company dated August 30, 2024.

  Multi-Tumors Basket

  A Phase II single-arm pivotal trial for PDAC was approved by the CDE and the BTD was also granted. Based on the promising data seen in other tumor types, the CDE agreed to expand the pivotal trial to a multi-tumors basket study (including pancreatic cancer, biliary tract cancer, gastric cancer, small bowel cancer, appendiceal cancer, etc.). Additionally, glecirasib received ODD for PDAC from the U.S. FDA in April 2024 and EMA in October 2024.

Business Highlights

CRC

Phase III pivotal trial design of glecirasib monotherapy or glecirasib in combination with cetuximab in ≥3L CRC patients with KRAS G12C mutation was approved by the CDE in May 2024. The pivotal trial is being planned. Phase I and Phase II clinical trials of glecirasib monotherapy or glecirasib combined with cetuximab to treat advanced or metastatic CRC patients with KRAS G12C mutation are ongoing.

Progress of Other Key Selected Programs

- ***JAB-23E73 (pan-KRAS inhibitor)***

IND applications for JAB-23E73 to the CDE and the U.S. FDA were completed in June 2024 and August 2024, respectively. Both the CDE and the U.S. FDA approved the IND application of JAB-23E73 in September 2024. The first patient was enrolled in November 2024. The dose escalation of JAB-23E73 is expected to be completed in the second half of 2025.

- ***JAB-30355 (p53 Y220C reactivator)***

The IND application of FIH global trial of JAB-30355 has been approved by the U.S. FDA in March 2024 and the CDE in June 2024, respectively. The first patient was enrolled in July 2024. The dose escalation is ongoing in China and the U.S. with the expectation of completion in the second half of 2025.

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

The dose escalation for JAB-8263 in solid tumors and hematologic malignancy were completed in the U.S. and China, respectively. The RP2D was obtained. The dose expansion of JAB-8263 in MF is ongoing. The solid tumor with specific biomarkers is being explored in the current study.

- ***JAB-2485 (Aurora kinase A inhibitor)***

A Phase I/IIa global trial of JAB-2485 is ongoing in the U.S. and China. Dose escalation will be competed in the first half of 2025. The expansion of monotherapy and combination with chemotherapy are being planned.

Our iADC Programs

- Our clinical candidate of HER2-STING iADC has been nominated in the second half of 2024, as JAB-BX467. We plan to submit its IND application in 2026. In pre-clinical studies, JAB-BX467 is stable and induces significantly less IL-6 compared with other competitors. Administration of low-dose JAB-BX467 persistently eradicates tumor growth in the cold-tumor model, with a strong immune memory effect after tumor rechallenge.

Other Events

- In August 2024, we entered into an exclusive licensing-out agreement with Allist regarding the R&D, manufacturing, and commercialization of glecirasib and sitneprotafib within the Greater China (the "**License-out Agreement**"). For details, please refer to the announcement of the Company dated August 30, 2024.

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 immune-oncology, such as immune checkpoints programmed cell death protein-1 (PD-1) and its ligand (PD-(L)1). However, many well-studied targets in these pathways including protein tyrosine phosphatases like Srchomology 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 one of the pioneers 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 easily druggable pockets for binding. Our R&D focus is on undruggable target, particularly RAS pathway. We have heavily invested in developing drugs inhibiting RAS signaling pathway, addressing the medical unmet with a potential patient population of 23%-25% worldwide. Furthermore, we are also developing novel candidates of new modalities, spanning from small molecules and monoclonal antibody to iADCs.

We intend to proactively explore and align strategic and synergistic partnerships with leading multinational corporations. Such partnerships pool complements 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 annual 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 nine and a half years, leveraging our proprietary technologies and know-how in drug discovery and development, we have discovered and developed an innovative pipeline of drug candidates, including six assets at the clinical stage, three assets at IND-approved stage, and several others at the IND-enabling stage. These drug candidates, which address undruggable targets with a particular focus on RAS signaling, have broad applicability across various tumor types and have demonstrated potential for use in combination therapies.

The following chart summarizes our pipeline, the development status of each clinical stage candidate and selected IND-enabling stage candidates annual report.

Management Discussion and Analysis

Clinical stage candidates:

	Asset	Regimen	Indications	IND	Phase I	Phase IIa	Pivotal	NDA	Recent development & Expected Milestone
Clinical	**JAB-21822** **Glecirasib** KRAS G12C (RAS pathway)	Mono	≥2L NSCLC	China trial (pivotal trial)					• NDA submission in May 2024 • Priority review granted in May 2024
		Mono	≥2L PDAC & Multi-tumors basket	China trial (pivotal trial)					• Early efficacy data presented at the 2024 ASCO GI
		Combo w/SHP2i JAB-3312	1L NSCLC	China trial (phase III pivotal trial)					• FPI for phase III trial achieved in August 2024 • Updated data presented at 2024 ASCO as an oral presentation
		Combo w/EGFR mAb	≥3L CRC	China trial (phase III pivotal trial)					• Phase III registrational trial aligned with CDE in May 2024
		Mono	NSCLC, PDAC, CRC and other solid tumors	Global trial					
	JAB-3312 **Sitneprotafib** SHP2 (RAS pathway)	Combo w/KRAS G12Ci glecirasib	1L NSCLC	China trial (phase III pivotal trial)					• FPI for phase III trial achieved in August 2024 • Updated data presented at 2024 ASCO as an oral presentation
	JAB-23E73 Pan-KRAS (RAS pathway)	Mono	NSCLC, PDAC, CRC and other solid tumors	Global trial					• IND approved by FDA and CDE in September 2024 • FPI achieved in November 2024 in China
	JAB-8263 BET (MYC pathway)	Mono	Solid tumors	US trial					• Initiate Phase II POC trial in H2 2024 in tumor patients with specific biomarkers
		Mono	Solid tumors	China trial					
		Mono Combo w/JAKi	Liquid tumors	China trial					
	JAB-2485 Aurora A (MYC pathway)	Mono	Solid tumors	Global trial					
	JAB-30355 P53 Y220C (P53 pathway)	Mono	Solod tumors	Global trial					• IND approved by FDA in March 2024 • IND approved by CDE in June 2024 • FPI achieved in July 2024
	JAB-BX102 CD73 mAb (I/O)	Mono Combo w/PD-1 mAb	Solid tumors	China trial					
	JAB-26766 PARP 7 (I/O)	Mono	Solid tumors	China trial					• IND (CDE) approved in 2023
	JAB-24114 Glutamine-utilizing enzyme (MYC pathway)	Mono	Solid tumors, Hematological malignancies	China trial					• IND (CDE) approved in 2023
	JAB-BX300 LIF (RAS pathway)	Mono	Solid tumors	China trial					• IND (CDE) approved in 2023

IND-enabling candidates:

	Asset	Target	Modality	Lead optimization	Candidate IND-enabling	IND Schedule	Indications
IND-Enabling	JAB-BX467 (iADC)	HER2-STING (I/O)	iADC			2026	Solid tumors
	JAB-BX600 (ADC)	KRAS G12D ADC (I/O)	ADC				Solid tumors
	JAB-BX700 (ADC)	Undisclosed (I/O)	ADC				Solid tumors

Management Discussion and Analysis

BUSINESS REVIEW

Our Clinical Stage Drug Products

We have made tremendous progress in clinical development of our assets in 2024. Among all clinical-stage candidates, glecirasib (JAB-21822), our leading asset, was submitted to the CDE for NDA review in May 2024 as monotherapy for the second-line and above treatment of NSCLC patients with KRAS G12C mutation and was granted priority review. We spent less than three years completing the entire clinical development, which demonstrated our highly efficient clinical development capability. Glecirasib is the first tier KRAS G12C inhibitor which will be launched in the first half of 2025.

- **Glecirasib (JAB-21822, 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 and anti-EGFR antibody. Based on our internal head-to-head pre-clinical animal studies, glecirasib has shown favorable safety, tolerability and PK profiles in comparison with Amgen's and Mirati's KRAS G12C inhibitors (which were internally synthesized based on published molecular structures).

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

- **NSCLC**

  ≥2L NSCLC: Monotherapy in China

  The first indication for glecirasib in ≥2L NSCLC is expected to be approved in the first half of 2025. The data of the registrational Phase II trial of glecirasib was initially reported at the 2024 ASCO plenary series and then as an oral presentation at the 2024 ASCO Education Session. Among second-line and above NSCLC patients receiving glecirasib treatment, the confirmed objective response rate (cORR) was 47.9% (56/117), including four patients achieved a complete response (CR) and 36 patients with tumor reduction exceeding 50%. The disease control rate (DCR) was 86.3%. The median progression-free survival (mPFS) was 8.2 months, and the median overall survival (mOS) was 13.6 months. The median duration of response (mDoR) has not been reached: six-month and twelve-month DoR rates were 73.6% and 56.6%, respectively. Glecirasib appears to have superior efficacy and less gastrointestinal toxicities compared with the two KRAS G12C inhibitors approved by the U.S. FDA. The NDA application of glecirasib monotherapy in ≥2L NSCLC was submitted to the CDE in May 2024 and priority review designation was granted in the same month. The full study result was published on *Nature Medicine* in January 2025. The approval of glecirasib is expected to be obtained in the first half of 2025.

Management Discussion and Analysis

1L NSCLC: Combination Therapy with Sitneprotafib in China

Glecirasib in combination with sitneprotafib has demonstrated promising efficacy and favorable safety profile in the front-line NSCLC. Therefore, the CDE approved the Phase III pivotal trial design of glecirasib in combination with sitneprotafib to treat 1L NSCLC patients in February 2024. The Phase III pivotal trial in China was initiated with the FPI on August 7, 2024 and the enrollment is ongoing. Sitneprotafib is the first SHP2 inhibitor entering a Phase III registrational trial worldwide. The updated results from phase I/II study were published at 2024 European Society for Medical Oncology Congress (ESMO 2024) which showed that the confirmed objective response rate (cORR) of glecirasib in combination of sitneprotafib as first-line treatment for NSCLC was 64.7% (N=102), and the median progression-free survival (mPFS) was 12.2 months.

Currently, no KRAS G12C inhibitors have been approved for the front-line treatment of NSCLC globally. We are the first company to initiate the phase III trial in front-line NSCLC in China. The study applies oral+ oral drugs comparing with the stand of care of 1L NSCLC (chemotherapy+ immunotherapy). The study design is innovative introducing a chemo-free option that would significantly improve the patients, quality of life and medical compliance. Our target population is treatment-naïve, advanced NSCLC patients with KRAS G12C mutation and a PD-L1 staining tumor proportion score < 1%. Based on the retrospective historical data, the PFS of this group was around 6.2 months, and the combination of our oral combination yielded a 12.2 months PFS in this patient population per our ESMO 2024 poster. Currently, only one competing phase III trial in this PD-L1 <1 space, and it was the combination of sotorasib (KRAS G12C inhibitor, Amgen, U.S.) plus chemotherapy vs chemotherapy plus immunotherapy.

The commercialization and further clinical development in the Greater China for glecirasib and sitneprotafib are licensed to Allist on August 30, 2024. We own the ex-China rights and are seeking for the advice on registration path with U.S. FDA.

- **Multi-Tumors Basket**

A Phase II single-arm pivotal trial for PDAC was approved by the CDE in July 2023. We further expanded other trail to multi-tumors basket (including pancreatic cancer, biliary tract cancer, gastric cancer, small bowel cancer, appendiceal cancer, etc.), which was approved by the CDE in August 2024 based on the encouraging updated data. In the meantime, glecirasib received ODD for pancreatic cancer from the U.S. FDA in April 2024 and EMA in October 2024. The BTD for pancreatic cancer was granted by the CDE in August 2023. No KRAS inhibitors have been approved for multi-tumors basket patients globally.

We are discussing the pivotal trial strategy with the U.S. FDA and the initial positive feedback was received in March 2025.

Clinical activity and safety results of glecirasib in multi-tumors basket patients from Phase I and Phase IIa studies were reported as an oral presentation at the 2024 ASCO GI. Among 50 patients with evaluable solid tumors, the confirmed objective response rate (cORR) was 48% (24/50) and the disease control rate (DCR) was 90% (45/50). For second-line and above KRAS G12C mutated pancreatic cancer patients, the cORR was 41.9% (13/31) and the DCR was 93.5% (29/31). The median progression-free survival (mPFS) was 5.6 months, and the median overall survival (mOS) was 10.7 months. In other solid tumor patients, the cORR was 57.9% (11/19), the DCR was 84.2% (16/19), the mPFS is 7.0 months, and the mOS has not yet matured. The above safety and efficacy data are better than the published data of FDA approved KRAS inhibitors. Among 19 multi-tumors basket patients received glecirasib monotherapy, confirmed ORR was 52.6% (10/19), 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.

Management Discussion and Analysis

- **CRC**

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

Phase III pivotal trial design of glecirasib monotherapy or glecirasib in combination with cetuximab in≥3L CRC patients with KRAS G12C mutation was approved by the CDE in May 2024. The pivotal trial is being planned.

In January 2025, the updated data on glecirasib monotherapy and in combination with cetuximab treating KRAS G12C mutated advanced colorectal cancer were presented in poster form at the 2025 American Society of Clinical Oncology Gastrointestinal Cancer Symposium Annual Meeting (ASCO GI). For glecirasib monotherapy in CRC, the confirmed ORR and DCR were 22.7% (10/44) and 86.4% (38/44), respectively. The median DoR was 4.4 months (95%CI: 4.2, 9.7), median PFS was 5.6 months (95%CI: 4.1, 7.0), and median OS was 16.0 months (95%CI: 8.8, 26.3). For glecirasib in combination with cetuximab cohort, the confirmed ORR and DCR were 50% (23/46) and 87.0% (40/46), respectively. The median DoR was 5.1 months (95%CI: 4.1, 6.9), median PFS was 6.9 months (95%CI: 5.4-6.9), and median OS was 19.3 months (95%CI: 13.1, NE). Glecirasib in combination with cetuximab demonstrated better efficacy compared with glecirasib monotherapy in advanced KRAS G12C mutated advanced CRC, while maintaining a favorable safety profile. The pivotal trial is being planned. Phase I and Phase II clinical trials of glecirasib monotherapy or glecirasib combined with cetuximab to treat advanced or metastatic CRC patients with KRAS G12C mutation are ongoing.

Clinical Trial Collaboration with Merck

Under the collaboration agreement entered with Merck, cetuximab is being provided by Merck for combination trials in China.

Monotherapy and Combination 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 the U.S. and Europe, and similar clinical responses with Chinese patients have 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.

Management Discussion and Analysis

o Licensing-out with Allist for Glecirasib and Sitneprotafib

On August 30, 2024, we entered into an exclusive out-licensing agreement with Allist, regarding the research and development, manufacturing, and commercialization of glecirasib and sitneprotafib, within the Greater China. The Company retains all its rights to glecirasib and sitneprotafib outside of the Greater China, where it can continue to pursue research and development for these two drugs. For details, please refer to the announcement of our Company dated August 30, 2024. We own the ex-China development right and is seeking advice from the U.S. FDA for the registration path.

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 and potential investors are advised to exercise caution when dealing in our Shares.

- ***Sitneprotafib (JAB-3312, SHP2 inhibitor)***

  Sitneprotafib 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.

  Our SHP2 inhibitor received the IND approval from the U.S. FDA for clinical development in May 2018, which ranked the second SHP2 program in clinic stage globally. Sitneprotafib is a second generation SHP2 inhibitor and the most potent SHP2 inhibitor of its class. In pre-clinical studies, the IC_{50} for sitneprotafib in cell proliferation was 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., sitneprotafib has obtained orphan drug designation from the U.S. FDA for the treatment of esophageal cancer. Preclinical research results of sitneprotafib were published as a peer-reviewed article in the Journal of Medicinal Chemistry, a scientific journal published by the American Chemical Society since 1959.

  Key highlights of the sitneprotafib program over the Reporting Period are listed below.

o Sitneprotafib in Combination with KRAS G12C Inhibitor

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

o Licensing-out with Allist for Glecirasib and sitneprotafib

See the section headed "Licensing-out with Allist for Glecirasib and Sitneprotafib" under "Glecirasib (JAB-21822, KRAS G12C inhibitor)."

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

Management Discussion and Analysis

- ***JAB-23E73***

JAB-23E73 is a novel, first-in-class, orally bioavailable pan-KRAS 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 high selectivity over HRAS and NRAS. JAB-23E73 has significant anti-tumor effect on cancer cell lines with various KRAS mutations or amplification of KRAS wild-type and has no inhibitory effect on KRAS-independent cells, indicating a favorable therapeutic window. JAB-23E73 has exhibited favorable oral bioavailability both in rodent and non– rodent species. JAB-23E73 also has showed an excellent anti-tumor effect in multiple KRAS mutant tumor xenografts.

IND applications for JAB-23E73 to the CDE and the U.S. FDA were completed in June 2024 and August 2024, respectively. Both the CDE and U.S. FDA approved the IND application of JAB-23E73 in September 2024. The first patient was enrolled in November 2024. The dose escalation of JAB-23E73 is expected to be completed in the second half of 2025.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that JAB-23E73 will ultimately be successfully developed and marketed by our Company. Shareholders and potential investors are advised to exercise caution when dealing in our Shares.

- ***JAB-30355***

JAB-30355 is a potent and 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 applying *in vivo*, tumor regression was achieved in multiple CDX and PDX models harboring p53 Y220C mutation, such as ovarian cancer, pancreatic cancer, gastric/esophageal cancer, breast cancer, lung cancer, etc. The synergistic effects were found when combined with chemotherapy or other agents which indicate a wide combinational potential of JAB-30355. Good crystalline solubility across physiologic conditions and favorable PK properties across were observed.

The IND applications of JAB-30355 have been approved by the U.S. FDA in March 2024 and CDE in June 2024, respectively. The first patient was enrolled in July 2024 in China. The dose escalation is ongoing in China and U.S., with the anticipated completion date which will complete in the second half of 2025. We are the second company worldwide with a clinical-stage p53 Y220C program. JAB-30355 has the better DMPK properties compared to the competitor, according to the internal comparison data, which predicts a lower clinically efficacious dose for JAB-30355. Additionally, with our highly efficient clinical development capabilities in the U.S. and China, we foresee JAB-30355 will be quickly entering the global market.

In April 2024, the pre-clinical data of JAB-30355 were presented in the form of a poster at the American Association for Cancer Research (AACR) Annual Meeting 2024.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that JAB-30355 will ultimately be successfully developed and marketed by our Company. Shareholders and potential investors are advised to exercise caution when dealing in our Shares.

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 the most potent BET inhibitor in the clinical stage globally which binds to BRD2, BRD3, BRD4, and BRDT with biochemical IC_{50} ranging from 0.20 to 0.99 nM. Pre-clinical 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. To date, JAB-8263 has demonstrated favorable safety and tolerability compared with other BET inhibitors under clinical development.

We presented preliminary data of the Phase I clinical trial of JAB-8263 in MF at the 2024 66th American Society of Hematology (ASH) Annual Meeting in San Diego, California. The data showed that JAB-8263 was well tolerated with Recommended Phase II Dose being 0.3mg QD. The preliminary efficacy data for JAB-8263 monotherapy in MF are promising, as most patients demonstrated spleen volume reduction (SVR) and total symptom score (TSS) reduction. As of the data cutoff date of October 17, 2024, 16 patients with intermediate-/high-risk MF have been enrolled, and 13 patients have undergone at least one post-treatment efficacy assessment. All patients showed a mean SVR of -19.95% at week 24 and -26.16% at best response, two patients achieved ≥35% SVR, and an SVR of -34.9% was observed in one patient, six of ten (60%) patients experienced a ≥50% reduction in TSS at week 24, the best response of SVR in 2 of 8 patients (JAK inhibitors-treated) was -41.2% and -34.9%, respectively. At week 24, 3 of 6 (50%) patients (JAK inhibitors-treated) achieved TSS50.

The dose escalation for JAB-8263 in solid tumors and hematologic malignancy has been completed in the U.S. and China, respectively. The RP2D was obtained. The dose expansion of JAB-8263 in MF is ongoing. The solid tumor with specific biomarker is being explored.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that JAB-8263 will ultimately be successfully developed and marketed by our Company. Shareholders and potential investors are advised to exercise caution when dealing in our Shares.

- ***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 SCLC and TNBC. JAB-2485 is one of the top two orally bioavailable small molecules in clinical stage which selectively inhibit Aurora kinase A over Aurora kinases B and C. Pre-clinical studies showed that JAB-2485 features a 1500-fold selectivity on Aurora kinase A over Aurora kinases B and C. JAB-2485 induces minimal myelosuppression and displays favorable PK properties. As at the date of this annual report, there is no commercialized Aurora kinase A inhibitor globally.

A Phase I/IIa global trial of JAB-2485 is being conducted in the U.S. and China. Dose escalation will be completed in the first half of 2025. The expansion of monotherapy and combination with chemotherapy are being planned.

In May 2024, pre-clinical data of JAB-2485 was published as a research article at ACS Omega, a peer-reviewed scientific journal published by the American Chemical Society.

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

Management Discussion and Analysis

- ***JAB-BX102***

  JAB-BX102 is a humanized monoclonal antibody against CD73, a key protein involved in the adenosine pathway. JAB-BX102 binds to a 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 ICI such as anti-PD-(L)1 antibodies can result in synergistic antitumor effect. JAB-BX102 is our first large molecule program that entered into clinical stage.

  We initiated the Phase I/IIa dose escalation trial for JAB-BX102 in patients with advanced solid tumors in September 2022. The dose escalation portion of the study has been completed, and RP2D dose of JAB-BX102 has been determined.

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

Our Other IND approved programs

- ***JAB-26766***

  JAB-26766 is an orally bioavailable small molecule PARP7 inhibitor, targeting immune-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 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 super 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 the CDE for a Phase I/IIa advanced solid tumors clinical trial in China in June 2023.

  Pre-clinical data of JAB-26766 was presented in the form of a poster at the 2024 AACR.

  Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that JAB-26766 will ultimately be successfully developed and marketed by our Company. Shareholders and potential investors are advised to exercise caution when dealing in our Shares.

Management Discussion and Analysis

- ***JAB-BX300***

  JAB-BX300 is a monoclonal antibody that binds to 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. 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 the CDE in June 2023.

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

- ***JAB-24114***

  JAB-24114 is a prodrug of DON, an inhibitor of glutamine-utilizing enzymes which serves vital roles in the tricarboxylic acid cycle, purine, lipid, and amino acid synthetic pathways. Different from glutaminase 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 antitumor effect. JAB-24114 can also be used in combination with SHP2 inhibitors or KRAS inhibitors.

  The IND application of JAB-24114 was approved by the 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 JAB-24114 will ultimately be successfully developed and marketed by our Company. Shareholders and potential investors are advised to exercise caution when dealing in our Shares.

Management Discussion and Analysis

Pre-clinical Stage Drug Candidate

- ***Our KRASi ADC Programs***

In the realm of oncological therapeutics, the development of small-molecule inhibitors targeting KRAS G12D has burgeoned, with numerous candidates advancing into clinical trials. However, the clinical efficacy of these inhibitors has been markedly suboptimal, primarily due to poor PK properties. In a groundbreaking departure from conventional approaches, we have ingeniously conjugated a highly potent small-molecule KRAS G12D inhibitor JAB-22000 to antibodies, thereby creating novel KRAS G12Di ADC programs. This innovative strategy facilitates the targeted delivery of the KRAS G12Di to tumors expressing tumor-associated antigens, effectively circumventing the limitations associated with PK challenges by the direct administration of KRAS G12Di.

Preliminary preclinical studies have demonstrated that this KRAS G12Di ADC induced significant tumor regression while maintaining an exemplary pharmacokinetic profile and favorable safety margins. This ADC platform is currently being leveraged to develop a multitude of projects, wherein the KRAS G12Di is conjugated to various antibodies, thereby enabling comprehensive coverage of KRAS G12D-mutant tumors, including NSCLC, CRC and PDAC.

Looking ahead, our KRASi ADC platform is poised for expansion to encompass pan-KRAS inhibitors, targeting a broader spectrum of KRAS mutations such as G12V and G13D. Anticipated as a second-generation KRAS inhibitor strategy, KRASi ADCs are expected to surpass existing small-molecule drugs in terms of efficacy and therapeutic breadth. Our pioneering efforts in the development of KRASi ADCs position us at the vanguard of this transformative field, heralding a promising future for our company in the domain of KRAS-targeted therapies.

The convergence of high potency, selective targeting, and superior pharmacokinetics in our KRASi ADC platform epitomizes a paradigm shift in the treatment of KRAS-mutant cancers. By harnessing the synergistic potential of antibody-mediated delivery and potent small-molecule inhibition, we are not only addressing the current limitations of KRAS-targeted therapies but also paving the way for a new era of precision oncology. Our relentless pursuit of innovation and excellence in this arena underscores our commitment to revolutionizing cancer treatment and improving patient outcomes.

- **KRAS G12Di ADC programs**

Using the highly potent KRAS G12Di JAB-22000 as payload, we are optimizing KRAS G12Di ADCs targeting a variety of sophisticated TAAs for the treatment of NSCLC, CRC and PDAC. Preliminary data indicated favorable PK property and strong antitumor effect by ADC. We aim to nominate a candidate of KRAS G12Di ADC in the second half of 2025.

- **Other undisclosed ADC programs**

Based on the know-how in developing KRAS G12Di ADC, there are multiple undisclosed ADC candidates currently under active development within our R&D pipeline.

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

Management Discussion and Analysis

- ***Our iADC Programs***

  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 non-responsive to current ICIs is the lack of T cell infiltration into tumor, characterizing the so-called "cold tumor". By conjugating our STING agonist (payload) with different TAA-targeting antibodies, we can target deliver STING agonists into tumor cells, which enhances antitumor immunity and turns PD-1 unresponsive cold tumors into PD-1 responsive hot tumors.

  A growing body of ADCs are currently in clinical development, some of which had been approved by the U.S. FDA and the CDE, 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 payload have the potential to address the challenges of both low response rate in current ICI therapy and toxicities caused by conventional ADCs.

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

Recent efforts have been focused on identifying targets that could be used to treat PD-1 non-responsive patients. One of such novel targets is STING, an endoplasmic protein that turn "cold" tumor to "hot". STING agonism epitomize a paradigm shift in cancer therapeutics, harnessing the innate biological machinery of tumor cells to orchestrate a multifaceted antitumor response to address PD-1 non-responder. 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 therapeutic benefits, including potent antitumor activity, the therapeutic window was limited by immune-related toxicity, such as cytokine release syndrome.

By specifically delivering potent STING agonist into TAA-expressing tumor cells, rationally designed iADC could boost the antitumor efficacy locally and avoid the risk of systemic immune-related adverse effect. STING iADC exert their influence by eliciting the production of type I interferons within tumor cells, a class of cytokines renowned for their ability to directly impede tumor proliferation and induce programmed cell death. This intrinsic induction of interferon production transforms the tumor microenvironment into a hostile landscape for malignant cells. By exploiting the tumor's own cellular pathways, STING agonists achieve a precise and localized antitumor effect, thereby circumventing the systemic repercussions often associated with broader immune interventions. Furthermore, STING iADC catalyze the synthesis of CXCL10, a pivotal chemokine that orchestrates the migration of immune cells to the tumor site. This chemotactic signal is instrumental in converting immunologically inert, or "cold" tumors–typically refractory to PD-1 blockade–into "hot" tumors that are more amenable to immune-mediated eradication. The localized generation of CXCL10 ensures a targeted recruitment of immune effectors, enhancing the therapeutic efficacy of existing immunotherapies while maintaining a favorable safety profile. This nuanced approach not only amplifies the antitumor response but also mitigates the risk of systemic immune-related adverse events, underscoring the sophistication of STING iADC as a therapeutic modality. In essence, STING iADCs operate through a dual-pronged mechanism: they provoke tumor cells to produce type I interferons, leading to direct tumor suppression and apoptosis, and they engender CXCL10, which facilitates the recruitment of immune cells to the tumor milieu, thereby facilitating PD-1 efficacy. This elegant strategy highlights the transformative potential of STING agonists in oncology, leveraging the tumor's intrinsic biology to achieve a potent and localized antitumor effect, while redefining the landscape of cancer immunotherapy.

Management Discussion and Analysis

By conjugating our proprietary STING agonist (payload) with different TAA-targeting antibodies, we are developing a series of iADC programs. Clinical candidate of HER2-STING iADC has been nominated in the second half of 2024, as JAB-BX467. We plan to submit its IND application in 2026. For iADC, high plasma stability is very important to reduce the releasing of payload 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. In pre-clinical studies, JAB-BX467 barely released free payload (less than 1%) after incubated in the plasma for 48 hours. And the release of IL-6, a major mediator of cytokine release syndrome, was significantly less by JAB-BX467 compared with the competitor. More importantly, monotherapy administration of low-dose JAB-BX467 was effective enough to eradicate tumor growth (complete response, CR) in the EMT6 syngeneic cold-tumor model, with strong immune memory effect after tumor rechallenge. Further intratumoral analysis revealed that JAB-BX467 elicited significant infiltration of immune cells into cold tumor, supporting the concept of localized immune priming by iADC and endorsing the combination of iADC with PD-1 blockade to treat cold tumor. We are developing other TAAs-targeting iADCs as well.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that our iADC Platforms and JAB-BX467 will ultimately be successfully developed and marketed by our Company. Shareholders and potential investors are advised to exercise caution when dealing in our Shares.

Corporate Development

- We have a solid patent portfolio to protect our drug candidates and technologies. As of December 31, 2024, we owned 360 patents or patent applications that are filed globally, of which 126 patents have been issued or allowed in major markets globally.

Future and Outlook

We are a front runner in selecting, discovering and developing potential first-in-class therapies with innovative mechanisms for 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.

Management Discussion and Analysis

In the near term, we plan to focus on pursuing the following significant opportunities:

- **Develop, commercialize and expand our pipeline in two promising fields, i.e., KRAS, iADC**

  In the field of KRAS-targeted therapy:

  KRAS is one of the most well-known proto-oncogenes and is traditionally thought undruggable for decades. We have an established track record of successfully designing innovative therapies targeting allosteric binding sites of "undruggable" targets. Based on our cutting-edge allosteric inhibitor platform, we have developed a diversified portfolio in KRAS pathway, including glecirasib (JAB-21822, KRAS G12C inhibitor), JAB-23E73 (pan-KRAS inhibitor) and JAB-22000 (KRAS G12D inhibitor) to directly target different forms of KRAS. We also developed sitneprotafib to target SHP2 which is upstream KRAS and involved in adaptive resistance of KRAS inhibitors.

  In addition to small-molecule KRAS inhibitors, we are also developing ADC using highly potent KRAS inhibitors as payloads such as KRAS G12D inhibitor JAB-22000. The KRASi ADC strategy may greatly improve clinical efficacy while keeping good PK property and tolerability.

  We have established a formidable competitive moat in the field of KRAS inhibitors through its robust patent portfolio, which not only outnumbers those of its competitors (pan-KRASi priority documents: Jacobio 80+ vs competitors 10+) but also predates them significantly (pan-KRASi earliest priority date: Jacobio 2021 vs competitors 2022). This strategic foresight in intellectual property (IP) management has positioned Jacobio as a frontrunner in the KRAS inhibitor domain, effectively securing a first-mover advantage that is critical in the highly competitive pharmaceutical industry. Our extensive patent filings encompass a wide array of innovations related to KRAS inhibition, including novel compound structures, proprietary synthesis methods, and unique therapeutic applications. By securing these patents early and in large numbers, we have effectively staked its claim in this lucrative and scientifically promising area, creating a barrier to entry that is difficult for competitors to overcome. This preemptive IP strategy not only safeguards our proprietary technologies but also deters potential infringers, thereby reinforcing its market dominance. Moreover, the early filing dates of our patents provide the company with a temporal advantage, ensuring that its innovations are protected for the maximum duration possible under patent law. This temporal edge is crucial in the pharmaceutical sector, where the development timeline from discovery to market can be protracted, and the exclusivity granted by patents is a key determinant of commercial success. In conclusion, our strategic accumulation of a vast and early-filed patent portfolio in the KRAS inhibitor field has created a significant competitive moat. This IP-driven advantage not only secures the company's current market position but also provides a strong foundation for future growth and innovation. As the pharmaceutical landscape continues to evolve, our foresight in patent strategy will undoubtedly remain a cornerstone of its sustained success.

  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.

Management Discussion and Analysis

In the field of iADC immuno-oncology:

Immuno-oncology 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 immuno-oncology targets.

Our novel iADC programs using unique STING agonist payload have the potential to address the challenges of both low response rate in current ICI therapy and toxicities caused by conventional ADC. 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 of 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 collaboration**

  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.

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 our Shares.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

	Year ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from the license and collaboration agreement with Allist	**155,708**	**100**	–	–
Revenue from the license and collaboration agreement with AbbVie	**–**	**–**	63,520	100
Total	**155,708**	**100**	63,520	100

For the year ended December 31, 2024, our Group recorded revenue of RMB155.7 million which was in connection with the License-out Agreement. For the year ended December 31, 2023, our revenue was RMB63.5 million in relation to the R&D costs reimbursement generated from license and collaboration agreement with AbbVie which was terminated in 2023.

Cost of Revenue

	Year ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Clinical trial expenses from the license and collaboration agreement with AbbVie	**–**	**–**	60,317	100

For the year ended December 31, 2024, no cost of revenue was recognized. For the year ended December 31, 2023, our cost of revenue consists of R&D expenses from the license and collaboration agreement with AbbVie, which was terminated in 2023.

Gross Profit

	Year ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Gross profit from the license and collaboration agreement with Allist	**155,708**	**100**	–	–
Gross profit from the license and collaboration agreement with AbbVie	**–**	**–**	3,203	100
Total	**155,708**	**100**	3,203	100

Management Discussion and Analysis

As a result of the foregoing, our gross profit increased from RMB3.2 million for the year ended December 31, 2023 to RMB155.7 million by RMB152.5 million or 4,765.6% for the year ended December 31, 2024.

Other Income

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**14,324**	7,504

Our other income increased from RMB7.5 million for the year ended December 31, 2023 to RMB14.3 million for the year ended December 31, 2024, primarily attributable to increase of government grants associated with the progression of our R&D programs.

Other Gains – Net

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net foreign exchange gains	**12,192**	20,688
Gain on modification of leases	**3,933**	–
Net fair value losses on derivative financial instruments	**–**	(3,726)
Fair value losses on long-term investments measured at fair value through profit or loss	**(18)**	(7,240)
Net (loss)/gains on disposal of property, plant and equipment	**(137)**	628
Loss on remeasurement of redemption liability	**(957)**	–
Others	**10**	–
Total	**15,023**	10,350

The increase in other gains was primarily attributable to combined impact of decrease of net foreign exchange gains and fair value change on long-term investments measured at fair value through profit or loss.

Our net foreign exchange gains consist 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 RMB8.5 million from RMB20.7 million for the year ended December 31, 2023 to RMB12.2 million for the year ended December 31, 2024, 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 of 2024 compared to that of 2023. Our business mainly operated 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

The fair value changes on long-term investments measured at fair value through profit or loss was attributable to our investment in investees who principally engaged in research and development in biotechnology industry in 2021 and 2022.

Research and Development Expenses

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Outsourcing service fee	**154,165**	143,110
Employee benefits expenses	**126,998**	140,842
Raw material and consumables used	**14,610**	44,737
Depreciation and amortization	**21,891**	21,272
Others	**12,513**	22,359
Total	**330,177**	372,320

Our R&D expenses decreased by RMB42.1 million or 11.3% from RMB372.3 million for the year ended December 31, 2023 to RMB330.2 million for the year ended December 31, 2024, primarily due to the decrease in raw material and consumables used and employee benefits expenses. Such decrease in research and development expenses resulted from (i) RMB30.1 million decrease in raw materials and consumables used, including the manufacture of clinical candidates; and (ii) RMB13.8 million decrease in employee benefits expenses primarily due to decrease in the average number of R&D employees and their compensation level.

Administrative Expenses

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Employee benefits expenses	**26,528**	27,831
Professional services expenses	**3,137**	4,967
Depreciation and amortization	**4,567**	3,072
Others	**8,819**	10,745
Total	**43,051**	46,615

Our administrative expenses decreased by RMB3.5 million from RMB46.6 million for the year ended December 31, 2023 to RMB43.1 million for the year ended December 31, 2024, which was mainly caused by the combined impact of decrease in professional services expenses and staff costs and the increase of depreciation and amortization expenses in connection with our headquarters in Beijing which was opened in mid-2023.

Management Discussion and Analysis

Finance Income and Finance Expenses

Our finance income decreased by RMB6.2 million from RMB47.1 million for the year ended December 31, 2023 to RMB40.9 million for the year ended December 31, 2024, which was mainly attributable to (i) decreased average interest rate of time deposit during the year of 2024 compared to that of 2023; and (ii) decreased average bank balances in line with our business progress.

Our finance expenses remained stable from RMB8.3 million for the year ended December 31, 2023 to RMB8.4 million for the year ended December 31, 2024.

Income Tax Expense

We recognized no income tax expenses for the years ended December 31, 2024 and 2023.

Non-IFRS Measure

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

Adjusted loss for the Reporting Period represents the loss for the Reporting Period excluding the effect of certain noncash items and one-time events, namely the fair value losses in financial instruments with preferred shares, listing expenses, share-based payment expenses, fair value gains in derivative financial instruments arising from the commitment of investments and fair value gains 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.

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year	**(155,709)**	(359,119)
Added:		
Share-based payment expenses	**9,964**	14,857
Fair value losses in long-term investments measured at fair value through profit or loss	**18**	7,240
Adjusted loss for the year	**(145,727)**	(337,022)

Management Discussion and Analysis

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,	
	2024	2023
	RMB'000	*RMB'000*
Research and development expenses for the year	**(330,177)**	(372,320)
Research and development expenses in relation to our SHP2 inhibitors which was recorded in Cost of Revenue for the year	**–**	(60,317)
Added:		
Share-based payment expenses	**8,989**	12,465
Adjusted research and development expenses for the year	**(321,188)**	(420,172)

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Administrative expenses for the year	**(43,051)**	(46,615)
Added:		
Share-based payment expenses	**975**	2,212
Adjusted administrative expenses for the year	**(42,076)**	(44,403)

Cash Flows

During the year ended December 31, 2024, net cash used in operating activities of our Group amounted to RMB74.1 million, representing a decrease of RMB290.1 million compared to the net cash of RMB364.2 million used in operating activities during the year ended December 31, 2023. The decrease was mainly due to the combined impact of increased net cash generated from license and collaboration agreement and decrease of R&D expenditures.

During the year ended December 31, 2024, net cash generated from investing activities of our Group amounted to RMB256.2 million, representing an increase of RMB303.6 million over the net cash used in investing activities of RMB47.4 million during the year ended December 31, 2023. The increase was mainly due to the combined impact of (i) the placement of deposits with original maturities over 3 months of RMB1,525.0 million during the year ended December 31, 2024 compared to that of RMB825.0 million during the year ended December 31, 2023; and (ii) the proceeds received from the maturity of deposits with initial terms over 3 months of RMB1,692.5 million during the year ended December 31, 2024 compared to that of RMB786.5 million during the year ended December 31, 2023.

Management Discussion and Analysis

During the year ended December 31, 2024, net cash generated from financing activities of our Group amounted to RMB21.3 million, representing a decrease of RMB224.4 million over the net cash generated from financing activities of RMB245.7 million during the year ended December 31, 2023. The decrease was mainly due to the combined impact of (i) the proceeds raised from the Subscription of RMB139.1 million during the year ended December 31, 2023; and (ii) the net repayment of borrowings of RMB1.6 million during the year ended December 31, 2024 compared to net proceeds from bank borrowings of RMB73.6 million during the year ended December 31, 2023.

Significant Investments, Material Acquisitions and Disposals

During the year ended December 31, 2024, our Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates, and joint ventures.

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, other funds raised from the capital markets from time to time and the net proceeds from the initial public offering.

During the Reporting Period, all of our borrowings were denominated in RMB. As at December 31, 2024, all of our bank borrowings are at fixed interest rate, which were RMB72.1 million (December 31, 2023: RMB73.6 million). We currently are available to access to undrawn bank loan facilities of RMB280.0 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, 2024, our cash and cash equivalents and other bank deposits were RMB1,174.5 million, as compared to RMB1,197.9 million as of December 31, 2023. 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 at December 31, 2024, our cash and cash equivalents were more than our total borrowings. Therefore, there was 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 year ended December 31, 2023 and 2024. As at December 31, 2024, our lease liabilities amounted to RMB80.0 million.

Capital Commitments

As at December 31, 2024, our Group had capital commitments contracted for but not yet provided of RMB0.06 million, primarily in connection with contracts for purchase of property, plant and equipment.

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 purchase of property, plant and equipment.

Contingent Liabilities

As at December 31, 2024, our Group did not have any contingent liabilities (December 31, 2023: Nil).

Management Discussion and Analysis

Pledge of Assets

There was no pledge of our Group's assets as of December 31, 2024 (December 31, 2023: Nil).

Foreign Exchange Exposure

As at December 31, 2024, 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, bank deposits, and trade payables are denominated in foreign currencies, and are exposed to foreign currency risk (primarily with respect to USD). Our management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity Risk

As of December 31, 2024 and 2023, we recorded net current assets of RMB945.8 million representing a decrease of RMB17.5 million from RMB963.3 million as at December 31, 2023. In the management of the liquidity risk, our Company monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operations and mitigate the effects of fluctuations in cash flows.

Employees and Remuneration Policies

As at December 31, 2024, our Group had 257 employees in total (2023: 301 employees). The total remuneration costs amounted to RMB153.5 million for the year ended December 31, 2024, as compared to RMB174.1 million for the year ended December 31, 2023. The decrease corresponded to the decreased number of employees and their salary level.

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 trainings programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits for our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in accordance with applicable laws. We have also adopted the 2021 Stock Incentive Plan on August 31, 2021, which intends to attract and retain the best available personnel, to provide additional incentives to Employees and to promote the success of our Company's business. For more details of the 2021 Stock Incentive Plan, please refer to the announcements 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-Ii 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 appropriate 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, 2024.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Yinxiang WANG(王印祥), the founder of our Group, aged 60, 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 61, 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 62, 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 Director

Dr. Te-li CHEN（陳德禮）, aged 56, 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 26 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 62, 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. He then 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) from June 2018 to March 2024. Dr. Song has been serving as 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 58, 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. He then served as an independent director of Minsheng Investment Management Co., Ltd.(民生控股股份有限公司)from April 2019 to August 2024. Dr. Wu has been serving as 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 67, 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)	60	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)	61	President of Administration	Overall administration, operational and financial management	September 2015	September 1, 2015
Yunyan HU(胡雲雁)	62	Executive Vice President	Directing and overseeing research and development	April 2017	March 20, 2019
Andrea Wang-Gillam(王宜)	55	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 55, 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 14 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 37, 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 46, was appointed as one of our joint company secretaries on August 24, 2022. Mr. Chung is a senior vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 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, 2024 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, one non-executive Director 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, 2024, the Board consists of three executive Directors, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG and Ms. Yunyan HU, one non-executive Director, namely 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. During the year ended December 31, 2024, 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.

Corporate Governance Report

Due to the intentions to pursue other personal affairs, Ms. Yanmin TANG resigned as a non-executive Director with effect from August 30, 2024. Dr. Te-li CHEN, a non-executive Director, has been appointed as a member of the Nomination Committee and the Remuneration Committee in place of Ms. Yanmin TANG with effect from August 30, 2024. 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 announcement of the Company dated August 30, 2024 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 December 31, 2024, the Board comprised seven Directors, including three executive Directors, one non-executive Director 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.

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.

Corporate Governance Report

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.

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 56 to 67 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 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, 2024, two 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, 2024 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.

Corporate Governance Report

As of December 31, 2024, the ratio of male and female employees (including senior management) of the Company was 38.9% and 61.1%, 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.

Details of Directors and the top five highest paid individuals are set out in note 14 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, 2024, 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, 2024, 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, 2024, 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, 2024, 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.

Corporate Governance Report

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, 2024, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG, Ms. Yunyan HU, 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.

The attendance record of each Director at the Board and general meetings of the Company held during the year ended December 31, 2024 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 (resigned with effect from August 30, 2024)	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. Bai LU	4/4	1/1

Corporate Governance Report

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.

As at December 31, 2024, 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, 2024, 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 twice during the Reporting Period without the presence of the executive Directors and the management.

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	2/2
Dr. Te-li CHEN	2/2
Dr. Ge WU	2/2

Corporate Governance Report

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 Ms. Yanmin TANG resigned as a non-executive Director with effect from August 30, 2024, Ms. Yanmin TANG was no longer a member of the Remuneration Committee since August 30, 2024. The Board resolved that Dr. Te-li CHEN, a non-executive Director, was appointed as a member of the Remuneration Committee in place of Ms. Yanmin TANG with effect from August 30, 2024. As at December 31, 2024, the Remuneration Committee consists of one executive Director, Ms. Wang, one non-executive Director, Dr. Te-li CHEN, and three independent non-executive Directors including 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 2020 Plan and 2021 Plan as well as other related matters. The executive Directors and non-executive Director(s) 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 Director can be involved in deciding his or her own remuneration.

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 (resigned with effect from August 30, 2024)	2/2
Dr. Te-li CHEN (appointed with effect from August 30, 2024)	1/1
Dr. Ge WU	2/2
Dr. Bai LU	2/2

Corporate Governance Report

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 Ms. Yanmin TANG resigned as a non-executive Director with effect from August 30, 2024, Ms. Yanmin TANG was no longer a member of the Nomination Committee since August 30, 2024. The Board resolved that Dr. Te-li CHEN, a non-executive Director, was appointed as a member of the Nomination Committee in place of Ms. Yanmin TANG with effect from August 30, 2024. As of December 31, 2024, the Nomination Committee consists of one executive Director, Dr. Wang, one non-executive Director, Dr. Te-li CHEN, and three independent non-executive Directors including 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 2025 AGM of the Company.

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
Ms. Yunyan Hu (appointed with effect from March 19, 2025)	0/0
Ms. Yanmin TANG (resigned with effect from August 30, 2024)	2/2
Dr. Te-li CHEN (appointed with effect from August 30, 2024 and ceased with effect from March 19, 2025)	1/1
Dr. Ruilin SONG	2/2
Dr. Ge WU	2/2
Dr. Bai LU	2/2

Corporate Governance Report

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, 2024. 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 band for the year ended December 31, 2024, is set out below:

Remuneration band	Number of members of senior management
HKD9,500,001 to HKD10,000,000	1

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, 2024.

Corporate Governance Report

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.

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.

Corporate Governance Report

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 2024 Internal Audit Report was submitted to the Board on March 19, 2025.

During the year ended December 31, 2024, 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.

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.

Corporate Governance Report

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, 2024.

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, 2024, the remunerations paid or payable to Deloitte Touche Tohmatsu, the external auditor of the Company, in respect of its audit services are approximately RMB1.3 million. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the consolidated financial statements is included in the Independent Auditors' Report on pages 146 to 147.

For the year ended December 31, 2024, the remunerations paid or payable to Deloitte Touche Tohmatsu in respect of its non-audit services are approximately RMB0.4 million for tax advisory services.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Deloitte Touche Tohmatsu for the year ended December 31, 2024, are set out in the table below:

Services rendered for the Company	**Fees paid and payable** ***RMB'000***
Audit service	1,300
Non-audit service	381
Total	**1,681**

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**"). Both Ms. Xue and Mr. Chung have the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Chung is the senior 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 2024. The main contact person of Mr. Chung in the Company is Ms. Xue.

Corporate Governance Report

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 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

During the Reporting Period, there is no change in the Company's constitutional documents.

Environmental, Social and Governance Report

ABOUT THE REPORT

Report explanation

This Environmental, Social, and Governance Report (hereinafter referred to as "this Report") is an annual report aimed at objectively disclosing Jacobio Pharmaceuticals Group Limited (hereinafter referred to as "Jacobio," "the Company," or "we") performance in the field of Environmental, Social, and Governance (ESG) in 2024. We recommend to read the governance section in conjunction with the *Corporate Governance Report* included in this year's Report.

Basis of compilation

This Report is prepared in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide (ESG Reporting Guide)* as set out in Appendix C2 to the Rules Governing the Listing of Securities (hereinafter referred to as "Listing Rules") on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "HKEX"). It also references the *Global Reporting Initiative (GRI) Standards Core Option (2021)* published by the Global Sustainability Standards Board (GSSB) and the United Nations Sustainable Development Goals (SDGs). The Report strictly adheres to the "Comply or Explain" requirement in the *ESG Reporting Guide*. The section on climate change is compiled following the requirements of "Part D: Climate-related Disclosures" in the HKEX's *Environmental, Social, and Governance Reporting Code*.

Scope and boundary of the Report

Unless otherwise specified, the information in this Report covers the period from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "reporting period"), with some content pertaining to periods outside the reporting period. The Company's main operations are in China, with offices and laboratories located in Beijing, Shanghai, and Boston, USA. This Report discloses the operations of Jacobio Pharmaceuticals Group Limited in China and the United States.

Principle of reporting

This Report follows the reporting principles of the *ESG Reporting Guide*, including the following principles:

Materiality: This Report has identified the major stakeholders and the ESG issues of concern to each stakeholder during the preparation process, and has made targeted disclosures in this Report according to the relative importance of the issues of concern.

Quantification: This Report presents key performance indicators related to environmental and social aspects using quantitative data. The measurement standards, methods, assumptions, and/or calculation tools for the key performance indicators in the Report, as well as the sources of conversion factors used, have been explained at their respective locations.

Consistency: The data collection methods in this Report remain consistent with previous years. If there is any change in the statistical methods or disclosure will be fully explained in the Report's notes.

Environmental, Social and Governance Report

Sources of information and reliability assurance

The information and cases in the Report are mainly sourced from public information, statistical reports, relevant documents, and internal communication files of the Company. Unless otherwise specified, all currency types and amounts mentioned in the data of this Report are measured in RMB. The Board of Directors of the Company (hereinafter referred to as the "Board," with its members as "Directors") commits that the Report does not contain any false or misleading information and is responsible for its truthfulness, accuracy, and completeness.

Report acquisition

The electronic version of the Report is available for download and reading on the Company's website (www.jacobiopharma.com). The Report is written in both Chinese and English. If there are any discrepancies between the two versions, the Chinese version shall prevail.

ABOUT JACOBIO

Company overview

Jacobio Pharmaceuticals Group Limited (Stock Code: 01167.HK) was officially established in Beijing in July 2015, focusing on the research and development of new medicines in the clinical stage, dedicated to providing breakthrough treatment solutions for patients. The Company's mission is to be an innovator in biopharmaceuticals, offering effective innovative therapies to global patients. The vision is to collaborate with partners and become a globally recognized leader in pharmaceutical development. The Company's laboratories are located in Beijing and Shanghai, China, and Boston, the United States, and we are equipped with an Induced Allosteric Drug Discovery Platform (IADDP).

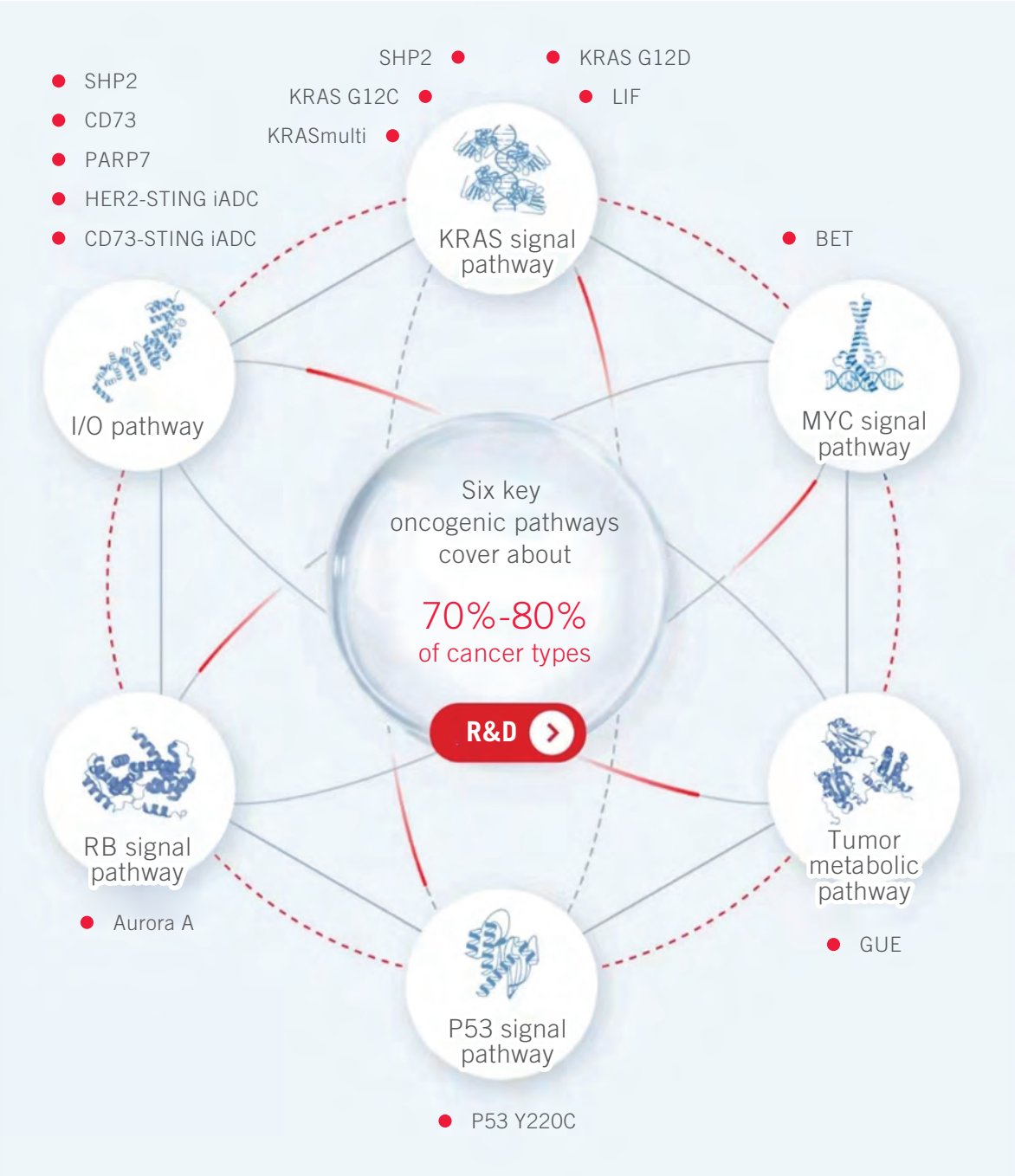
Our pipelines:

Corporate culture: We develop novel drugs with a professional attitude and embrace the challenges of diseases with elegance. Jacobio is aimed to seize new opportunities in drug R&D that are created by breakthroughs in basic research and bring more efficient therapeutic options to cancer patients.

Environmental, Social and Governance Report

Our strategy

The core project of Jacobio is organized around the KRAS pathway and is dedicated to attacking targets where no drug has been successful.



Environmental, Social and Governance Report

2024 in numbers

Compliant Operations and Enhanced Governance	• Zero intellectual property infringement litigation cases • Zero major illegal incidents or litigation cases involving embezzlement, bribery, extortion, fraud, or money laundering • 52 new invention patent applications filed and 44 new invention patents granted in 2024 • Zero data breaches or customer privacy leak incidents
Driven by Innovation, with Quality as the Foundation	• 330 million is invested in research and development • 10 R&D achievements presented at international academic conferences • Zero customer complaints related to product quality incidents
Low-carbon Operations, Green Development	• All laboratory waste gas undergoes harmless treatment exceeding national emission standards by 10% • Total greenhouse gas emissions: 1,180.02 tons of carbon dioxide equivalent
Empower Employees and March Forward in Pursuit of Dreams	• Total employee training hours: 693 hours • New employees: 13 • Maternity leave return-to-work rate: 100% • Occupational disease incidents: zero
Shoulder Responsibilities and Move Forward Hand in Hand	• 143 suppliers qualified through access review in 2024 • 5 science articles published in the “Scientific Insights” section on WeChat Official Account by the end of the reporting period

Company’s honors in 2024

Award	Awarding unit
2024 Best Small and Medium-Cap Companies	Zhitong Finance
Top 100 Chinese Pharmaceutical Innovation Enterprises in 2024	Healthcare Executive
Outstanding Enterprise for ESG Innovation Practice	Guru Club
2024 China Pharma & Healthcare Rising Stars	Deloitte

Environmental, Social and Governance Report

COMPLIANT OPERATIONS AND ENHANCED GOVERNANCE

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- Compliance governance
- Business ethics
- Anti-corruption
- Data security and customer privacy protection
- Intellectual property protection
- Clinical trial safety

Jacobio adheres to the principle of compliant operations, actively practices ESG concepts, establishes the sound corporate governance system, promotes compliance in key internal areas, and strives unremittingly towards sustainable development.

Corporate governance

Jacobio always adheres to the concept of compliant operations, strictly following the requirements of the *Company Law of the People's Republic of China,* the *Securities Law of the People's Republic of China,* as well as the *Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other relevant laws, regulations, and normative documents, to promote the Company's standardized operations in an orderly manner.

In terms of corporate governance structure, Jacobio has established a robust corporate governance framework with the shareholders' meeting as the highest authority, the Board of Directors as the decision-making core, and multiple specialized committees operating in coordination. The Board of Directors includes the Nomination Committee, Review Committee, and Compensation Committee. Each specialized committee has clear responsibilities, focusing on key matters in specific areas of the Company. Leveraging their expertise and experience, they provide professional guidance and decision support for the Company's sound development, ensuring efficient operations within a standardized governance framework.

Jacobio adheres to the principle of board diversity and has established and implemented the *Diversification Policy for Board Members*. In the process of selecting and appointing Directors, the Company comprehensively considers diverse elements, including skills, regional and industry experience, backgrounds, ethnicity, gender, and other qualities, striving to optimize the Board's composition to strengthen the scientific basis of Board decision-making and enhance overall Board effectiveness. Our Nomination Committee is responsible for overseeing the implementation of the *Diversification Policy for Board Members*, conducting annual reviews of the Board's structure, size, and composition, and making recommendations when appropriate. During the reporting period, our Board consisted of 7 Directors, including 3 executive Directors, 1 non-executive Director, and 3 independent non-executive Directors, with independent Directors accounting for 42.86% and female directors accounting for 28.57% of the total Board members. Our Directors come from various professional fields such as business administration, biology, biochemistry and molecular biology, finance, etc., and with their profound expertise and rich experience, they provide strong support for the Board's decision-making and drive the Company forward steadily.

Environmental, Social and Governance Report

Duties of specialized committees

Review Committee	Compensation Committee	Nomination Committee
• Assist the Board of Directors in providing independent opinions on the effectiveness of the Company's financial reporting procedures, internal control system and risk management system • Monitor the audit procedures and perform other duties and responsibilities assigned by the Board of Directors	• Make recommendations to the Board of Directors regarding the remuneration policies and structures for all of our Directors and senior management, and regarding the establishment of formal and transparent procedures for formulating remuneration policies, and determine the specific remuneration packages for all Directors and senior management • Review and approve performance-based remuneration with reference to the corporate objectives and purposes resolved by the Board of Directors • Review and/or approve from time-to-time matters relating to share plans under Chapter 17 of the Listing Rules	• Review the structure, size and composition of the Board of Directors • Evaluate the independence of independent non-executive Directors • Make recommendations to the Board of Directors regarding matters related to the appointment of Directors

Compliant operations

Adherence to business ethics

Jacobio always regards integrity as the cornerstone of its business activities, strictly complies with relevant international and local laws such as the *Anti-Money Laundering Law of the People's Republic of China,* the *Anti-Monopoly Law of the People's Republic of China,* and the *Anti-Unfair Competition Law of the People's Republic of China*, resolutely opposes commercial corruption, and is committed to building a clean and compliant corporate environment, establishing long-term stable cooperation relationships with business partners.

We have established internal management systems such as the *Integrity Management System* and the *Employee Handbook* to comprehensively regulate employee behavior, incorporating integrity into our employee management system. We prohibit employees from seeking or accepting money, gifts, or other forms of benefits by abusing their power or leveraging their personal positions and responsibilities. We assess employees' integrity in various stages such as recruitment, promotion, transfer, resignation, and performance evaluation. Any violations found will be punished according to the severity of the misconduct. For serious cases, legal actions will be taken by referring them to the judicial authorities.

We encourage all employees, suppliers, and partners to report any unethical behaviors such as corruption and bribery, unfair competition, etc., by setting up a dedicated reporting hotline and "Our Voice" email for receiving reports either anonymously or with identification. Upon receiving reports, the Company will promptly respond, initiate an investigation, thoroughly verify and address the reported issues to ensure proper handling of each piece of information provided by the whistleblower. Any issues identified during the investigation will be addressed promptly with effective measures taken to rectify them, ensuring that the Company's operations consistently adhere to high standards of integrity and transparency.

Environmental, Social and Governance Report

At the same time, the Company places high importance on protecting the rights of whistleblowers and has established comprehensive whistleblower protection regulations. Throughout the entire reporting process, we strictly adhere to confidentiality principles, ensuring the strict confidentiality of whistleblower information and reports, and preventing any form of information leakage. Retaliation against whistleblowers is strictly prohibited. During the reporting period, the Company did not experience any significant illegal activities or litigation cases related to corruption, bribery, extortion, fraud, or money laundering.

We place great importance on anti-corruption and integrity education, regularly organizing anti-corruption training activities for the Board of Directors and all employees. During the reporting period, a total of 7 Directors of the Company participated in anti-corruption training.

Intellectual property protection

Jacobio strictly adheres to 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,* and the *Copyright Law of the People's Republic of China*, as well as international standards including the *America Invents Act* (AIA), the European Patent Convention (EPC), and the Patent Cooperation Treaty (PCT), to establish a comprehensive intellectual property protection management system.

Jacobio attaches great importance to intellectual property work and has established a dedicated Intellectual Property Management Department, which is fully responsible for the entire process of intellectual property acquisition, maintenance, utilization, and protection. To standardize internal intellectual property management, the Company has developed templates for confidentiality agreements and standard clauses for intellectual property ownership, clearly defining intellectual property ownership and laying a solid foundation for the Company's intellectual property protection system. Additionally, to address intellectual property risks, we have implemented a series of management measures at different stages.

- During the product initiation phase, we initiate anti-infringement retrieval and analysis, conduct in-depth searches on various intellectual property information, identify potential risks, and design effective avoidance measures;
- During the pre-clinical research and development stage, continuous retrieval of intellectual property information is conducted to real-time screen risks. Research strategies and content are adjusted timely based on the retrieval results;
- Submitting a patent priority application promptly upon conducting clinical trials and launching new drugs effectively protects the research and development achievements.

Environmental, Social and Governance Report

We consistently uphold the concept of respecting intellectual property rights and are committed to fully protecting the intellectual property rights of our partners and employees. When engaging in joint development projects with partners, Jacobio attaches great importance to the clear definition and equitable distribution of intellectual property rights. By clearly defining the ownership terms of intellectual property rights in a series of relevant agreements such as *Technology Cooperation Agreement, Technology Service Agreement*, and *Clinical Trial Agreement* signed in advance, we accurately determine the ownership of intellectual property rights, and elaborate on the principles of distributing research results. In terms of managing employee intellectual property rights, the Company conducts rigorous background checks on intellectual property before new employees join. By thoroughly understanding the independent intellectual property rights held by new employees and the non-compete restrictions involved in their past work experiences, we ensure that the Company manages intellectual property rights in a risk-controlled and compliant manner. During the reporting period, Jacobio did not experience any intellectual property infringement incidents.

Jacobio attaches great importance to raising and strengthening awareness of intellectual property protection. The Company actively conducts comprehensive and multi-level promotional activities, integrating intellectual property protection-related content into departmental meetings, business discussions, and compliance training to effectively manage and protect patents, trademarks, copyrights, and trade secrets.

As of December 31, 2024, Jacobio holds 47 trademarks, with over 360 global invention patent applications, out of which 126 are granted patents. In the reporting period, there were 52 new invention patent applications and 44 newly granted patents.

Data security and privacy protection

Jacobio always prioritizes information security and privacy protection in the process of new drug research and development. The Company strictly adheres to the requirements of the *Personal Information Protection Law of the People's Republic of China, Good Clinical Practice* (GCP), the *Guidelines for Electronic Data Acquisition Technology in Clinical Trials*, and other domestic laws and regulations. Additionally, Jacobio actively refers to international standards such as the *ICH Good Clinical Practice* (ICH GCP) and the *General Data Protection Regulation* (GDPR) to enhance data security and privacy protection management, ensuring the standardization and security of data management comprehensively. In 2024, there were no incidents of data leaks or customer privacy breaches.

In terms of information security management, we adhere to the ISO 27001 Information Security Management System certification standard, as well as relevant specifications such as the *second-level standard of GB/T 22239-2019 Information Security Technology – Baseline for Classified Protection of Cybersecurity*, to continuously optimize our information security management efforts. We have established a series of management systems including the *Jacobio Information Security Management Measures,* the *Regulations on Machine Room Security Management*, and *Jacobio's Data Backup and Recover Management* to ensure the security, integrity, and availability of Company information assets.

Environmental, Social and Governance Report

Data security management measures:

- USB access control: Completely revoking employee access to USB devices has reduced the risk of data leakage.
- Disk encryption: Encrypting the disks of employee endpoint devices to prevent unauthorized access to data in case of device loss.
- Hierarchical access control: Implementing strict hierarchical access control on project data to ensure that sensitive data is only accessible to authorized personnel.
- Advanced Security Accounts: Providing selected employees with higher security level accounts to meet the operational needs of handling sensitive data.
- Integrating the conference room equipment into the domain management system, and establishing an access password to ensure the security of internal discussions and presentations within the Company.

In terms of privacy protection, we adhere to a rigorous and responsible attitude, strengthening the protection of employee and customer privacy. In 2024, we drafted and released the *Employee Privacy Protection Statement*, clearly outlining the Company's responsibilities and obligations in personal data protection, emphasizing employees' rights to personal data. For customer privacy protection, we have established a rigorous and comprehensive protection system across various dimensions such as policies, technology, and emergency response, effectively safeguarding the legitimate rights and interests of customers.

Customer privacy protection measures:

Privacy protection policy management

- Clearly defining the Company's responsibilities in data collection, storage, processing, and sharing to ensure customers' rights to information and control over their data;
- Ensuring that relevant internal management systems comply with international and local privacy regulations such as GDPR, HIPAA (where applicable).

Data access permission management

- Implementing the principle of least privilege, allowing only relevant personnel to access customer data to ensure the security of sensitive information.
- Implementing a hierarchical access control system to strictly classify and restrict access to client data.

Data encryption and storage

- Encrypting customer data during transmission and storage to ensure unauthorized access is prevented.
- Regularly backing up customer data to prevent data loss or corruption.

Environmental, Social and Governance Report

Safety technology measures

- Deploying firewalls, Intrusion Detection Systems (IDS), and Malware Protection Systems to safeguard customer data from cyber-attacks;
- Implementing multi-factor authentication (MFA) and disk encryption technology to ensure the security of employee endpoints and servers;
- Utilizing a reliable Electronic Data Capture (EDC) system for clinical trial data management, signing confidentiality agreements with EDC vendors for data processing, and enhancing the privacy protection of subjects.

Third-party compliance and contract management

- When collaborating with third parties, a Data Protection Agreement (DPA) was signed to ensure their compliance with the same privacy protection standards;
- Regularly reviewing the compliance of third-party data processors.

Data breach emergency response

- Establishing a data breach emergency response process, including detection, isolation, investigation, and reporting mechanisms;
- Promptly notifying relevant clients after the incident and implement remedial measures.

We emphasize cultivating employees' awareness of data security and privacy protection, regularly conducting training on data security and privacy protection for employees. In the onboarding training system for new employees, we deliberately incorporate an introduction to information security knowledge to help new employees establish a strong awareness of information security. Additionally, the Company takes into full consideration the uniqueness and specific needs of each department's business operations, and conducts customized training on data security management.

Environmental, Social and Governance Report

Technical ethics

Jacobio has always upheld a deep respect for and firm protection of patient rights, committed to promoting human health and well-being by providing safe and effective medical services, and safeguarding the welfare of animals used in clinical trials.

Clinical trial

Jacobio strictly adheres to the most stringent domestic and international laws and ethical standards, such as the *Regulations of the People's Republic of China on the Administration of Human Genetic Resources* and the *Measures for the Ethical Review of Life Sciences and Medical Research Involving Human Subjects*. Based on these, comprehensive operating procedures are established to implement strict monitoring throughout every stage of clinical trials, ensuring the scientific validity and safety of the trials.

We respect every subject, comprehensively protect their legal rights and interests. We strictly adhere to established standard operating procedures in the selection of research centers and researchers, initiation visits to research centers, routine inspection, and close-out visits, ensuring compliance with ICH guidelines and regulations. We prepare informed consent forms as required and submit them for review by the ethics committee. After ethical approval, researchers will introduce the content of the informed consent form to the subjects to ensure that each subject fully understands the research objectives, methods, and potential risks before participating in the clinical study. Clinical trials are conducted on the basis of ensuring informed consent of the subjects.

Animal welfare

Jacobio strictly complies with relevant laws and regulations such as the *Laboratory Animals–General Code of Animal Welfare (GB/T 42011-2022), Laboratory Animal–Guideline for Ethical Review of Animal Welfare (GB/T 35892-2018), Technical Specification of Ethical Review for Laboratory Animal Welfare (DB11/T 1734-2020)*, and *Regulations of Beijing Municipality on the Administration of Laboratory Animals*. We have established the Animal Management and Animal Welfare Ethics Committee of Jacobio (referred to as "Jacobio Animal Committee"), with the Senior Vice President of Pharmacology of the Company serving as the director, responsible for reviewing animal experiment protocols and managing personnel and facilities. The Jacobio Animal Committee conducts reviews and supervision of the experimental design and implementation process of experimental animals based on the basic principles of ethical review of experimental animal welfare.

ESG governance

Board of Directors statement

The Board of Directors of Jacobio deeply recognizes the importance of corporate social responsibility and environmental, social, and governance practices. As the highest authority and decision-making body for ESG matters within the Company, it is responsible for overseeing ESG-related affairs. We actively identify and assess ESG risks based on our business characteristics and operational conditions, pay attention to and promptly address stakeholders' concerns, and drive the Company towards sustainable development.

Environmental, Social and Governance Report

We have established an ESG strategy centered around "HOPE". This strategy guides the Company to continuously deepen its efforts in the four key areas of "Harmonious coexistence, Optimized governance, Professional innovation and Evolving together", assisting the Company in steadily advancing on the path of sustainable development. Additionally, we have set environmental goals and regularly review the progress of these goals. In the fiscal year 2024, we conducted a comprehensive assessment and review of the achievement of environmental goals and ESG-related work, considering the actual needs of the Company. For detailed information on the assessment of environmental goals, please refer to the "Environmental Management System" section in the Report.

ESG strategy

Jacobio adheres to an ESG strategy centered around "HOPE," dedicated to continuously practicing the concept of sustainable development from four key aspects: "Harmonious coexistence, Optimized governance, Professional innovation and Evolving together."

As a responsible pharmaceutical Company, we enthusiastically support the United Nations Sustainable Development Goals by accelerating the resolution of drug development challenges, particularly for the undruggable targets. We aim to open up more treatment ways for cancer patients around the world, significantly improve the five-year survival rate of cancer patients, and strive to turn cancer into a controllable "chronic disease", thereby improving the "health and well-being" of patients around the world, and lighting the light of hope for patients.

ESG strategy centered on "Harmonious coexistence, Optimized governance, Professional innovation and Evolving together" (HOPE: a spark of hope for the patients)

Interpretation: Focused on development in terms of innovativeness, professionalism, medical accessibility, sustainability, compliance and global reach, we formulated a ESG strategy that centers on four core principles: harmonious coexistence, professional innovation, evolving together and optimized governance, committed to bringing hope to patients.

Environmental, Social and Governance Report

ESG governance framework

Jacobio has established a three-tier ESG governance structure consisting of the Decision-Making Level, Management Level, and Execution Level. The Board of Directors serves as the Decision-Making Level, responsible for setting the Company's overall ESG strategy and goals, overseeing and supervising the Company's ESG performance, and reviewing ESG reports. Under the Board of Directors, there is an ESG Working Group that functions as the Management Level. This group primarily assists the Board of Directors in advancing the implementation of ESG strategy and goals, coordinating and supervising the execution and implementation of ESG-related matters. The Company's various functional departments form the Execution Level of the governance structure, responsible for carrying out specific ESG tasks, effectively driving the implementation of ESG management work at all levels of the Company, and ensuring the effective execution of ESG strategy.

<table>
<tr><td>Decision-Making Level</td><td colspan="5">Board of Directors</td></tr>
<tr><td>Management Level</td><td colspan="5">ESG Working Group</td></tr>
<tr><td rowspan="2">Execution Level</td><td colspan="5">ESG Related Departments</td></tr>
<tr><td>Integrated Management Department</td><td>Human Resources Department</td><td>Finance Department</td><td>Legal Department</td><td>Investor Relation Department</td></tr>
</table>

Stakeholder engagement

Jacobio places great emphasis on communicating and engaging with various stakeholders, striving to build a diverse and efficient communication platform to thoroughly understand and actively respond to stakeholders' expectations and needs in the ESG field. We consider stakeholders' opinions and suggestions as essential references for ESG management and business planning. Based on the nature of our business, we have identified a range of key stakeholder groups, including government and regulatory bodies, investors, employees, customers, suppliers, media, non-governmental organizations, and communities.

To enhance transparency, we have implemented various measures, including regularly publishing detailed annual reports and promptly issuing accurate announcements on significant matters. These initiatives aim to ensure investors can quickly and comprehensively understand the Company's operational and financial information, fostering trust and cooperation. During the reporting period, we conducted 15 investment bank strategy meetings, organized 203 roadshows, and held one on-site shareholders' meeting. In 2024, we were recognized as the "2024 Best Small and Medium-Cap Companies" by Zhitong Finance.

Investor Education Activities

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
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

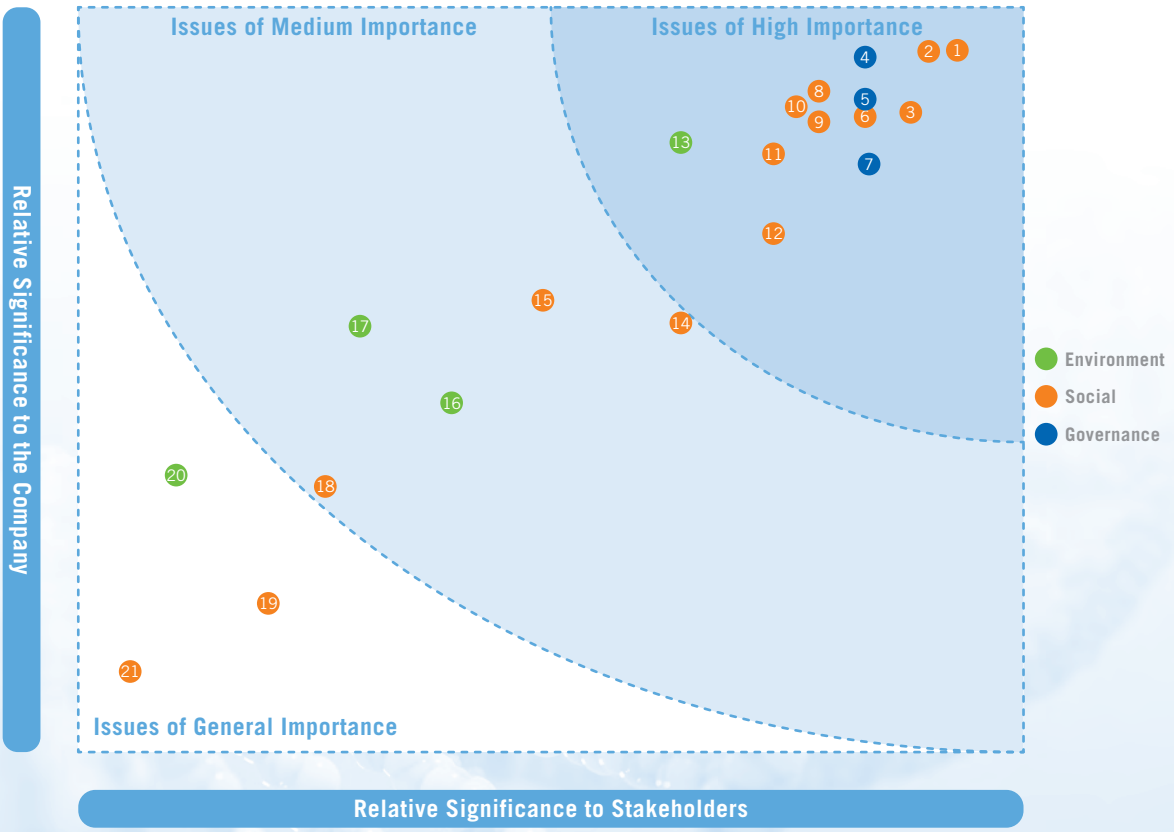
Environmental, Social and Governance Report

Important issues

Jacobio identified 21 important issues based on the Hong Kong Stock Exchange's *Environmental, Social and Governance Reporting Guide*, referencing the *Global Reporting Initiative (GRI) Standards*, and considering industry-specific importance. These issues were prioritized by importance to stakeholders and to the Company's operations, establishing the priority of various ESG issues.

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 important 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	Research and Development
	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

DRIVEN BY INNOVATION, WITH QUALITY AS THE FOUNDATION

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- R&D
- Product quality and safety
- Medical accessibility

Jacobio always adheres to high standards and strict requirements to control product quality and ensure product safety. At the same time, we continuously enhance research and development innovation, improve customer service systems, and strive to create safer and more effective drugs for patients, thereby enhancing customer satisfaction.

Research and development innovation

Jacobio deeply understands that research and innovation are key drivers for implementing our treatment strategies and strengthening the competitiveness of the biopharmaceutical industry. We adhere to the research and development philosophy and mission of "providing effective innovative therapies for global patients," dedicating ourselves fully to R&D and innovation. In 2024, the Company has 216 researchers, invested 330 million R&D expenses. We continue to strengthen and expand our R&D platform to inject a steady stream of momentum into innovative development. Based on the deep expertise and rich practical experience accumulated in the field of allosteric inhibitors over a long period of time, the Company has built a proprietary technology platform for the development of heterogeneous site inhibitors. Simultaneously, with expertise in small molecule drug development, we have established the iADC drug development platform to steadily advance our journey in innovative drug development. During the reporting period, we were honored with the "Top 100 Innovative Pharmaceutical Enterprises in China" award by E Pharma Manager.

We continuously enhance the research and development (R&D) and innovation management system, establish clear R&D and innovation management goals and plans, have the clinical team combine the Company's R&D direction and goals at the corporate level to decompose tasks for each functional team. Each functional team further refines its own goals and deliverables or action items, regularly reviews and discusses the progress towards the goals. Additionally, we encourage employee R&D and innovation by implementing *Employee Invention and Creation Incentive Reward Agreement* which clearly defines the reward mechanism for employees in job invention and creation, fully motivating employees' innovation enthusiasm, and fostering a good corporate culture that respects knowledge.

Environmental, Social and Governance Report

To expedite the research and development process and bring innovative drugs to the global market sooner, Jacobio actively implements a global market strategy by closely collaborating with partners worldwide in integrating research resources and advantages to enhance drug accessibility. In the journey of conquering challenging drug targets, we enthusiastically engage with research institutions, biotechnology companies, and pharmaceutical companies globally for cooperation in drug discovery, clinical research, commercialization, and other stages. Through methods such as external licensing, product introduction, and joint development, we seek the optimal therapies and introduce products to the global market, igniting hope for patients.

Case: Allist and Jacobio Announce a Global Strategic Partnership to Advance the SHP2 Inhibitor Project

On August 30, 2024, Jacobio announced the licensing of the rights for the KRAS G12C inhibitor Golarise and the SHP2 inhibitor JAB-3312 in China (including mainland China, Hong Kong, Macau, and Taiwan) to Shanghai Allist Pharmaceuticals Co., Ltd (688578.SH).

According to the agreement terms, Jacobio will receive approximately 200 million yuan, including a down payment of 150 million yuan, as well as around 50 million yuan for research and development compensation and other payments. Additionally, they will receive up to 700 million yuan in development and sales milestone payments, and a tiered double-digit percentage of sales royalties, with net sales royalties for JAB-3312 capped at 20%. The mentioned amounts are inclusive of value-added tax. This marks Jacobio's official entry into the commercialization phase, while the research and development of SHP2 has also reached a new milestone.

In 2024, our independently developed KRAS G12C inhibitor, Glecirasib, submitted a New Drug Application (NDA) and was granted priority review by the Center for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) in China for the treatment of advanced or metastatic non-small cell lung cancer patients with KRAS G12C mutation in second line or beyond therapy. The first indication for Glecirasib is non-small cell lung cancer with KRAS G12C mutation. In April 2024, Glecirasib was granted orphan drug designation by the Food and Drug Administration (FDA) for pancreatic cancer indication. In August 2023, it was granted breakthrough therapy designation by the Center for Drug Evaluation (CDE) of the NMPA for the treatment of second line or above pancreatic cancer patients with KRAS G12C mutation. In the field of colorectal cancer, a Phase III registration clinical trial for the combination therapy of Glecirasib and Cetuximab in treating colorectal cancer was approved in China in May 2024.

In academic research, Jacobio's research team actively engages in cutting-edge exploration. In 2024, we presented a total of 10 research and development achievements at various international academic conferences. Among them, the clinical trial data of the KRAS G12C inhibitor Glecirasib was published in *Nature Medicine* (impact factor 58.7). Jacobio's independently developed SHP2 inhibitor JAB-3312's pre-clinical research results were published in the prestigious journal *Journal of Medicinal Chemistry*, injecting new vitality into academic exchanges in the global biopharmaceutical field, further showcasing Jacobio's leading position and innovative strength in the industry.

Environmental, Social and Governance Report

Product quality and safety

As a Company deeply engaged in the field of new drug research and development, Jacobio understands that product quality and safety are not only crucial for benefiting patients but also essential elements in promoting the overall well-being of the public. Therefore, the Company always adheres to high standards and strict requirements, comprehensively controls product quality, and sets strict quality requirements in various stages such as raw material procurement, research and development processes, and clinical trials, striving to provide patients with safe and effective medicines.

Product quality management

Jacobio strictly adheres to the regulations such as the *Law of the People's Republic of China on the Administration of Pharmaceuticals,* the *Provisions for Drug Registration,* the *Good Clinical Practice of Pharmaceutical Products,* the *Good Laboratory Practice, Good Manufacturing Practice, International multicenter clinical trial guideline*, as well as the provisions on new drug clinical research and human subject protection in the United States Food and Drug Administration's Code of Federal Regulations (21 CFR). And we also comply with the requirements for non-sterile drug production in the *European Medicines Agency's EU Good Manufacturing Practice for the manufacture of sterile medicinal products*, establishing a comprehensive quality management system to strictly control product quality. Adhering to regulations as the guideline and quality as the lifeline, Jacobio continuously injects strong impetus into the high-quality development of the pharmaceutical industry.

Quality management system

To strictly implement quality management, Jacobio continuously optimizes its quality management system in accordance with requirements such as GMP, ICH Q7, and ISO9001. In 2024, we developed 18 quality management-related documents, including the *Quality Manual, Management Procedures for Product Quality Review and Annual Report, and Management of Batches, Batch Numbers, and Expiry Dates of GMP Products*. The *Quality Manual* serves as the Company's quality management system framework and action guidelines, establishing a quality management system for the entire process from research and development to late-stage clinical development and commercialization, ensuring precise control at every stage from research to production. The quality department is the Company's primary quality management organization, responsible for developing and maintaining quality standards and procedures, as well as supervising and evaluating the implementation of the quality management system.

Quality policy: Jacobio is committed to developing and producing active pharmaceutical ingredients (APIs) and drugs that meet the high-quality standards defined in current Good Manufacturing Practice (cGMP) regulations for pharmaceutical production, in accordance with applicable global regulatory requirements.

To enhance product quality, we implement product quality management from various aspects such as pharmaceutical research and development management, supplier management, and production process optimization.

Environmental, Social and Governance Report

Product Quality Management Measures

Measures	Measure description
Medicine R&D management	• Ensure the authenticity and reliability of research data: Strictly adhere to scientific research methods and standards, continuously improve the data reliability system, strengthen the review and supervision of data and records during the R&D process, and ensure that the data is true and accurate. • Conduct in-depth quality research: Comprehensively understand the physical, chemical, biological, and other properties of drugs, as well as their stability under different environmental conditions, to provide a scientific basis for the production, storage, and use of drugs.
Supplier management	• Emphasize supplier audits: The Company has established a supplier audit system and conducted audits for various types of suppliers, including contracted manufacturing suppliers (CDMO), raw material manufacturers, and GLP laboratories. • Select high-quality suppliers: Conducting rigorous evaluation and screening of contract manufacturing suppliers (CDMO), raw material manufacturers, and GLP laboratories, establishing long-term and stable cooperative relationships, and ensuring the quality and stability of the products and services provided by the suppliers. • Sign Quality Assurance Agreements: The Company signs Quality Assurance Agreements with each CDMO, which are updated every two to three years. These agreements clearly outline the quality obligations and audit requirements that both parties must fulfill.
Optimize production processes and quality control	• Through experimentation and validation, determine the optimal production process parameters and strictly control them during the production process • Establish a comprehensive quality control system, strengthen monitoring of the production process, and establish scientific, reasonable, and rigorous drug quality standards. Retain samples and conduct stability tests for each batch of drugs to facilitate timely traceability and analysis of causes in case of issues.
Transportation and storage of drugs for clinical trials	• Strict storage conditions and management: Ensure that drugs are stored under appropriate and approved conditions, and establish a rigorous inventory management system to guarantee the accurate receipt and dispatch of drugs. • For drugs requiring refrigeration or freezing: Use specialized cold chain transportation equipment to ensure that the temperature of the drugs remains within the required range during transport. Monitor and record temperature data throughout the transportation process.

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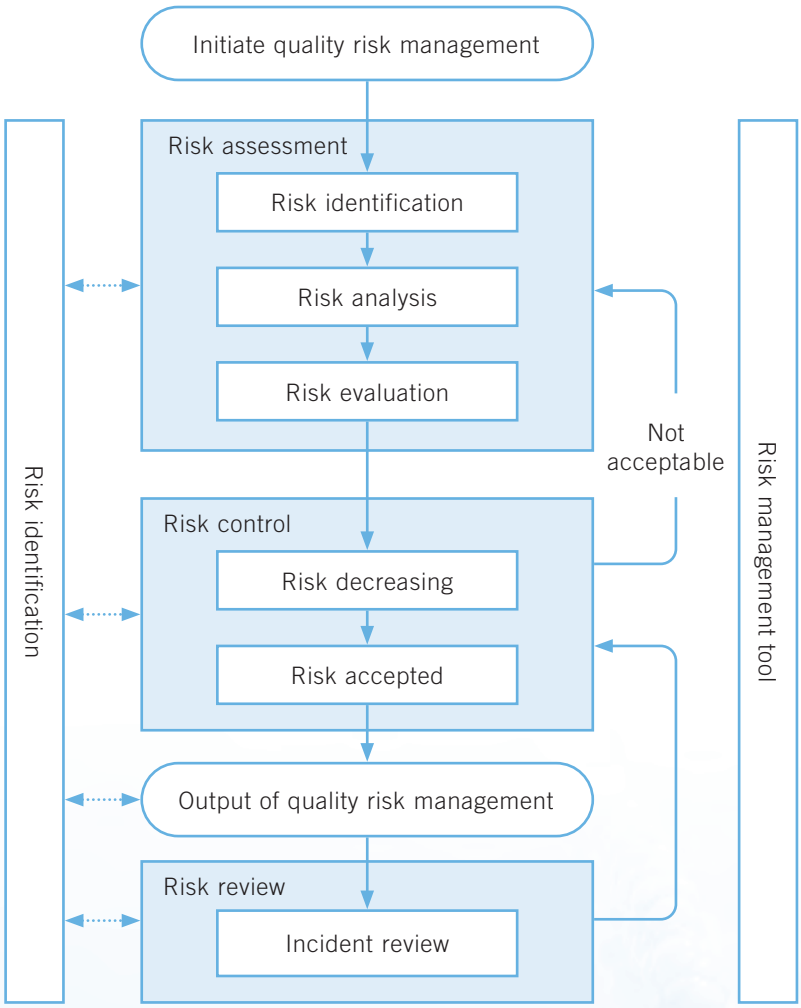
Quality control

Jacobio continuously enhances quality control in the stages of project research and clinical trials, conducts comprehensive quality audits, establishes product quality risk management procedures, and improves internal quality management processes to ensure the quality level of research and clinical trials through effective quality control measures.

We implement the provisions of the *Quality Manual* to strengthen the inspection and examination of materials and equipment, and conduct quality control. For incoming materials and components, they must be inspected, confirmed, or tested according to established requirements before use to ensure compliance with quality standards. Final products must not be released until they meet inspection standards, and final inspection and examination are conducted before shipment, including verifying qualified data and meeting quality standards. For equipment, we control testing equipment through regular calibration and maintenance activities to ensure that the equipment is always in optimal operating condition. Additionally, we use labels, isolation, and production records throughout the entire process to identify the inspection/examination status of all raw materials, components, finished products, and equipment, ensuring product quality comprehensively and throughout the entire process.

Jacobio has established *Quality Risk Management*, implemented a comprehensive quality risk management process. We utilized professional risk assessment tools and a seasoned quality control team to identify risks at all stages of the product lifecycle such as new product introduction, technology transfer, and changes in suppliers or distributors, compiled a risk list, conducted qualitative or quantitative analysis and evaluation based on the risk list, and implemented measures to control risks and reduce quality risks. We regularly review handled risk events, summarize lessons learned, continuously update and optimize the quality risk management process to adapt to the evolving market environment and regulatory requirements, and consistently provide safe and effective drugs for patients. Additionally, we have established quality audit procedures including internal audits (quality system audits and product audits), external customer audits, supplier audits, and official inspections, and conduct relevant quality audits on a regular basis.

Environmental, Social and Governance Report



Quality Risk Management Procedures

Environmental, Social and Governance Report

Quality culture construction

Jacobio adheres to the concept of "quality first", continuously promotes quality awareness among all employees, enhances the quality management level, organizes internal training sessions of the Company irregularly and participate in external training programs within the industry, ensures all staff fully understand the importance of drug quality, consciously comply with quality management regulations. The Company also has an open policy, encouraging all staff to report any quality-related issues to management, promoting continuous improvement and enhancement of quality management systems and product quality.

In 2024, we conducted quality-related training for employees in the organization as follows:

- Analysis of general technical consultation on chemical generic drugs by the Center for Drug Evaluation (CDE) of the National Medical Products Administration
- MAH Relevant regulations
- Pre-inspection preparation
- CDE requirements for electronic submission of documents
- Common issues in registration verification and testing by CDE
- Training on communication and engagement prior to the completion of Phase II clinical trials and the initiation of Phase III clinical trials by Jacobio
- Writing of generic drug application materials by CDE
- GMP internal auditor (Beijing Pharmaceutical Industry Technical Association)
- Drug production supervision and management (Beijing Municipal Drug Administration)

Product safety management

Jacobio prioritizes patient drug safety and has established a rigorous and comprehensive product safety management system. We closely monitor adverse drug reactions, implement a recall mechanism, eliminate false advertising, provide patients with high-quality, safe, and accurate information products, and safeguard patient health.

Pharmacovigilance

Jacobio prioritizes the safety of drug users. During the reporting period, although we have not yet launched any products, we have established drug vigilance-related systems such as *Preparing and Reporting SAE&SUSAR to Regulatory Authorities, Management of Individual Case Safety Report (ICSR) Queries in the PV Database*, and *Handling Individual Case Safety Report Amendments in the PV Database*. We have also implemented a five-level drug vigilance responsibility system overseen by the Chairman to ensure comprehensive monitoring and evaluation of adverse reactions to drugs after they are marketed, promptly identifying and addressing drug safety issues.

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To ensure comprehensive medication safety for patients, the Company has established an adverse reaction event management mechanism. Once an adverse reaction event occurs, it is immediately detailed in the medical record report form. Simultaneously, we have assembled a professional team to continuously conduct comprehensive monitoring and in-depth investigations, striving to collect the latest and most accurate information to promptly develop targeted response measures, minimizing the impact of adverse reactions on patients until their physical condition stabilizes. When evaluating each adverse event report, we maintain a rigorous attitude, carefully assessing whether there is a reasonable causal relationship between the event and the product or research procedure used. Upon confirming the presence of suspected and unexpected serious adverse reactions, our drug vigilance team promptly initiates the information reporting process, submitting relevant reports to external partners and regulatory agencies in a timely manner to ensure transparency and timeliness in information dissemination, comprehensively safeguarding patient medication safety.

Drug recall

During the reporting period, Jacobio has not yet launched any products, and there have been no drug recall incidents. However, we have established *Recall Management Procedure* in accordance with relevant regulations such as the *Law of the People's Republic of China on the Administration of Pharmaceuticals, Measures for the Administration of Drug Recall*, and *Good Manufacturing Practice of Drugs*. This procedure clarifies the drug recall mechanism, implements graded management for drug recalls, and ensures a rapid response in case of quality issues that may affect drug safety after product launch. There were no product recall incidents during the reporting period.

Recall classification:

Level I recall: for drugs that may or have already caused serious health hazards ;

Level II recall: Use of this medication may have caused or has already caused temporary or reversible health hazards ;

Level III recall: The use of this drug generally does not pose health hazards, but it is being recalled for other reasons.

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Jacobio Pharmaceuticals' Product Recall Process

Collecting information related to the quality and safety of medicines	Actively collect and document quality issues of drugs, adverse drug reactions/events, and other safety risk information; Require contracted drug manufacturing enterprises and drug using units to promptly notify our Company if they discover any potential quality issues or other safety hazards in the drugs they produce or use; When required by the drug regulatory authority, implement a recall order;
Investigate and assess potential quality issues or other safety hazards	Determine the investigation content based on the actual situation; Classify the recall according to the severity; Form an investigation and assessment report based on the results of the investigation and assessment, as well as the drug recall level, and scientifically develop a recall plan;
Recall	Carry out proactive recalls based on the recall plan; Promptly assess the effectiveness of the recall; publish recall information; implement recalls in accordance with the recall orders issued by the drug regulatory authority;
Recall management	Make recall management measures.

Product labeling and traceability

Jacobio has established the *Records and Data Management and Identification Management Procedure* to strictly control the records and data generated at each stage, clarify the operational procedures for identification management, ensure the traceability of product information, and provide patients with clear and transparent labels, ensuring peace of mind in medication use.

Furthermore, we strictly adhere to relevant laws and regulations such as the *Trademark Law of the People's Republic of China* and have established the *Basic Code of Conduct for Jacobio Brand* to enhance trademark management. These standards clearly define the requirements for the use and display of brand identifiers, aiming to uphold the brand's image and value, and enhance public trust in the Company's brand.

Responsible marketing

Jacobio strictly adheres to a series of laws and regulations such as the *Advertising Law of the People's Republic of China* and the *Measures for the Examination of Drug Advertisements*. It upholds an objective and rigorous attitude in releasing academic data, important milestones, and other key information, firmly rejecting any false advertising, improper marketing, or content that may mislead patients.

In our internal management process, we have established a rigorous review mechanism for all Company-related promotional content. The Brand Promotion Department and the Business Department conduct a detailed initial review of the texts, ensuring accuracy and compliance from a professional perspective. Subsequently, the Board reviews the content for initial disclosure, exercising effective top-level supervision to ensure clarity and non-misleading nature of the texts, comprehensively avoiding external misunderstandings.

During the reporting period, Jacobio did not engage in direct marketing or promotional activities for its pipeline products.

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Customer service

Jacobio is committed to providing high-quality customer service. The Company has established the *Complaints Management Procedure* and *Return Management* Procedure to enhance customer satisfaction by implementing a comprehensive communication, complaint, and coordination management mechanism to meet customer needs and safeguard customer rights.

We require all personnel handling complaints to undergo training on the complaint handling procedures and to conduct trend analysis of complaint data through quarterly quality analysis, identifying improvement directions to continuously enhance customer service quality. In 2024, we did not experience any customer complaints due to product quality issues.

Jacobio Quality Complaint Handling Process

Submit complaints	• For internal complaints, fill out the complaint registration form; • For external complaints, provide relevant information according to the complaint application form requirements.
Accept complaints	• Complaints can be received via phone, email, in person, or any other medium; try to retain the original complaint information, such as phone recordings; • Complaints must be recorded in the "Complaint Registration Form" and assigned a unique number for traceability; • All complaints must be acknowledged and categorized within 2 working days.
Investigate complaints	• Investigate complaints within 5 working days; • Relevant departments and personnel shall assist in the investigation, or request assistance from third parties providing products or services to provide information; • Collect relevant information and conduct the investigation in accordance with relevant SOPs, such as the Deviation Management Procedure, and keep records.
Handle complaints	• Develop and implement a handling plan in accordance with the *Corrective and Preventive Action Management Procedure* within 5 working days of receiving the complaint; • The resolution plan must be communicated to the customer, along with the expected timeframe for handling; • The handling plan must be agreed upon by the customer before implementation.
Review complaints	• Review the complaints in accordance with the *Management Procedures for Product Quality Review and Annual Report*, to identify any recurring complaints or trends; • Conduct a root cause analysis for repeated complaints and take corrective and preventive actions to prevent future occurrences; • Notify customers of the measures and changes implemented based on their complaints.
Escalate complaints	• If a complaint cannot be handled within the specified time frame, it must be reported to the next level of management; • Confirm the need to escalate the complaint and document it accordingly.

Environmental, Social and Governance Report

LOW-CARBON OPERATIONS AND GREEN DEVELOPMENT

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- Emission management
- Greenhouse gas emissions
- Resource management
- Addressing climate change

Jacobio adheres to the principles of green development, continuously improves its environmental management system, controls pollutant emissions, actively addresses climate change, strengthens resource management, promotes energy conservation and emission reduction, and strives to become an environmentally friendly Company. In 2024, we reviewed the achievement of environmental goals and continued to advance related work.

Environmental management system

Jacobio strictly complies with the laws and regulations of the People's Republic of China, 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*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the *Law of the People's Republic of China on Appraising of Environment Impacts*. We have established internal management systems such as the *Corporate Environmental Management System* and the *Regulations for Prevention and Control of Air Pollution*, adhering to the principles of "priority to protection, prevention as the main approach, comprehensive governance, public participation, and accountability for damages." We implement environmental management to minimize the impact of our operations on the environment to the greatest extent. We have established an Environmental Protection Team and an EHS Department to comprehensively oversee the Company's environmental management-related work.

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In 2024, we reviewed the progress of environmental goals and continued to advance related initiatives.

Environmental targets	Target setting	Progress made
Emission reduction	All laboratory exhaust gases achieve harmless treatment that is 10% higher than the national emission standard.	• In 2024, 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.	• The plan is promoted in accordance with the carbon neutrality goal
Waste reduction	By the end of 2024, our employees will fully adopt direct drinking water instead of bottled water.	• By the end of 2024, our employees will fully adopt direct drinking water instead of 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.	• By the end of 2024, the per capita paper consumption has decreased by 80.6% compared to 2021
	Through refined management and optimization of experimental processes, the amount of hazardous waste generated and transported each year is reduced by 2% to 5%.	• By the end of 2024, the amount of hazardous waste generated and transported has been reduced by 23.5%.
Energy saving	The installation rate of LED lights in all operating locations of our Company remains 100%.	• All operational facilities are illuminated with LED lights, and it is ensured that any routine maintenance or replacements are carried out with LED lighting.
	All the newly purchased various instruments and equipment maintain in our Company meet or exceed the national first-class energy efficiency standards.	• Seven new pieces of equipment and instruments have been procured, all of which meet the national first-class energy efficiency standards.
Water saving	By the end of 2024, 100 percent of the Company's laboratories are equipped with water-saving equipment.	• By the end of 2024, 100 percent of the Company's laboratories are equipped with water-saving equipment.
	By the end of 2024, 50% of the wastewater generated during the purified water production process in all laboratories of our Company is reused.	• By the end of 2024, 50% of the wastewater generated during the purified water production process in all laboratories of our Company is reused.

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Environmental targets	Target setting	Progress made
Others	By the end of 2025, our Company will source 100% of its office paper from suppliers that hold Forest Stewardship Council (FSC) certification.	• Our Company has achieved 100% procurement of office paper with Chinese environmental label product certification since 2022.
	By the end of 2024, all office spaces of our Company will pass the ISO 14001 environmental management system certification.	• We will keep following the pass of ISO 14001 environmental management system certification.

Addressing climate change

Jacobio deeply recognizes the profound impact of climate change on the global ecosystem and human society. As a responsible pharmaceutical Company, we actively engage in actions to address climate change. In 2024, with reference to the requirements of "Part D: Climate-related Disclosures" in the *Environmental, Social and Governance Reporting Code* of the Hong Kong Stock Exchange, we disclosed information related to climate change response. Moving forward, we will progressively enhance the disclosure of information related to climate change response.

Governance

In Jacobio's efforts to address climate change and advance its ESG initiatives, the Board of Directors plays a crucial role in core decision-making and oversight. As the highest decision-making and supervisory body for ESG matters, the Board regularly reviews and supervises the implementation of various ESG issues, including climate change. The Board also reviews ESG reports that cover issues related to "addressing climate change". To better implement board decisions, a dedicated ESG working group is established under the Board to assist in overseeing climate-related risk assessment and management, as well as coordinating the execution and precise implementation of various initiatives. Each functional department serves as the specific executing entity responsible for carrying out ESG-related work, including climate change initiatives.

Strategy

In 2024, based on the current operational status of our Company, we identified the climate-related risks and opportunities we are facing. We assessed the potential impacts of these climate-related risks and opportunities on the Company under high and low greenhouse gas emission scenarios. We evaluated the physical risks using the low emission scenario (SSP 1-2.6) and high emission scenario (SSP 5-8.5) from the Shared Socioeconomic Pathways (SSP). We analyzed the transition risks and climate-related opportunities based on the "2050 Net Zero Emissions (NZE)" and "Stated Policies Scenario (STEPS)" scenarios.

Environmental, Social and Governance Report

Climate scenario description

Climate scenario	**SSP 1-2.6**	**SSP 5-8.5**
Physical risk scenario description	In this scenario, the world gradually progresses towards a more sustainable path. It is dedicated to limiting the global average temperature rise to well below 2° C, in line with the ambitious greenhouse gas emission reduction goals outlined in the Paris Agreement, with a projected increase in global temperatures of approximately 1.8° C above pre-industrial levels by 2100.	This represents a scenario where, in the absence of new climate policy interventions, greenhouse gas emissions continue to increase in the future, leading to high levels of radiative forcing. By the end of the 21st century, the global average temperature could rise by more than 4℃ above pre-industrial revolution levels.
Source of the scenario	Intergovernmental Panel on Climate Change (IPCC) (Sixth Assessment Report, AR6) of the United Nations	

Climate scenario	**NZE**	**STEPS**
Transformation risk/opportunity scenario description	The International Energy Agency (IEA) has proposed a Net Zero by 2050 scenario, outlining recommendations on technology and emission reduction strategies, international cooperation, and transformation of the energy sector. This scenario projects that it would limit the global average temperature rise to 1.5° C.	This scenario is an analysis based on currently implemented policies and announced but not yet fully implemented policy proposals. There is a 50% probability that temperatures will rise by 2.4° C in 2100 under this scenario.
Source of the scenario	The International Energy Agency (IEA)	

Environmental, Social and Governance Report

Risk/ opportunity type	Impact routes	Financial impact	Responses	Analysis of the degree of impact under different climate scenarios					
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Physical risk				**SSP1-2.6**			**SSP5-8.5**		
Acute risk	The occurrence of extreme weather conditions such as earthquakes, typhoons, thunderstorms, and heavy fog may lead to disruptions in the supply chain and damage to infrastructure.	Increased operating costs, decreased revenue, and asset impairment losses.	Strengthen meteorological monitoring and early warning, promptly release warning information; establish alternative suppliers to ensure material supply; establish and improve emergency response and disaster relief mechanisms, and conduct prevention drills.	Low	Low	Moderate	Low	Moderate	High
Chronic risk	Chronic risks such as drought, sea level rise, and the intensification of El Niño phenomena can affect the health and safety of Company employees, or increase operating costs such as electricity and water expenses, and equipment depreciation.	Increase operating costs	Use efficient and energy-saving heating and cooling systems; promote environmental protection concepts and control daily electricity and water usage; enhance the insulation capability of buildings, such as adding thermal insulation materials to cope with extreme cold/hot weather.	Low	Low	Low	Low	Low	Moderate
Transformation risk and climate-related opportunity				**NZE**			**STEPS**		
Policy risk	The government's introduction of policies supporting low-carbon transition and more stringent emission reduction measures may increase a Company's R&D costs for green operations or carbon trading costs.	Increase operating costs	Closely monitor policy changes, comply with laws and regulations to ensure the legality and compliance of Company operations; actively use clean energy and adjust the energy consumption structure.	Low	Low	Moderate	Low	Low	Low
market risk	Suppliers may increase their operating costs due to carbon reduction policies, leading to a rise in raw material prices and a decrease in the profit margin of the Company's products.	Profit margin decrease	Establish strategic cooperation with high-quality partners to strengthen supply chain risk resilience.	Low	Low	Moderate	Low	Low	Low
Reputation risk	Stakeholders are increasingly paying attention to companies' performance in addressing climate change, and pharmaceutical companies that can provide low-carbon products or services are more competitive.	Revenue decrease	Actively respond to stakeholders' concerns about the Company's climate performance, enhance our own performance while increasing transparency of information.	Low	Low	Low	Low	Low	Low

Environmental, Social and Governance Report

Risk/ opportunity type	Impact routes	Financial impact	Responses	Analysis of the degree of impact under different climate scenarios					
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Physical risk				SSP1-2.6			SSP5-8.5		
Technical risk	Due to the government's introduction of more stringent environmental protection policies, the Company needs to raise the energy efficiency standards of its operational equipment, which may require new investments for energy-saving and environmentally friendly renovations.	Increase e operating costs	Continuously monitor environmental protection policies and carry out environmental renovations in a timely manner based on the Company's actual situation.	Low	Moderate	Moderate	Low	Low	Low
Reputation opportunity	Actively participate in climate action to enhance the Company's reputation among society and stakeholders.	Revenue increase	Continuously monitor and actively participate in climate action.	Low	Moderate	Moderate	Moderate	Moderate	Moderate
Technical opportunity	Improve energy efficiency through technology research and development, utilization of clean energy, process optimization, and management upgrades.	Decrease e operating costs	Carry out technology research and development as well as iteration in a timely manner based on the Company's overall strategy and operating conditions.	Moderate	Moderate	High	Moderate	Moderate	Moderate

Note: Short-term (1-3 years), medium-term (3-5 years), 5 years and above.

Risk management

Jacobio has incorporated climate change-related risks into its overall risk management framework and has developed a series of mitigation and adaptation measures.

Adaptation and mitigation measures:

- To mitigate risks to employees and assets, we enhance internal management systems and plans. In the event of extreme weather conditions, we proactively alert employees, allowing for remote flexible work arrangements. We provide guidance to ensure the safety of employees' travel and work during extreme weather, aiming to prevent any casualties;
- To address the risk of business operation interruptions, we have established a robust emergency response mechanism. We regularly assess the impact of severe weather on the Company's operations. We have set up an emergency command center and collaborated with regional rescue units to conduct relevant preventive drills;
- To address environmental risks, we enhance daily inspections, promptly initiate emergency response plans in case of incidents, conduct emergency evacuations and first aid when necessary, and investigate, assess, and summarize the incidents;
- To address technological risks, we actively pursue new technologies and products, increase research and development investments, strengthen technological barriers, and enhance our competitive edge.

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Indicators and targets

Jacobio is committed to achieving its emission reduction target of achieving carbon neutrality at all its operational sites in China by the end of 2060.

Jacobio's greenhouse gas emissions sources mainly include in-house vehicle fuel consumption, purchased electricity, and purchased heat. In-house vehicle fuel consumption falls under Scope 1 greenhouse gas emissions, while purchased electricity and purchased heat fall under Scope 2 greenhouse gas emissions. The total greenhouse gas emissions amount to 1,180.02 tons of carbon dioxide equivalent, showing a decrease compared to the emissions in 2023.

In 2024, the specific details of our greenhouse gas emissions are as follows:

Greenhouse gas emission indicators	**Data for 2024**
Total greenhouse gas emissions (scope 1+scope 2)	1,180.02 (tCO_2e)
Direct greenhouse gas emissions (scope 1)	
Including: gasoline	17.05 (tCO_2e)
Indirect greenhouse gas emissions (scope 2)	
Including: purchased electricity	1,042.99 (tCO_2e)
purchased heat	119.98 (tCO_2e)
Greenhouse gas emissions per capita	4.59 (tCO_2e) per person)
Greenhouse gas emissions per square meter of floor space	0.08 (tCO2e)/m^2)

Resource management

Energy management

Jacobio strictly complies with the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations, enhancing energy management. Our main energy consumption comes from gasoline, electricity, and heat, with electricity being the most consumed energy source. We have set a target for all operational sites to have a 100% installation rate of LED lights. Additionally, all newly purchased equipment meets or exceeds the national first-level energy efficiency standards. In 2024, we used LED lighting in all our operating sites, and ensure daily maintenance and replacement of LED lighting. We purchased a total of seven new types of instruments and equipment, all of which have reached the national level of energy efficiency standards.

We adhere to the concept of "energy conservation" and actively implement energy-saving measures to reduce energy consumption.

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Energy-saving measures:

- The *Rules for Power Distribution Management* have been established to standardize the daily inspection, maintenance schedule, and emergency response measures of the Company's distribution system, clarify the requirements for power connection and safe electricity use, and strengthen the management of the Company's distribution system and temporary power operations;
- Choosing equipment that meets national first-level energy efficiency standards;
- Regular inspections should be conducted to check the usage of lighting fixtures, ensuring that employees turn off unnecessary electrical devices such as computers and monitors when leaving or after work. Encourage employees to practice turning off lights when leaving the room;
- Replacing high-energy-consuming lights with energy-efficient LED lights uniformly;
- The air conditioning, fresh air, and exhaust systems all utilize variable frequency control to achieve systematic energy savings.

In 2024, the situation of the Company's energy consumption is as follows:

Energy consumption index	Data for 2024
Total energy consumption	2,197.40 MWh
Direct energy consumption	
Including: gasoline	65.74MWh
Indirect energy consumption	
Including: electricity heat	1,828.84 MWh
	302.82 MWh
Energy consumption per capita	8.55 (MWh per person)
Energy consumption per square meter of floor space	0.15 (MWh/m^2)

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Water resource management

Jacobio strictly complies with the laws and regulations such as the *Water Law of the People's Republic of China*, adheres to the concept of water conservation and environmental protection, and has set and successfully achieved the water target of "By the end of 2024, all laboratories of the Company equipped with water-saving devices". We achieve this goal by using energy-efficient faucets, rational water resource management, water-saving promotion, and other methods to prevent water wastage during operations, improve water resource utilization efficiency, enhance water-saving awareness among all employees, and actively promote the creation of a resource-efficient company.

Water conservation measures:

- Fully adopting potable water;
- In the laboratory, reducing the water flow from the faucet when cleaning with water;
- Upgrading and replacing the laboratory faucets with single-sensing energy-efficient faucets to promote water conservation and efficiency;
- The bathroom faucet is a single-handle sensor-operated energy-saving faucet, which helps prevent situations like forgetting to turn it off;
- A water-saving sign is posted at the faucet in the restroom to remind employees to conserve water;
- Conducting water conservation awareness and education among employees.

In 2024, the Company's water consumption situation is as follows:

Water consumption index	Data for 2024
Total water consumption	3,699.00 (tonnes)
Water consumption per capita	15.74 (tonnes per person)
Water consumption per square meter of floor space	0.26 (tonnes/m^2)

Material management

Jacobio is currently not involved in large-scale commercial production activities and does not use product packaging materials. Our material consumption mainly consists of office supplies. In managing the use of office supplies, we always adhere to the principle of rational utilization and fully support employees in efficiently using office supplies for work needs. We are actively promoting paperless and online office modes, encouraging employees to use double-sided printing when printing documents if necessary, effectively saving office paper, and minimizing unnecessary paper waste. Additionally, when purchasing paper, we prioritize environmentally certified paper to implement our environmental protection principles.

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Emission management

Jacobio strictly complies with relevant laws and regulations in the People's Republic of China, such as 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 *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*. Internal management systems, including the *Regulations for the Prevention and Control of Air Pollution, Waste Management System,* and *Safety Management System for Dangerous Chemicals in Laboratory*, have been established. Various emission management methods are clearly defined. Pollution emissions are controlled through measures such as process improvements, regular monitoring, environmental facility upgrades, and routine maintenance.

Exhaust gas management

Jacobio's emission of exhaust gas mainly come from the relevant processes and operations in experiments. We have ventilation hoods in places where emissions may occur during experimental synthesis and analysis. The ventilation hoods are connected to activated carbon exhaust treatment devices, and the emissions are discharged into the atmosphere after meeting the standards. In 2024, we conducted emissions testing at the emission outlet, and the results all met national standards.

To ensure compliance with emission standards for daily operations, we regularly replace the activated carbon, conduct equipment inspections, and maintenance on the treatment system to ensure proper operation.

In 2024, the Company's emission of exhaust gas situation is as follows:

Exhaust gas emission indicators	Data for 2024
Total non-methane hydrocarbon	0.08 (tonnes)
Particulate matters	0.05 (tonnes)
Ammonia	0.05 (tonnes)
Hydrogen sulfide	0.005 (tonnes)

Wastewater management

Jacobio values wastewater management by regularly engaging qualified third-party testing agencies to conduct comprehensive and detailed analysis of wastewater quality. We closely monitor wastewater discharge dynamics, thoroughly assess potential environmental impacts of R&D activities, and ensure compliance with wastewater discharge standards. We are committed to reducing wastewater discharge, with a total of 2,619 tons in 2024, a decrease from the previous year.

Jacobio's wastewater mainly originates from laboratory activities and daily life. Laboratory wastewater, which is relatively small in quantity, is collected and treated by qualified third-party providers. Domestic wastewater is discharged into the community septic tank for treatment as required, and once it meets the standards, it is then discharged into the municipal sewage system.

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In 2024, the Company's wastewater discharge situation is as follows:

Wastewater discharge indicators	Data for 2024
Total wastewater discharge	2,619 (tonnes)
Chemical oxygen demand (COD)	0.05 (tonnes)
Ammonia and nitrogen	0.001 (tonnes)
BOD_5	0.02 (tonnes)
Suspended solids	0.02 (tonnes)

Waste management

Jacobio strictly complies with the requirements of the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste*, the *National Catalogue of Hazardous Wastes*, and other relevant laws and regulations. We have established a waste management system, formulated the *Management Regulations on the Prevention and Control of Environmental Pollution by Solid Waste*, and set up an EHS department responsible for managing and controlling the waste generated by the Company.

The harmless waste we generate mainly includes household garbage and office consumables. In terms of household waste management, we strictly adhere to relevant regulations in the operating area, carefully classify household waste, and transfer it to the park property management for proper disposal. For electronic waste such as hard drives and computers, we prioritize recycling to minimize the actual generation of electronic waste, promoting efficient resource utilization and sustainable development.

The hazardous waste we generate mainly includes medical waste and waste liquid produced during the experimental process, as well as hazardous consumables such as waste toner cartridges and fluorescent tubes. In handling hazardous waste, we strictly follow the different types of waste, use different containers for collection, weighing, and labeling, preprocess them, properly transfer them to the corresponding temporary storage area, and hand them over to qualified third parties for transportation and disposal.

To reduce waste emissions, we have implemented the following measures:

- Household waste:
  - ✓ Encouraging employees to dine in the cafeteria, reducing takeout orders, and minimizing the generation of household waste;
  - ✓ Classifying waste to maximize the retention of recyclables.
- Hazardous waste:
  - ✓ Strictly controlling the procurement quantity of chemical reagents, implementing centralized procurement measures to ensure the minimum storage level necessary for normal conduct of experimental activities at Jacobio;
  - ✓ Enhancing the utilization efficiency of chemical reagents in experimental activities.

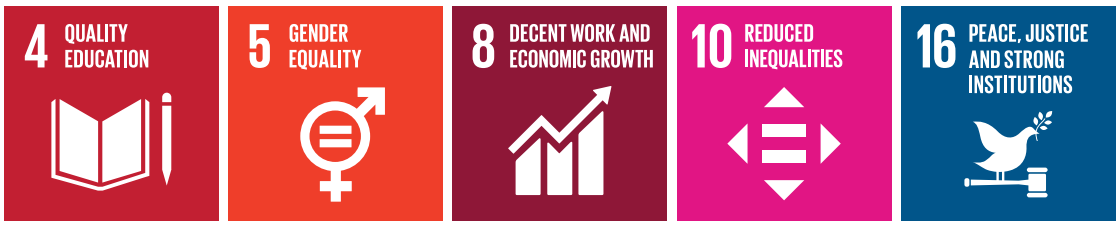
Environmental, Social and Governance Report

In 2024, the Company's waste emissions are as follows:

Waste discharges indicators	Data for 2024
Total hazardous waste discharges	49.08 (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	7.12 (tonnes)
Non-hazardous waste per capita	0.03 (tonnes/person)
Non-hazardous waste per square meter of floor space	0.0005 (tonnes/m^2)

EMPOWER EMPLOYEES AND MARCH FORWARD IN PURSUIT OF DREAMS

Benchmarking the United Nations Sustainable Development Goals (SDGs)



Important issues

- Basic rights of employees
- Occupation health and safety
- Talent training and development
- Talent attraction and retention
- Employee diversity

Jacobio always adheres to the concept of "people-oriented", upholds the principle of diversified employment, comprehensively protects the legitimate rights and interests of employees, constructs a multi-level career development system, balances employees' work and life, and strives to create an equal, inclusive, comfortable, and safe working environment.

Environmental, Social and Governance Report

Employee employment

Compliant employment

Jacobio always strictly adheres to the laws and regulations of the People's Republic of China, 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 *Special Provisions on the Labor Protection of Female Employees*. We are committed to building a legally sound employment relationship with our employees. We have established a series of internal management systems, including an *Employee Handbook* and *Performance Feedback and Appeals*, to regulate aspects such as employee management, compensation management, attendance and leave, ensuring the protection of all employee's legal rights and interests.

We oppose all forms of discrimination and harassment, adhere to the principles of open recruitment, equal competition, internal recommendation, and merit-based recruitment of employees, and do not treat employees differently based on factors such as ethnicity, race, age, gender, religious beliefs, or marital status. In our recruitment process, we ensure the use of gender-neutral language in job postings to avoid any implications of specific gender, age, or other potentially discriminatory terms. Additionally, we have established strict employee code of conduct that requires employees to respect their colleagues at work and prohibits any form of discrimination or harassment.

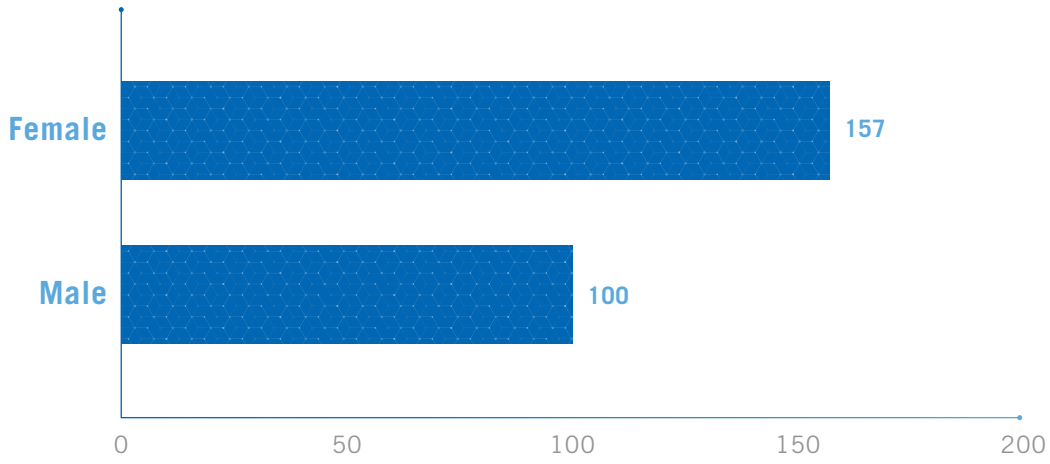
We prohibit the employment of child labor and strongly oppose forced labor. The *Employee Handbook* and related recruitment requirements clearly define the age limits for employment. We conduct background checks on new employees, including verification of identity information, to effectively prevent the employment of child labor at the recruitment stage. We fully respect and consider the abilities and willingness of employees. Standard working hours are enforced for all positions to protect employees' rights to reasonable working hours, and any form of forced labor is strictly prohibited. In the event of child labor or forced labor incidents, the Company will immediately terminate the labor contract and conduct a thorough investigation. Based on the investigation results, appropriate disciplinary actions will be taken against those responsible. During the reporting period, no instances of child labor, forced labor, harassment, or discrimination were identified.

Employee diversity

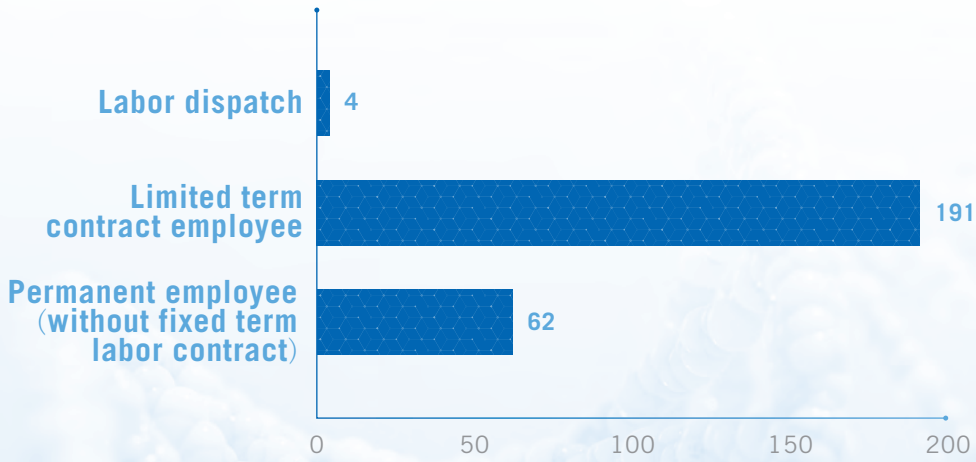
Jacobio has always upheld the principles of fairness, justice, and inclusivity, practiced the diversity of employees, established diverse recruitment channels such as the Company's official website, campus job fairs, and recruitment websites, recruited talents of all kinds, and built a diverse employee system. Currently, we have gathered employees from different professional backgrounds, regions, and age groups. During the reporting period, we had a total of 257 employees, and the number of employees was counted according to gender, employment type, age, region, and job level category as follows:

Environmental, Social and Governance Report

The number of employees-by gender

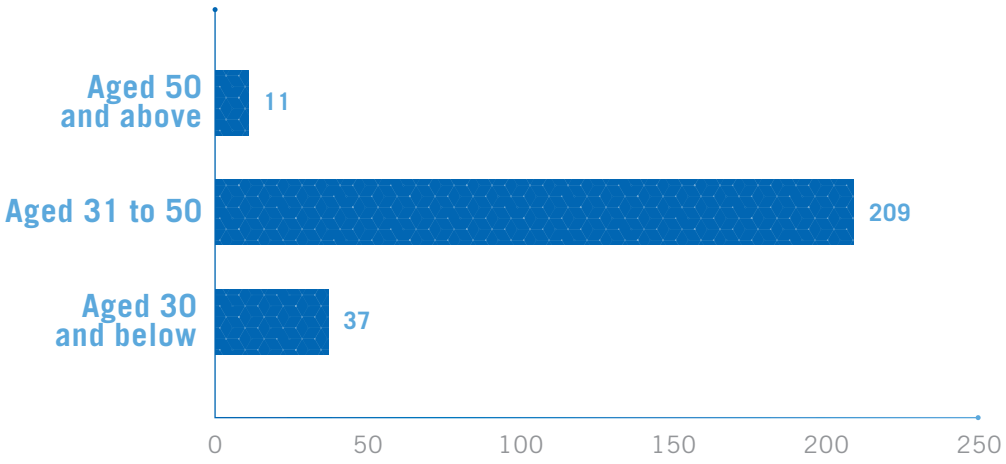


The number of employees-by employment type

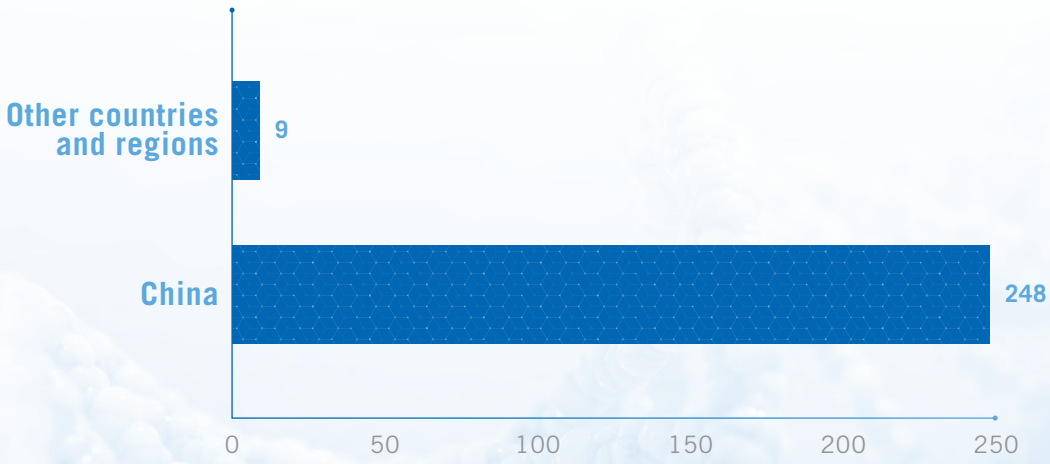


Environmental, Social and Governance Report

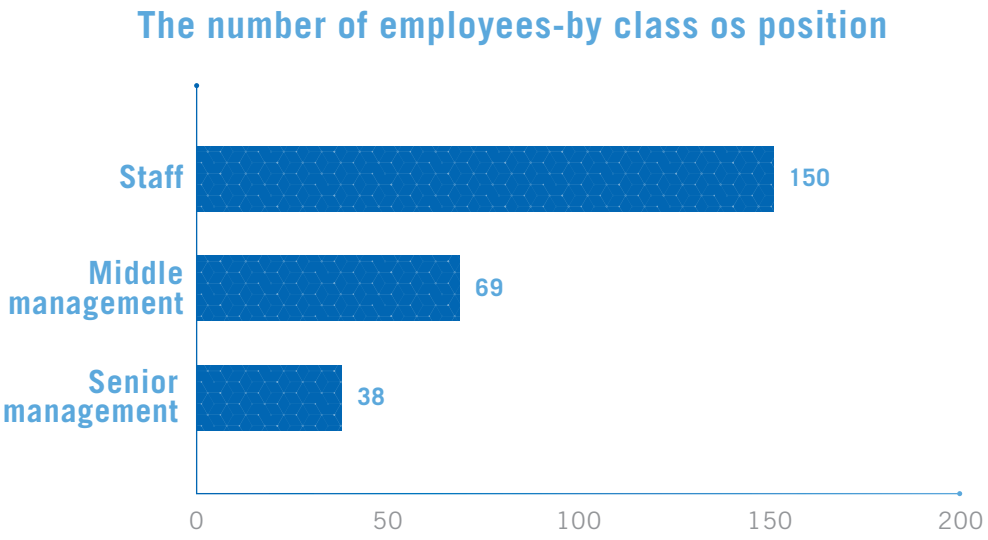
The number of employees-by age



The number of employees-by region



Environmental, Social and Governance Report



Employee retention

Jacobio regards talents as the most valuable asset of the Company, committed to effectively attracting and retaining talents through various measures such as improving employment standards, optimizing compensation and benefits systems, providing multidimensional development opportunities, enhancing employee communication, and talent exchange visits. In talent selection, cultivation, and retention, we strive to achieve the best match of talents and positions, fully tap into the potential of each employee, and provide a broad stage for them to showcase their talents. Additionally, we sign non-compete agreements with key employees, maximizing the positive impact of such agreements on employee retention through reasonable clause design and appropriate incentive measures.

Environmental, Social and Governance Report

Case: Inviting Young Scholars for Exchange Visit

On May 15, 2024, 14 faculty members and students from the School of Pharmacy at Tsinghua University visited our Company for a learning tour. We introduced the Company's background and development history, and provided a close-up tour of the formulation instruments to help them understand the basic components of a pharmaceutical research and development Company, enhancing their understanding of Jacobio.

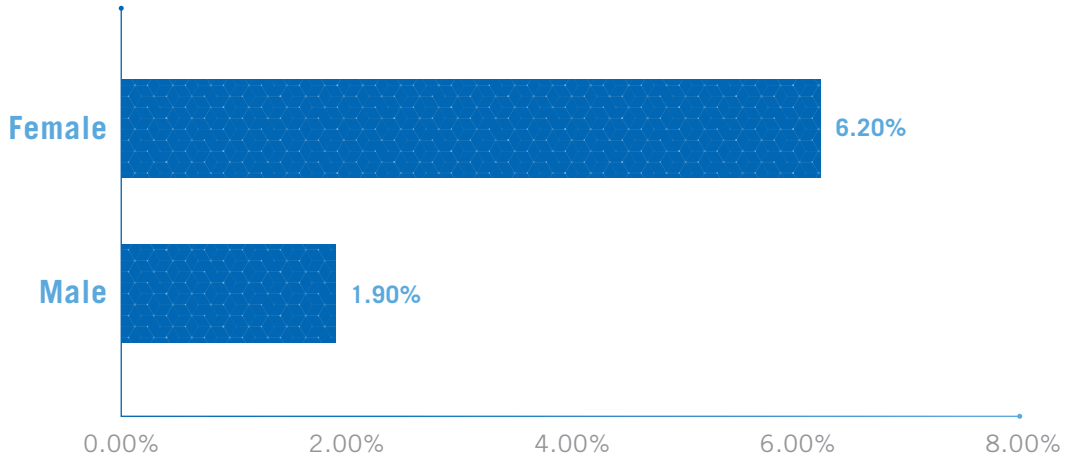
Case: Jacobio Invites Overseas Talents for Exchange Visits

On October 16, 2024, 30 overseas doctoral students aspiring to return to China to engage in pharmaceutical development were invited to visit the Company. They learned about Jacobio's strategic goals, pipeline layout, and office environment. Several visitors expressed their alignment with Jacobio's mission and vision and engaged in lively academic discussions with us.

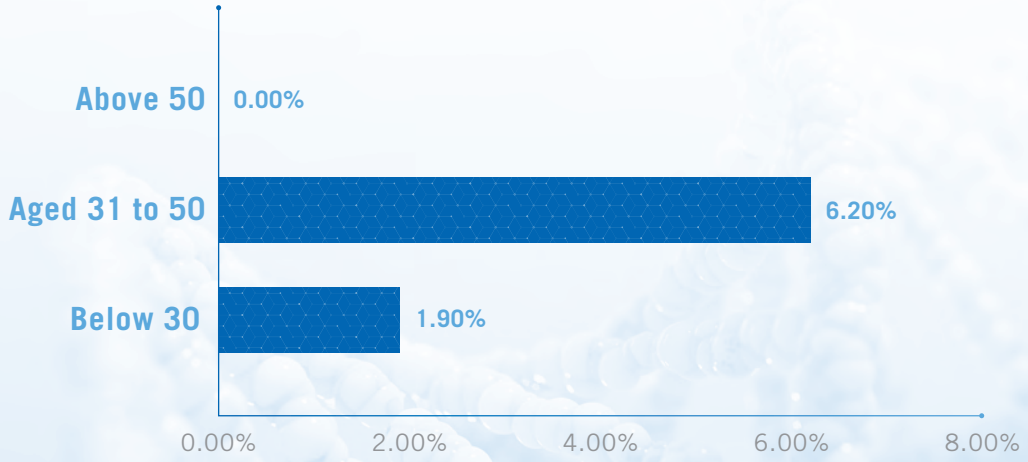
Environmental, Social and Governance Report

During the reporting period, we onboarded 13 new employees, resulting in an employee turnover rate of 8.17%. The employee turnover rate in our Company is categorized as follows:

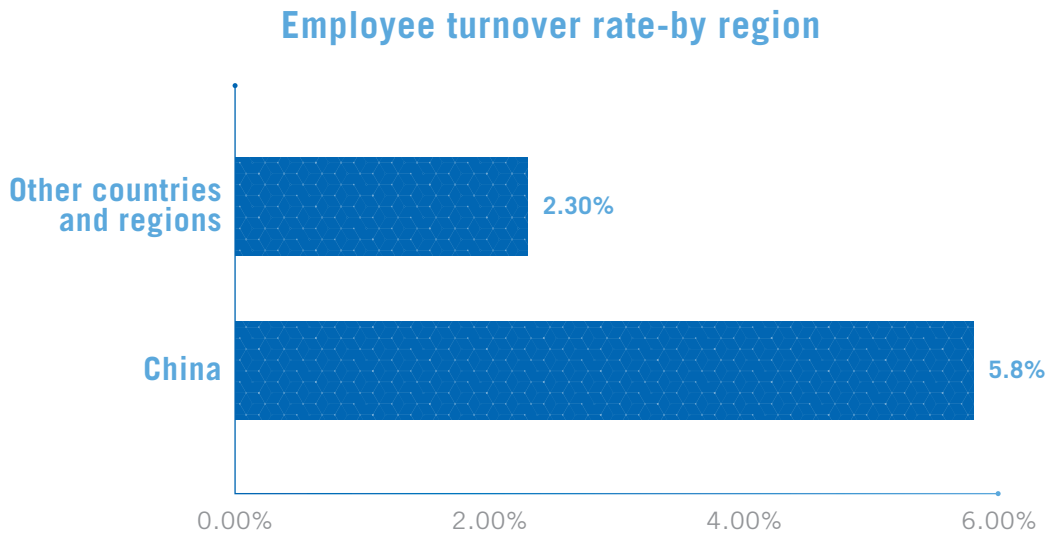
Employee turnover rate-by gender



Employee turnover rate-by age



Environmental, Social and Governance Report

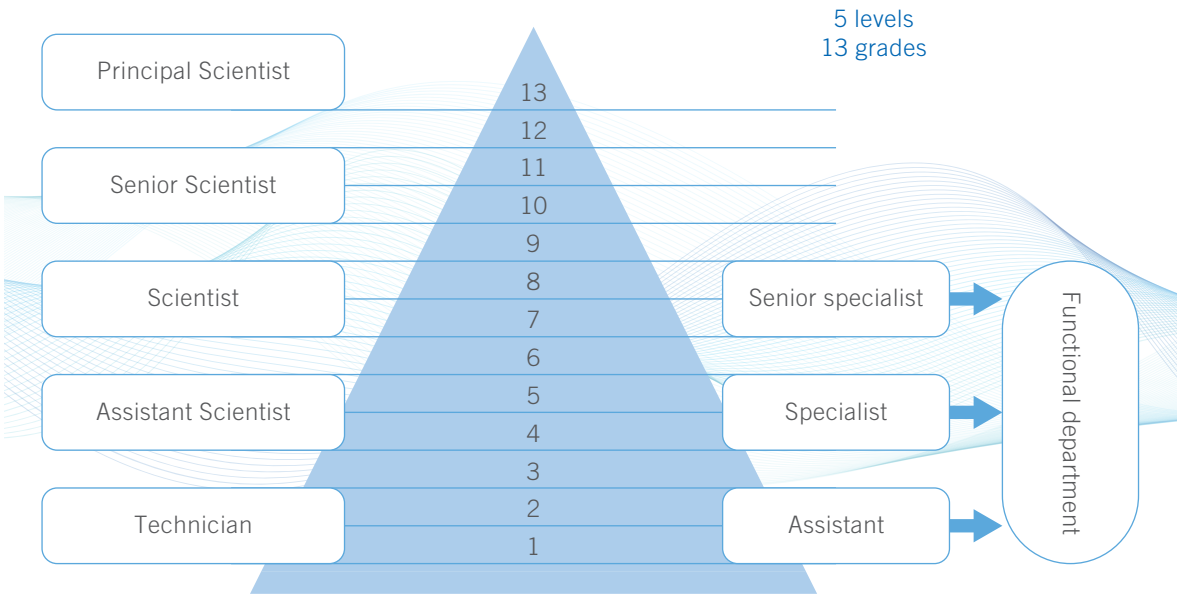


Employee development and training

Employee promotion

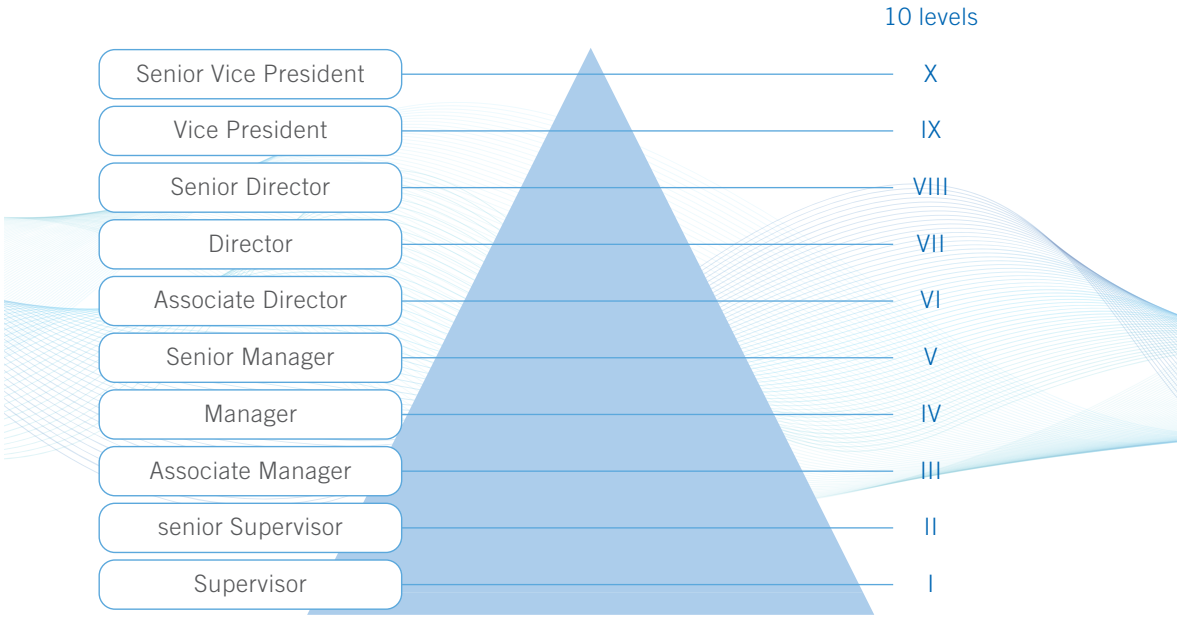
Jacobio pays close attention to the development of each employee, values the talents displayed by employees in different positions, and provides a scientifically stable career development path. Each year, we conduct technical and managerial level assessments for researchers and managers, conduct talent inventory based on employees' overall qualities and abilities, and outline clear promotion pathways tailored to individual career development needs. We have established a *Promotion Management System* that defines promotion criteria, level distinctions, and standardizes promotion processes. We have implemented a dual-channel promotion mechanism that aligns technical and managerial advancement opportunities, offering diverse promotion chances to meet employees' varied career development needs. The technical channel includes five levels: Principal Scientist, Senior Scientist, Scientist, Assistant Scientist, Technician, divided into 13 grades. The managerial channel includes ten levels such as Senior Vice President, Vice President, and Senior Director.

Environmental, Social and Governance Report



Technical Channel promotion path

Environmental, Social and Governance Report



Managerial Channel Promotion pathway

Environmental, Social and Governance Report

Employee training

Jacobio is committed to providing employees with training and growth opportunities to help them unleash their full business potential and management capabilities. We advocate for establishing a learning-sharing mechanism to accumulate organizational wisdom. The employees can apply for training resources that are tailored to their work and personal growth needs through various training courses organized by the Company or departments.

Our training system is divided into internal training and external training. Internal training includes onboarding training and on-the-job training. Onboarding training covers various aspects such as corporate culture, Company policies, workplace etiquette, intellectual property, and safety management. On-the-job training consists of professional technical training conducted by various departments of the Company. The employees who are unable to attend the training can request training materials from the human resources department for make-up training.

To effectively utilize external training resources and enhance employees' professional skills and overall qualities, the Company supports external training such as professional qualification certification training, continuing education training, external course training, overseas visits for professional title assessment, and academic education. The Company reimburses training expenses for employees in accordance with internal management regulations.

During the reporting period, we organized new employee training, departmental professional skills training, leadership training, mid-to-senior level workshops, etc., to continuously enhance employee skills.

Case: Middle Management Training for Clinical Teams

In July 2024, Jacobio organized a training session on "To be a leader" for middle management personnel in the clinical team. The training focused on providing detailed explanations to employees about the roles of team leaders and project leaders.

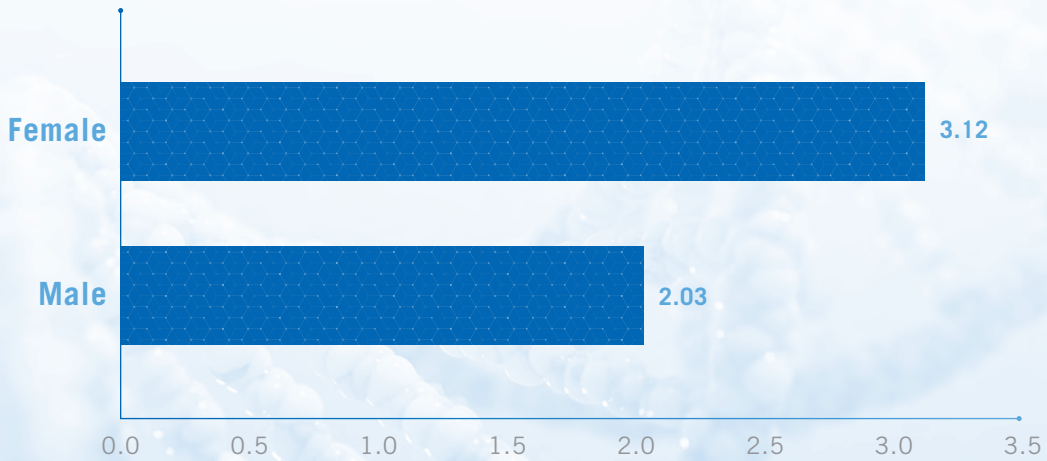
Environmental, Social and Governance Report

Case: Organizing Front-line Managers to Participate in the "Carnegie" Team Cohesion Workshop by Jacobio.

In July 2024, we conducted a "Carnegie" team cohesion workshop aimed at enhancing team cohesion, unleashing team potential, strengthening communication, and collaboration. 34 front-line managers participated in this event. Certified Carnegie System instructors we invited guided participants through heuristic questioning to help them think about how to discover the team's unique strengths and build confidence, as well as how to form new habits through small changes. During the training, active discussions took place. Everyone gained valuable insights from this training session.

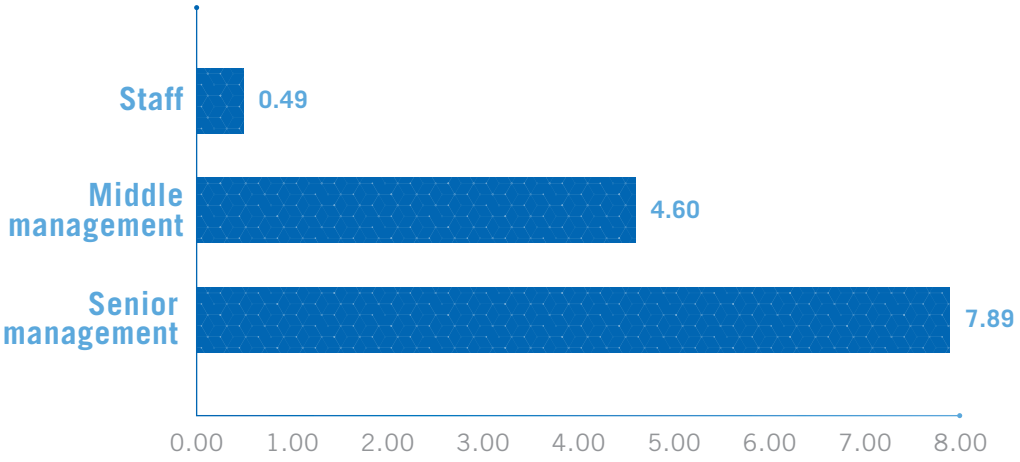
During the reporting period, the total training hours for Company employees were 693 hours, with an average training duration per person of 2.68 hours. The average training duration and percentage breakdown by gender and job level are shown in the following chart:

Average training hours-by gender

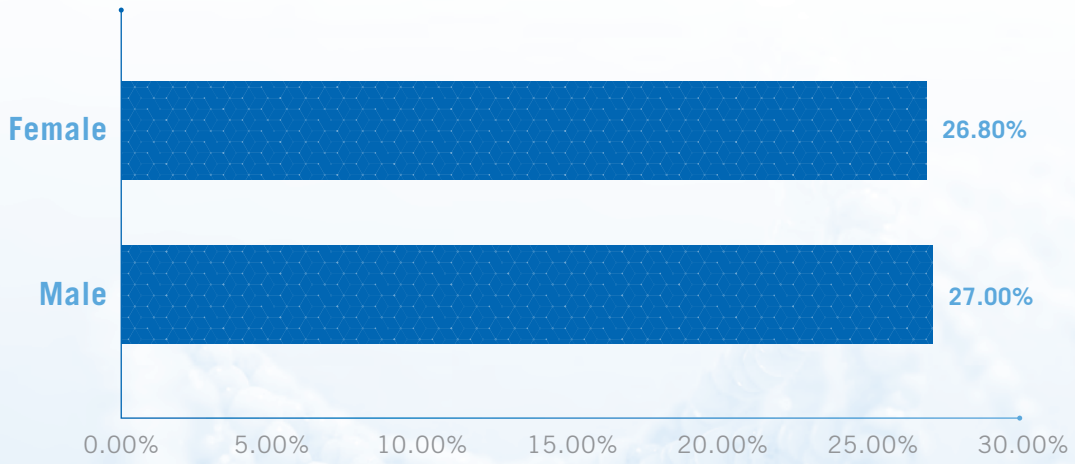


Environmental, Social and Governance Report

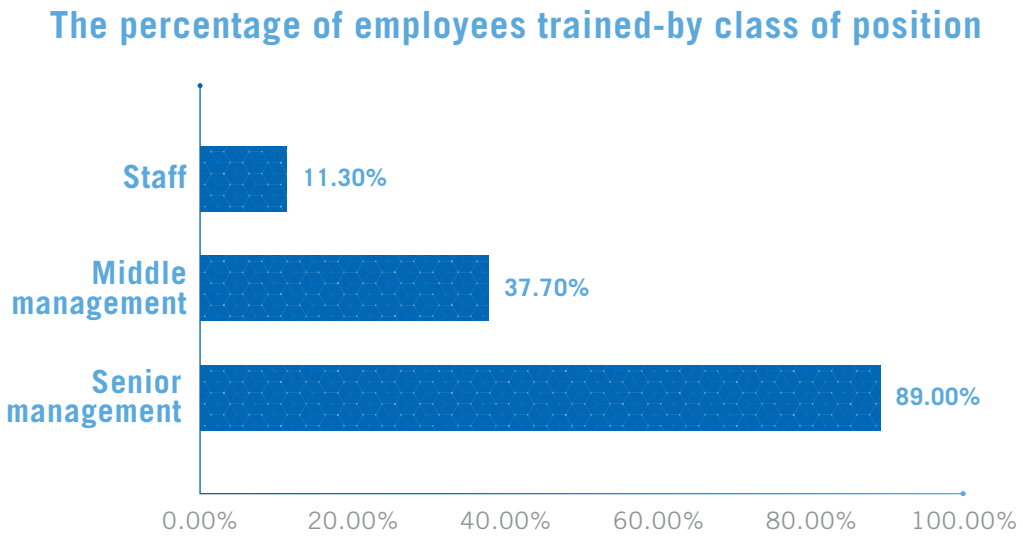
The number of employees-by class os position



The percentage of employees trained-by gender



Environmental, Social and Governance Report



Employee care and communication

Employee compensation and benefits

Jacobio strictly complies with international and local legal requirements, establishing a competitive compensation and benefits system. Our *Employee Handbook* clearly outlines the regulations for employee compensation management and benefits, providing fair and comprehensive rewards and care for employees. Our compensation system includes base salary, performance-based pay, year-end bonuses, and project bonuses. To ensure fairness, impartiality, and transparency in the employee performance evaluation process, we have developed *Performance Feedback and Appeals* procedure. If an employee disagrees with the performance evaluation results, they can submit written appeal materials to the Human Resources Department. The HR Department will promptly review, process, and provide written feedback on the final appeal outcome to the appellant.

In addition to statutory benefits and holidays, we provide a variety of internal employee welfare and care programs to enhance employee engagement. During the reporting period, 29 employees took maternity leave with a 100% return rate.

Environmental, Social and Governance Report

Our welfare policies:

- Five social insurance and one housing fund
- Commercial insurance
- Meal allowance for work
- Paid leave (annual leave, sick leave, marriage leave, maternity leave, paternity leave, parental leave, etc.)
- Annual health check-up
- Annual travel expansion
- Holiday gifts
- Hospitalization condolence payment
- Club activities

Employee care

Jacobio focuses on enhancing the workplace experience and life of each employee by carefully planning diverse employee activities aimed at strengthening team cohesion, enriching employees' leisure time, creating a warm and comfortable working environment, and enhancing employees' sense of happiness and belonging at Jacobio. In 2024, we organized various employee activities such as cloisonné enamel craftsmanship experience for International Women's Day, intangible cultural heritage bamboo weaving workshop, yoga classes, and a Chinese New Year celebration event.

Cloisonné Enamel Craftsmanship Experience Activity for International Women's Day

Environmental, Social and Governance Report

Case: Interactive Zero-Based Yoga Class

On May 23, 2024, the Company invited a professional yoga instructor to conduct a special "Yoga for Beginners" session for employees. This initiative aimed to help sedentary employees maintain physical health, improve mental well-being, and achieve a better work-life balance.

Case: Intangible Cultural Heritage Bamboo Weaving Workshop

The bamboo weaving art activity is a creative handicraft activity aimed at inheriting and promoting the traditional Chinese bamboo weaving culture. In order to pass on and promote this precious traditional Chinese bamboo weaving culture, and to revitalize ancient skills in the modern workplace, on September 27, 2024, the Company held a "Intangible Cultural Heritage Bamboo Weaving Art" handicraft activity, with 25 employees participating and completing works on the theme of National Day. This activity also brought the participants closer together and enhanced team cohesion.

Environmental, Social and Governance Report

Case: Jacobio's Lunar New Year Celebration Event

On February 2, 2024, against the backdrop of reflecting on the past, looking forward to the future, rewarding outstanding employees, and enjoying a harmonious and festive time together, we held the Pre-Lunar New Year Celebration event. During the event, we invited department leaders to transform into volunteer servers for employees or to be chefs serving delicious food, allowing them to become joyful messengers of blessings to the employees. Becoming a servant leader and fostering a servant leadership model in the organizational culture holds profound significance for the entire organization and individual managers.

Employee communication

Jacobio implements the concept of democratic management, actively builds multi-dimensional communication channels, listens to employees' voices, and maintains effective communication with them. We have established a labor union organization to serve as a two-way communication bridge for employees. Employees can participate in democratic management through the labor union organization, which also fully protects their legal rights and interests. By 2024, the labor union covers 219 employees. Additionally, employees can voice their opinions and suggestions through internal Company networks, enterprise WeChat, employee suggestion boxes, "Ask the Boss" meetings, "Our Voice" email, and other platforms to participate in Company management.

Environmental, Social and Governance Report

Employee health and safety

Production safety

Jacobio is committed to creating a safe and healthy work environment. We adhere to relevant laws and regulations such as the *Production Safety Law of the People's Republic of China,* and the *Regulations on Work-related Injury Insurance*, as well as industry guidelines. We have established a series of internal rules and regulations, including but not limited to the *Management Manual of Production Safety, Hazardous Chemicals Management System, the Laboratory Personal Safety Protection, Laboratory Personal Safety Protection, Use and Maintenance manual of Instrument Equipment in Synthetic Room, Special Plan for Fire Accidents*, and *Special Plan for Hazardous Chemicals Accidents* to establish a comprehensive safety production management system.

We actively fulfill the main responsibility for safety production. In the operational locations in China and the United States, we have established an EHS management team and a Health and Safety Committee, clearly defining the safety production management responsibilities of relevant departments and team leaders. The Health and Safety Committee (referred to as the HSC) is composed of the Company's key executives, EHS specialists, and safety officers from various departments, responsible for coordinating and managing safety work in each department, and convening an HSC meeting quarterly. In addition, we have formulated the following work safety objectives:

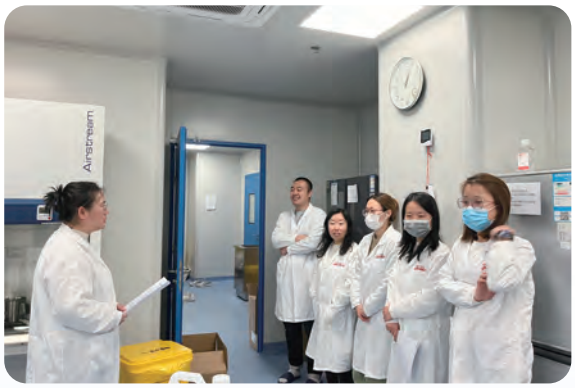
- Zero work-related accidents resulting in serious injuries or fatalities
- The rectification rate of hidden safety hazards in production accidents is 100%
- 100% participation and qualification rate in occupational safety training

To ensure the effective implementation of safety production and strengthen safety culture promotion, we regularly conduct safety inspections and hidden danger investigations, develop an annual safety production training plan, and carry out corresponding training and educational activities. We also conduct safety awareness and education activities during Safety Month and hold emergency drills annually. Additionally, during the reporting period, we updated the Beijing Safety Risk Cloud Service System quarterly to identify and assess risk sources, update emergency resource information, and evaluate emergency response capabilities.

In 2024, we conducted on-site emergency response drills, including scenarios involving hazardous chemical spills and splashes, bio-security measures, and carried out fire evacuation exercises and fire extinguisher training activities during the Safety Production Month and Fire Safety Day respectively. Following the 2024 annual safety production training plan, we provided relevant training and education, covering safety production laws and regulations, safety operating procedures, safety case studies, and safety production regulations. All employees have further enhanced their fire safety awareness, acquired basic evacuation knowledge and skills. Laboratory personnel have become more familiar with the properties of hazardous chemicals and proficient in safe operating procedures.

Environmental, Social and Governance Report

Fire Evacuation Drill



Bio-safety Drill

Hazardous Chemicals Warehouse Drill

Fire Evacuation Drill

Environmental, Social and Governance Report

Occupational health and safety

We strictly adhere to relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases,* and *Technical Specifications for Occupational Health Surveillance*. We have established internal management systems including the *Occupational Disease Prevention and Control Responsibility System, Occupational Health Operation Regulations, Occupational Disease Protection Equipment Management System, Occupational Disease Hazard Emergency Rescue and Management System,* and *Maintenance and Overhaul System for Occupational Disease Protection Facilities*. These measures have helped us establish a comprehensive system for occupational health and safety management and promote the work in an orderly manner.

Before and after the commissioning of our new base in Beijing, we actively carried out the "three simultaneities" work in occupational health, identifying, analyzing, and controlling occupational hazards, and implementing effective occupational disease prevention facilities. As a pharmaceutical research and development Company, we are well aware of the risks that employees may face when dealing with hazardous chemicals during the research and development process. Therefore, we have implemented strict safety measures in the hazardous chemical laboratories, such as installing fume hoods and fume extractors, emergency shower and eye wash stations, fire extinguishers, and absorbent materials, to comprehensively ensure the occupational health and safety of every employee.

During the reporting period, we actively conducted on-site inspections and inquiries to understand occupational health and safety risks. We implemented corresponding hardware improvements, upgrades, and updated policies to effectively manage these risks. In 2024, our total investment in occupational health was RMB330,903, and no occupational disease incidents occurred.

SHOULDER RESPONSIBILITIES AND MOVE FORWARD HAND IN HAND

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- Supply chain management
- Community investment
- Driving industry development

Jacobio continues to enhance supply chain management, committed to collaborating with suppliers to build a sustainable supply chain. We consider social responsibility as a crucial pillar for our sustainable development, actively engage in industry dialogues, and participate in social welfare activities to contribute to societal progress.

Environmental, Social and Governance Report

Supply chain management

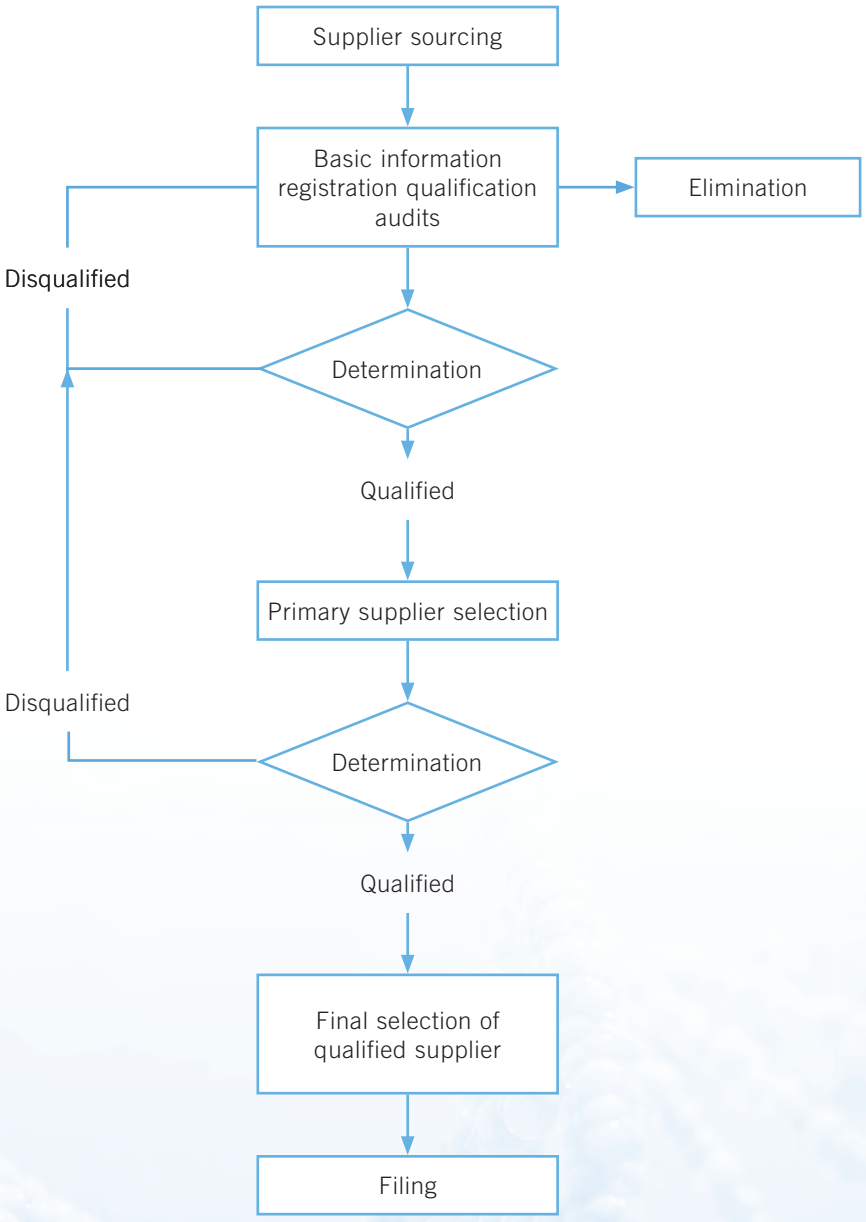
Jacobio has closely aligned with the Company's actual situation and established internal management systems such as *Supplier Management System, Goods Procurement Management System*, and *Contractor Management System* to standardize supplier lifecycle management, physical and service procurement processes, and promote sustainable development of the supply chain.

Supplier admission

We have established a *Supplier Management System* that comprehensively covers the entire process of sourcing, admission, evaluation, and elimination of suppliers. In the sourcing stage, we specify that the procurement department takes the lead in organizing related activities. The procurement department categorizes potential suppliers into production and research, fixed assets, services, intangible assets, and office supplies based on supplier types and characteristics.

During the supplier investigation and qualification audit, procurement personnel fully consider various key factors of suppliers, including but not limited to their corporate background, business qualifications, production capacity, product quality, service quality, integrity and compliance status, and sustainable development performance. To identify potential risks in environmental and social aspects, we strictly follow the qualification review process, focusing on examining the supplier's EHS management system and requesting relevant qualification certificates. To promote the sustainable development of the supply chain, we continuously select outstanding suppliers through a three-way comparison method. Under equal conditions, priority is given to suppliers who meet national environmental protection requirements and use environmentally friendly products. Ultimately, suppliers that pass the rigorous review and meet the requirements are included in the qualified supplier pool. As of 2024, the Company has completed the admission audit for a total of 143 suppliers.

Environmental, Social and Governance Report



Supplier Audit Process

Environmental, Social and Governance Report

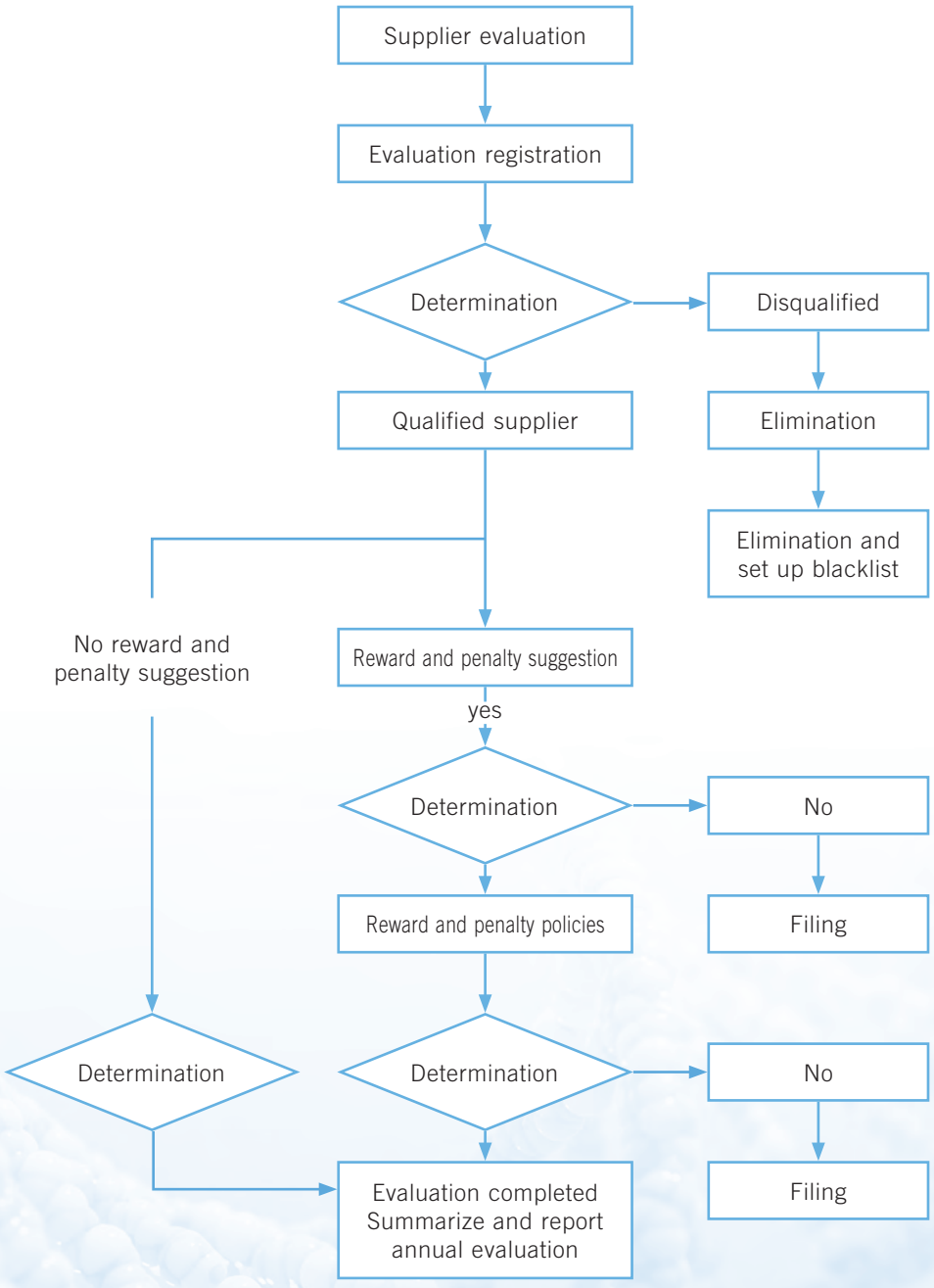
Supplier evaluation

Jacobio manages qualified suppliers through the implementation of an annual assessment and evaluation mechanism. The procurement department, as the executing body of the assessment, rigorously evaluates and assesses suppliers comprehensively based on the *Supplier Assessment Form* from multiple dimensions. The assessment content covers a wide range of key business areas such as quality control, cost management, service alignment, etc., to comprehensively measure the supplier's performance.

Based on the assessment results of suppliers, we have established a tiered management system and implemented corresponding reward and penalty mechanisms for suppliers at different levels.

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

Corporate social responsibility

Industry dialogue

While pursuing the own development, Jacobio actively engages in exchanges and collaborations within the industry, bringing together various resources and efforts to promote innovation and progress in the pharmaceutical sector, thus fostering the overall prosperity of the industry.

Case: Participation in the 12th Drug Development Quantitative Science Forum by Jacobio.

In 2024, Dr. Joe Li, Vice President of Jacobio, attended the 12th Drug Information Association (DIA) Drug Development Quantitative Science Forum and delivered a presentation on "Real-World Data as External Control to Support Regulatory Considerations." Dr. Li actively promoted discussions on the application of real-world data and exchanged insights with attendees on industry practices and challenges in the field of biostatistics.

Case: Two Data Sets Were Released at the ASCO Conference by Jacobio.

On June 2, 2024, Jacobio presented updated safety and efficacy data on the combination of glecirasib (KRAS G12C inhibitor) and JAB-3312 (SHP2 inhibitor) in first-line non-small cell lung cancer (NSCLC) patients at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting through an oral presentation. Additionally, they also presented updated data from the registration study of glecirasib in an educational session through an oral presentation.

Environmental, Social and Governance Report

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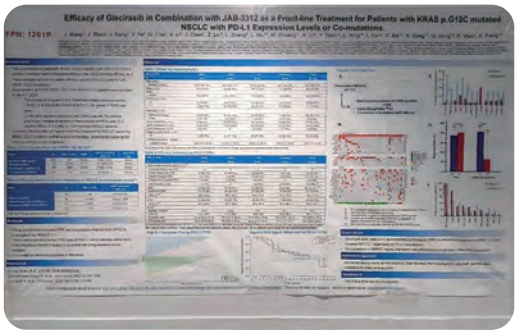

Philanthropic activities

Jacobio, as a socially responsible Company, continuously contributes to the community and actively engages in various charitable activities. Leveraging its industry expertise, Jacobio utilizes online platforms effectively. It has a “Scientific Insights” section on its corporate WeChat account and features “Academic Publications” and “Patient Zone” sections on its official website to educate the public on cancer treatment-related knowledge. By the end of the reporting period, Jacobio had published five popular science articles in the “Scientific Insights” section of its WeChat account, aiming to educate the public on the processes and channels related to cancer clinical trials.

Environmental, Social and Governance Report

APPENDIX TO THE REPORT

ESG key performance

Key performance	Unit/Category	2024	2023	2022
Environmental				
Exaust Gas[1]				
Non-methane hydrocarbon	Tonnes	0.08	0.09	0.02
Total ammonia emissions	Tonnes	0.05	0.000	0.004
Particulate matters	Tonnes	0.05	0.0002	0.006
Hydrogen sulfide	Tonnes	0.005	/	/
Wastewater				
Total wastewater[2]	Tonnes	2,619.00	4,133.00	906.00
Chemical oxygen demand (COD)	Tonnes	0.05	0.111	1.05
BOD[5]	Tonnes	0.02	/	/
Suspended solid	Tonnes	0.02	/	/
Ammonia and nitrogen	Tonnes	0.001	0.003	0.008
Greenhouse Gas[3]				
Direct GHG emissions (Scope 1)	tCO_2e	17.05	33.98	10.00
Indirect GHG emissions (Scope 2)	tCO_2e	1,162.97	1,476.44	884.98
Total GHG emissions (Scope 1 and Scope 2)	tCO_2e	1,180.02	1,510.42	894.98
HG emissions per capita	tCO_2e per person	4.59	5.23	2.92
GHG emissions per square meter of floor space	tCO_2e/m^2	0.08	0.07	0.11
Waste				
Total hazardous waste discharges	Tonnes	49.08	57.98	54.99
Hazardous waste per capita	Tonnes per person	0.21	0.21	0.18
Hazardous waste per square meter of floor space	$Tonnes/m^2$	0.003	0.003	0.007
Total non-hazardous waste discharges[4]	Tonnes	7.12	8.26	28.48
Non-hazardous waste per capita	Tonnes per person	0.03	0.03	0.10
Non-hazardous waste per square meter of floor space	$Tonnes/m^2$	0.0005	0.0004	0.004
Energy consumption[5]				
Total energy consumption	MWh	2,197.40	2,803.83	1,296.67
Direct energy consumption–gasoline	MWh	65.74	130.82	39.08
Indirect energy consumption–purchased electricity	MWh	1,828.84	2,397.40	1,257.89
Indirect energy consumption–purchased heat	MWh	302.82	275.61	/
Energy consumption per capita	MWh per person	8.55	9.70	4.22
Energy consumption per square meter of floor space[6]	MWh/m^2	0.15	0.12	0.16
Water				
Total water consumption[7]	Tonnes	3,699.00	5,118	984
Water consumption per capita	Tonnes per person	15.74	19.39	3.63
Water consumption per square meter of floor space	$Tonnes/m^2$	0.26	0.23	0.13

Environmental, Social and Governance Report

Key performance		Unit/Category	2024	2023	2022
Social					
Employment and diversity					
Total number of employees		Person	257	301	307
Gender	Male	Person	100	105	118
	Female	Person	157	196	189
Employment type	Permanent employees (without fixed term labor contracts)	Person	62	54	/
	Fixed term labor contracts	Person	191	242	/
	Labor dispatch	Person	4	5	/
Age	Aged 30 and below	Person	37	69	87
	Aged 31 to 50	Person	209	222	207
	Aged 50 and above	Person	11	10	13
Region	China	Person	248	291	293
	Other countries and regions	Person	9	10	14
Class of position	Senior management	Person	38	32	/
	Middle management	Person	69	60	/
	Staff	Person	150	209	/
Employee turnover rate[8]					
Gender	Male	%	1.90	19.50	14.40
	Female	%	6.20	11.22	11.60
Age	Aged 30 and below	%	1.90	20.29	6.60
	Aged 31 to 50	%	6.20	12.16	14.90
	Aged 50 and above	%	0.00	10.00	14.80
Region	China	%	5.80	13.06	11.50
	Other countries and regions	%	2.30	40.00	34.50
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		Days	42	0	89
Employee development and training					
Percentage of employees trained	Male	%	27.00	92.20	91.50
	Female	%	26.80	95.50	95.20
	Senior management	%	89.00	100.00	100.00
	Middle management	%	37.70	93.50	95.90
	Staff	%	11.30	93.70	93.10
Average training hours per person	Male	Hours	2.03	5.20	10.00
	Female	Hours	3.12	5.40	7.50
	Senior management	Hours	7.89	10.66	8.50
	Middle management	Hours	4.60	6.37	8.60
	Staff	Hours	0.49	4.25	8.40

Environmental, Social and Governance Report

Key performance		Unit/Category	2024	2023	2022
Supply chain management					
Total number of suppliers		Number	1,692	1,572	1,409
Region	Mainland China	Number	1,554	1,440	1,280
	Hong kong, Macau, and Taiwan of China	Number	9	7	7
	Other countries and regions	Number	129	125	122
Product responsibilities					
The percentage of products recalled due to safety and health issues		%	0	0	0
The number of complaints on products and service[9]		Times	0	0	0
Anti-corruption					
The number of concluded cases regarding corrupt practices		Number	0	0	0
The number of employees participating in anti-corruption training		Person	257	301	307
The number of Directors participating in anti-corruption training		Person	7	8	9

1 The Company has a relatively small number of Company-owned vehicles, resulting in lower emissions of nitrogen oxides, sulfur oxides.

2 During the reporting period, the wastewater discharge of our Company was disclosed based on the testing reports issued by qualified third-party professional testing institutions.

3 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 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.

4 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.

5 Conversion coefficient to standard coal is sourced from National Standards of the People's Republic of China General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

6 Due to the relatively small office space area in the United States, it is negligible and therefore not taken into account.

7 Except for our operation locations in Beijing, water consumption in other operation locations is controlled by the property management Company in the location, 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 is from municipal water supply, we do not have any problem in obtaining suitable water resources.

8 In 2024, the statistical calibers for the employee turnover rate were all the voluntary turnover rate.

9 It refers to complaint incidents arising from product quality issues.

Environmental, Social and Governance Report

Index of indicators

Index Position		HKEX ESG Reporting Guide Index Number and content	GRI Standards Index Number
About the Report		Principle of reporting/ Scope and boundary of the Report	2-1、2-2、2-3、2-4
About Jacobio			
Compliant Operations and Enhanced Governance	Corporate governance		2-9、2-10
	Compliant operations	B6、B6.3、B6.5、B7、B7.1、B7.2	418-1、205-2、205-3
	ESG governance	Governance structure	2-22、2-29、3-1、3-2、3-3
Driven by Innovation, with Quality as the Foundation	Research and development		
	Product quality and safety	B6、B6.1、B6.4	416-1、416-2、417-1、417-2、417-3
	Customer service	B6、B6.1、B6.2	416-2
Low-carbon Operations and Green Development	Environment management system	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、A2.5、A3、A3.1	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
Empower Employees and March Forward in Pursuit of Dreams	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 and communication	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
Shoulder Responsibilities and Move Forward Hand in Hand	Supply chain management	B5、B5.1、B5.2、B5.3、B5.4	308-1、308-2
	Corporate social responsibility	B8、B8.1、B8.2	413-1

Environmental, Social and Governance Report

READER FEEDBACK FORM

To continuously enhance our ESG practices and improve our ESG management capabilities, we greatly value your feedback and suggestions.

Please assist in addressing the issues raised in the feedback form and provide your feedback using one of the following methods.

Address: Building 8, No. 105, Jinghai 3rd Road, Economic and Technological Development Zone, Beijing.
Phone: 010-56315466

Zip code: 100176

Your information	
Name	
Company	
Phone number	
Email	
Feedback	

1. What is your overall assessment of the Company's ESG Report?

   ○ Excellent ○ Good ○ Fair

2. Do you think the Report adequately reflects the significant impact of ESG issues on the Company?

   ○ Yes ○ So-so ○ Not sure

3. How do you assess the clarity, accuracy, and completeness of the information, data, and metrics disclosed in the Report?

   ○ Very High ○ High ○ Moderate ○ Low ○ Very Low

4. What aspect of the Report are you most satisfied with?

   _____

5. What specific information would you like to further understand?

   _____

6. Do you have any suggestions for our future Report publications?

   _____

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, 2024.

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, 2024, by its principal activities are set out in note 5 to the consolidated financial statements of the Group on pages 174 to 176 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, 2024, 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, 2024, 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 profit or loss and other 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, 2024, 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, 2024 (December 31, 2023: 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 Tuesday, June 10, 2025. A notice convening the AGM will be published on both the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.jacobiopharma.com) and despatched to the Shareholders (if requested). In order to determine the entitlement to attend and vote at the AGM, the Register of Members will be closed from Thursday, June 5, 2025 to Tuesday, June 10, 2025, 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 Wednesday, June 4, 2025. Shareholders whose names appear on the Register of Members on Tuesday, June 10, 2025 are entitled to attend and vote at the AGM.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, the Group has one customer, as such, the Group's sales to five largest customers accounted for 100% and the Group's sales to single largest customer accounted for 100% for the year ended December 31, 2024.

During the year ended December 31, 2024, 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 customer.

Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 42.4%, as compared to 40.6% of the Group's total purchases for the year ended December 31, 2023. The Group's single largest supplier accounted for 14.1% for the year ended December 31, 2024, as compared to 18.5% of the Group's total purchases for the year ended December 31, 2023.

During the year ended December 31, 2024, 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, 2024, are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Group during the year ended December 31, 2024, and details of the shares repurchased during the year ended December 31, 2024, are set out in note 26 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, 2024, are set out on page 151 in the consolidated statement of changes in equity and in the notes 27 and 37 to the consolidated financial statements.

Directors' Report

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2024.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2024, 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 150 of this annual report.

DIRECTORS

The Directors during the year ended December 31, 2024 and up to the date of this annual report were:

Name of director	Position
Dr. Yinxiang WANG	Chairman and Executive Director
Ms. Xiaojie WANG	Executive Director
Ms. Yunyan HU	Executive Director
Ms. Yanmin TANG (resigned with effect from August 30, 2024)	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. Bai LU	Independent non-executive Director

Note: Ms. Yanmin TANG has resigned from her position as a non-executive Director with effect from August 30, 2024. Such resignation is due to her intentions to pursue other personal affairs. Please refer to the relevant announcement of the Company dated August 30, 2024 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. Xiaojie WANG, Dr. Ge WU and Dr. Bai LU shall retire from office by rotation at the 2025 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 Board believed that each of the independent non-executive Directors demonstrated a high level of independent judgment during their tenure, and none were involved in any business or other relationships that could affect their effective performance of duties. Therefore, 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 has 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 Director(s) 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

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, 2024.

CONTRACTS WITH SUBSTANTIAL SHAREHOLDERS

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, 2024.

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, 2024, 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	211,154,150[3][4][7]	26.67%
Ms. Xiaojie WANG	Beneficial owner; founder of a discretionary trust; interest in controlled corporation; interest held jointly with another person	211,154,150[3][5][7]	26.67%
Ms. Yunyan HU	Beneficial owner; founder of a discretionary trust; interest held jointly with another person	211,154,150[3][6][7]	26.67%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 791,755,080 Shares in issue (including 2,933,700 treasury shares) as at December 31, 2024.

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. As at December 31, 2024, the share capital of Ms. Wang's SPV is indirectly wholly owned by Ms. Wang 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. As at December 31, 2024, the share capital of Ms. Hu's SPV is indirectly wholly owned by Ms. Hu 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, 2024, 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, 2024, 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	211,154,150	26.67%
Dr. Wang's SPV 2[3]	Beneficial interest; interest held jointly with another person	211,154,150	26.67%
Willgenpharma Ltd[3]	Beneficial interest; interest held jointly with another person	211,154,150	26.67%
Ms. Zhu Shen[4]	Interest of spouse	211,154,150	26.67%
Ms. Wang's SPV[5]	Beneficial owner; interest held jointly with another person	211,154,150	26.67%
Gloryviewpharma Ltd[5]	Beneficial interest; interest held jointly with another person	211,154,150	26.67%
Blesspharma Ltd[6]	Beneficial interest; interest held jointly with another person	211,154,150	26.67%
Mr. Ze Liu[7]	Beneficial owner; interest held jointly with another person	211,154,150	26.67%
Ms. Hu's SPV[8]	Beneficial owner; interest held jointly with another person	211,154,150	26.67%
Honourpharma Ltd[9]	Beneficial interest; interest held jointly with another person	211,154,150	26.67%
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	47,425,586	5.99%
Qiming GP VI, L.P.[12]	Interest in controlled corporation	47,415,992	5.99%
Qiming Corporate GP VI, Ltd.[12]	Interest in controlled corporation	47,415,992	5.99%
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%
Ultimate Estate Limited[14]	Interest in controlled corporation; interest held jointly with another person	211,154,150	26.67%
Treasure Partner International Limited[15]	Interest in controlled corporation; interest held jointly with another person	211,154,150	26.67%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 791,755,080 Shares in issue (including 2,335,200 treasury shares) as at December 31, 2024.

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 387,300 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. As at December 31, 2024, the share capital of Ms. Wang's SPV is indirectly wholly owned by Ms. Wang 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.

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. As at December 31, 2024, the share capital of Ms. Hu's SPV is indirectly wholly owned by Ms. Hu 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. isalso 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, 2024, 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 211,154,150 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 Ms. Wang. Accordingly, Ultimate Estate Limited is deemed to be interested in 211,154,150 Shares.

15. As at December 31, 2024, 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 211,154,150 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%. Accordingly, Treasure Partner International Limited is deemed to be interested in 211,154,150 Shares.

Save as disclosed above, as at December 31, 2024, 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, 2024 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, 2024, 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

During the year ended December 31, 2024, the Group did not enter into any connected transactions and continuing connected transactions which required reporting, annual review, announcements and/or independent shareholders' approval under Chapter 14A of the Listing Rules. Details of related party transactions of the Group for the year ended December 31, 2024 are set out in note 35 to the consolidated financial statements. 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.

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, 2024, 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, 2024, the Group did not make charitable donations (December 31, 2023: 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 long-term and short-term bank loans which are denominated in RMB. Details of the bank borrowings of our Group as at December 31, 2024 are set out in note 24 to the consolidated financial statements.

Directors' Report

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, 2024 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, 2024, are set out in note 36 to the consolidated financial statements.

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, 2024. 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, 2024.

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, 2024.

Directors' Report

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 2,933,700 Shares on the Stock Exchange for an aggregate consideration of approximately HK$5.0 million before expenses. As of the date of this annual report, all such repurchased Shares have been held by our Company as treasury shares. 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 (before all the relevant expenses)
		Highest price *(HK$)*	Lowest price *(HK$)*	*(HK$)*
June 2024	2,335,200	1.86	1.51	3,849,042
October 2024	598,500	2.03	1.75	1,140,486
Total	**2,933,700**			**4,989,528**

The share repurchases reflected the confidence of the Board in the Company's long-term strategy and growth prospects. The Directors considered that the share repurchases were in the best interests of the Company and the Shareholders as a whole. Our Company intends to use the treasury shares to resell at market price to raise additional funds, to transfer or use for share grants under share schemes that comply with Chapter 17 of the Listing Rules and for other purposes permitted under the Listing Rules, the articles of association of our Company and the applicable laws of the Cayman Islands, subject to market conditions and our Group's capital management needs.

Save for 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 (including any sale or transfer of treasury shares) during the year ended December 31, 2024.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2024. 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, 2024.

Directors' Report

STOCK INCENTIVE PLANS

The Company has two existing share schemes, namely the 2020 Stock Incentive Plan (the "**2020 Plan**") and the 2021 Stock Incentive Plan (the "**2021 Plan**").

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.

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 a 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 4 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, 2024. Details of movement of 2020 Awards under the 2020 Plan during the Reporting Period are set out below:

Grantees	Nature	Date of grant	Number of outstanding options or unvested restricted shares as at January 1, 2024	Vesting Period	Exercise Period	Purchase Price	Exercise Price	Options or restricted shares granted during 2024	Options exercised during 2024	Restricted shares vested during 2024	Options or restricted shares lapsed/ forfeited during 2024	Options or restricted shares cancelled during 2024	Number of options outstanding or restricted shares unvested as at December 31, 2024	Weighted average closing price of Shares immediately before date of vesting during 2024
Directors of the Company														
Dr. Wang	Restricted shares	2020/7/20	–	2020 to 2023	N/A	USD0.00002	N/A	–	N/A	–	–	–	–	–
Ms. Wang	Restricted shares	2020/7/20	–	2020 to 2023	N/A	RMB0.02	N/A	–	N/A	–	–	–	–	–
Ms. Hu	Restricted shares	2020/7/20	–	2020 to 2023	N/A	RMB0.02	N/A	–	N/A	–	–	–	–	–
Five highest paid individuals during 2024 (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 USD 0.8	–	–	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	870,135	2020 to 2025	N/A	RMB0.02	N/A	–	N/A	435,065	–	–	435,070	HK$2.65
		2020/7/20	–	2020 to 2023	N/A	USD0.00002	N/A	–	N/A	–	–	–	–	–
		2021/9/14	50,000	2021 to 2025	N/A	RMB0.02	N/A	–	N/A	–	–	–	50,000	N/A
		2022/9/16	25,000	2022 to 2024	N/A	RMB0.02	N/A	–	N/A	25,000	–	–	–	HK$2.65
		2022/12/1	934,687	2022 to 2027	N/A	RMB0.02 or Nil	N/A	–	N/A	150,313	90,000	–	694,374	HK$3.35
Total	**Options**	-	**5,250,000**	-	-	-	-	-	-	-	-	-	**5,250,000**	-
	Restricted shares	-	**1,879,822**	-	-	-	-	-	-	**610,378**	**90,000**	-	**1,179,444**	-

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 Reporting Period divided by the weighted average number of Shares in issue during the Reporting Period 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, 2024 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, 2024 and December 31, 2024 were 5,194,096 and 5,275,844, respectively. As of the date of this annual report, the total number of Shares available for grant under the 2021 Plan was 5,275,844 Shares, representing approximately 0.67% 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 6 years and 6 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

100,000 units of 2021 Awards were granted under the 2021 Plan during the year ended December 31, 2024. Details of movement of the 2021 Awards under the 2021 Plan during the year ended December 31, 2024 are set out below:

Grantees	Nature	Date of grant	Number of restricted shares unvested as at January 1, 2024	Vesting Period	Purchase price[2]	Restricted shares granted during 2024[1]	Restricted shares lapsed/ forfeited during 2024	Restricted shares cancelled during 2024	Restricted shares vested during 2024	Number of restricted shares unvested as at December 31, 2024	Weighted average closing price of Shares immediately before date of vesting during 2024
Directors of the Company											
Nil											
Five highest paid individuals during 2024 (excluding Directors)	Restricted shares	2022/12/1[1][2]	357,725	2022 to 2026	Nil	–	–	–	34,850	322,875	HK$3.62
Other grantees in aggregate											
Employees	Restricted shares	2022/12/1[1][2]	3,547,500	2022 to 2026	Nil	–	181,750	–	427,462	2,938,288	HK$3.54
Employees	Restricted shares	2024/6/14[2]	–	2024 to 2028	Nil	100,000[3]	–	–	–	100,000	N/A
Total	**Restricted shares**	–	**3,905,225**	–	–	**100,000**	**181,750**	–	**462,312**	**3,361,163**	–

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, 2024 divided by the weighted average number of Shares in issue during the year ended December 31, 2024 is not applicable.

3. The fair value of the restricted shares granted at the date of grant was HKD1.77 per share. The Company has referred to the market price of the Company's shares on the grant date to determine the total fair value of the restricted shares granted to employees, which is to be expensed over the vesting period.

Directors' Report

MATERIAL CONTRACTS AND EXECUTION

Beijing Jacobio entered into an exclusive out-licensing agreement with Allist regarding the research and development, manufacturing, and commercialization of glecirasib (JAB-21822), a KRAS G12C inhibitor, and sitneprotafib (JAB-3312), an allosteric SHP2 inhibitor, within Chinese Mainland, Taiwan, the Hong Kong and the Macao Special Administrative Region (the "**License-Out Agreement**") on August 30, 2024. For details, please refer to the announcement of the Company dated August 30, 2024.

Save for the License-Out 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.

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**"). The Net Proceeds have been utilized in the manner, proportion and the expected timeframe as set out in the annual results announcement for the year ended December 31, 2022 and change in use of proceeds which was published on March 22, 2023 (the "**2022 Annual Results Announcement**") and the supplemental announcement to the 2023 Interim report and the 2023 Annual report of our Company which was published on August 21, 2024. All unutilized Net Proceeds as at December 31, 2024 are expected to be utilized by the end of 2025.

As at December 31, 2024, approximately RMB147.1 million of the Net Proceeds had been utilized as follows:

	Original use of Net Proceeds *RMB million*	Original percentage of Net Proceeds	Unutilized Net Proceeds as at December 31, 2022 *RMB million*	Utilized Net Proceeds since January 1, 2023 and up to March 22, 2023 *RMB million*	Before change: Unutilized Net Proceeds as at March 22, 2023 *RMB million*	Changed Use of Proceeds	Revised allocation of Net Proceeds as disclosed in the 2022 Annual Results Announcement *RMB million*	Percentage of Net Proceeds after reallocation as disclosed in the 2022 Annual Results *(Notes)*	After change: Unutilized Net Proceeds as at March 22, 2023 *RMB million*	Utilized Net Proceeds since March 23, 2023 and up to December 31, 2023 *RMB million*	Unutilized Net Proceeds as at December 31, 2023 *RMB million*	Utilized Net Proceeds as at December 31, 2024 *RMB million*	Unutilized Net Proceeds as at December 31, 2024 *RMB million*
Fund registrational clinical trials and preparation for registration filings of JAB-3068 in the Territory	300.6	25%	300.6	–	300.6	–	–	–	–	–	–	–	–
Fund the clinical trials of sitneprotafib (JAB-3312) in combination with glecirasib (JAB-21822) and registrational clinical trials and preparation for registration filings of sitneprotafib (JAB-3312) in the Territory	213.0	18%	193.6	2.8	190.8	Same as original	213.0	18%	190.8	116.0	74.8	74.8	–
Fund the set-up of our sales and marketing team and commercialization activities of sitneprotafib (JAB-3312) and glecirasib (JAB-21822) in China	47.3	4%	47.3	–	47.3	Same as original	47.3	4%	47.3	–	47.3	–	47.3
Fund ongoing and planned clinical trials of JAB-8263	118.3	10%	62.9	1.6	61.3	Same as original	118.3	10%	61.3	8.1	53.2	11.9	41.3
Fund clinical development of glecirasib (JAB-21822), including registrational clinical trials and preparation for NDA	254.6	22%	1.9	1.9	–	Same as original	454.6	38%	200.0	159.8	40.2	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	107.3	9%	–	–	–	Same as original	207.9	18%	100.6	100.6	–	–	–
Fund the planned decoration of our R&D center and construction of our inhouse GMP-compliant manufacturing facility	94.6	8%	80.1	20.3	59.8	Same as original	94.6	8%	59.8	39.6	20.2	20.2	–
For working capital and general corporate purposes	47.4	4%	–	–	–	Same as original	47.4	4%	–	–	–	–	–
Total	**1,183.1**	**100%**	**686.4**	**26.6**	**659.8**		**1,183.1**	**100%**	**659.8**	**424.1**	**235.7**	**147.1**	**88.6**

Directors' Report

Notes:

The reasons for the changes in the proposed applications of the Net Proceeds and re-allocation of the unutilized amount of the Net Proceed as disclosed in the 2022 Annual Results Announcement are as follows:

(i) The Company's interim report for the six months ended June 30, 2022 stipulates that approximately RMB300.6 million of the Net Proceeds is originally intended to be used for funding registrational clinical trials and preparation for registration filings of JAB-3068 in the Territory. Pursuant to the collaboration agreement with AbbVie, we would perform preclinical and early global clinical development activities on SHP2 Products and manufacture (or have manufactured) SHP2 Products for use in clinical studies, in accordance with a development plan and budget. AbbVie would reimburse our costs and expenses incurred from and after July 31, 2022 which do not exceed 105% of the then-current development budget, and we would bear any costs and expenses in excess of the 105% threshold, subject to certain exceptions. Based on the progress of JAB-3068 and the foremost development of glecirasib, the Board is of the view that the removal of the proportion of the Net Proceeds to fund registrational clinical trials and preparation for registration filings of JAB-3068 in the Territory and the increase of the proportion of the Net Proceeds to fund clinical development of glecirasib and other ongoing and planned early-stage drug discovery and development is beneficial to the whole R&D progress of our Group.

(ii) The proportion of the Net Proceeds to be used in the clinical development of glecirasib has been raised from RMB254.6 million to RMB454.6 million, primarily for the purpose of investing in registrational clinical trials and preparation for NDA submission. Please refer to "Management Discussion and Analysis – Business Review" in the 2023 Annual Report for the development progress of glecirasib.

(iii) The proportion of the Net Proceeds to be used for the ongoing and planned early-stage drug discovery and development has been raised from RMB107.3 million to RMB207.9 million, primarily for the purpose of drug discovery and development of JAB-23E73, JAB-30355, JAB-26766 and our iADC programs. Please refer to "Management Discussion and Analysis – Business Review" in the 2023 Annual Report for the development progress of JAB-23E73, JAB-30355, JAB-26766 and our iADC programs.

Directors' Report

Change in Use of Proceeds from the Global Offering

As at the date of this annual report, our Company has not yet utilized the Net Proceeds of approximately RMB84.2 million (the "**Unutilized Net Proceeds**"). The Board, having considered the reasons set out in "**Reasons for the Change in Use of Proceeds**" below, resolved to change in use of the Unutilized Net Proceeds. The change and the revised allocation of the Net Proceeds and Unutilized Net Proceeds are set out in the table below.

	Revised allocation of Net Proceeds as disclosed in the 2022 Annual Results Announcement *RMB million*	Percentage of Net Proceeds after re-allocation as disclosed in the 2022 Annual Results Announcement	Unutilized Net Proceeds as at December 31, 2024 *RMB million*	Unutilized Net Proceeds as at the date of this annual report *RMB million*	Revised allocation of Net Proceeds *RMB million*	Percentage of Net Proceeds (after the proposed change)	Revised amounts of Unutilized Net Proceeds as at the date of this annual report *RMB million*
Fund the clinical trials of sitneprotafib (JAB-3312) in combination with glecirasib (JAB-21822) and registrational clinical trials and preparation for registration filings of sitneprotafib (JAB-3312) in the Territory	213.0	18%	–	–	213.0	18%	–
Fund the set-up of our sales and marketing team and commercialization activities of sitneprotafib (JAB-3312) and glecirasib (JAB-21822) in China	47.3	4%	47.3	47.3	–	–	–
Fund ongoing and planned clinical trials of JAB-8263	118.3	10%	41.3	36.9	88.3	7%	6.9
Fund clinical development of glecirasib (JAB-21822), including registrational clinical trials and preparation for NDA	454.6	38%	–	–	454.6	38%	–
For the ongoing and planned early-stage drug discovery and development, including pre-clinical and clinical development of our other pipeline assets, discovery and development of new drug candidates	207.9	18%	–	–	285.2	25%	77.3
Fund the planned decoration of our R&D center and construction of our in-house GMP-compliant manufacturing facility	94.6	8%	–	–	94.6	8%	–
For working capital and general corporate purposes	47.4	4%	–	–	47.4	4%	–
Total	**1,183.1**	**100%**	**88.6**	**84.2**	**1,183.1**	**100%**	**84.2**

Directors' Report

Reasons for the Change in Use of Proceeds

The reasons for the above changes in the proposed applications of the Net Proceeds and re-allocation of the unutilized amount of the Net Proceeds are as follows:

a) The 2024 interim report of the Company stipulates that approximately RMB47.3 million of the Net Proceeds is originally intended to be used for the set-up of sales and marketing team and commercialization activities of glecirasib (JAB-21822) and sitneprotafib (JAB-3312) in China.

According to the License-out Agreement with Allist, the sales, marketing and commercialization activities of glecirasib and sitneprotafib in the Greater China will be managed by Allist with all cost born by them. Therefore, the Board is of the view that the removal of the proportion of the Net Proceeds to fund the set-up of sales and marketing team and commercialization activities of glecirasib and sitneprotafib in the Greater China and the increase of the proportion of the Net Proceeds to fund the ongoing and planned early-stage drug discovery and development is beneficial to the whole R&D progress of our Group.

b) The proportion of the Net Proceeds to be used in the clinical development of JAB-8263 has been decreased from RMB118.3 million to RMB88.3 million. JAB-8263 is still in progress and has achieved several significant milestones. However, based on our current assessment, we anticipate that not all of the proceeds allocated to JAB-8263 will be utilized by 2025. In order to optimize the use of our resources and support the development of other projects, we have decided to reallocate a portion of the proceeds originally designated for JAB-8263. This adjustment aims to optimize our financial resources and improve the efficiency of funds to strengthen our pipeline. Please refer to "Management Discussion and Analysis – Business Review" in this annual report for the development progress of JAB-8263.

c) The proportion of the Net Proceeds to be used for the ongoing and planned early-stage drug discovery and development has been raised from RMB207.9 million to RMB285.2 million, primarily for the purpose of drug discovery and development of JAB-23E73, JAB-30355 and our iADC programs. Please refer to "Management Discussion and Analysis – Business Review" in this annual report for the development progress of JAB-23E73, JAB-30355 and our iADC programs.

The Board has considered that the development direction of our Company is still in line with the disclosures in the Prospectus in spite of the change in intended use of the unutilized Proceeds as stated above. The Board confirms that there is no material change in the business nature of our Group as set out in the Prospectus, and considers that the change in the use of the net proceeds is fair and reasonable as this would allow the Group to deploy its financial resources more effectively to enhance the R&D capacity and pipeline of the Group, and is therefore in the best interest of our Company and the Shareholders as a whole.

The expected timeline for fully utilizing the Net Proceeds from the Global Offering after the change in the use of the remaining Net Proceeds is based on the estimation of future market conditions made by the Company and subject to further changes in accordance with our actual business operation.

Save as the changes disclosed above, there are no other proposed changes in the use of the Net Proceeds. The Unutilized Net Proceeds will be applied in a manner consistent with the above planned applications and remains subject to change based on our current and future development conditions and actual business needs.

Directors' Report

Net proceeds from the Subscription

For details of the Subscription, please refer to the announcements of our Company dated February 10 and 17, 2023. The Company received total net proceeds (after deduction of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses) of approximately HK$158.9 million from the Subscription, equivalent to approximately RMB139.1 million. All net proceeds from the Subscription have been utilized by December 31, 2024.

As at December 31, 2024, approximately RMB93.0 million of the net proceeds from the Subscription had been utilized as follows:

	Percentage of Net Proceeds	Allocation of Net Proceeds *RMB million*	Unutilized net proceeds as at December 31, 2023 *RMB million*	Utilized net proceeds as at December 31, 2024 *RMB million*	Unutilized net proceeds as at December 31, 2024 *RMB million*
Advancing the clinical trials of JAB21822 (including confirmatory clinical trials)	35%	48.7	48.7	48.7	–
Advancing R&D of our IND-enabling pipeline products, including the development of programs such as JAB-23E73 and its iADC platforms	65%	90.4	44.3	44.3	–
Total	**100%**	**139.1**	**93.0**	**93.0**	**–**

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

In January 2025, Beijing Jacobio has received the third instalment of RMB45 million pursuant to the capital increase agreement entered by Beijing Jacobio and Beijing E-town International Investment & Development Co., Ltd.(北京亦莊國際投資發展有限公司)(the "**Capital Increase Agreement**"). All payments under the Capital Increase Agreement were received. For details, please see the announcement of the Company dated July 6, 2023.

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 consolidated financial statements of the Group for the year ended December 31, 2024, have been audited by Messrs. Deloitte Touche Tohmatsu, who will retire at the 2025 AGM. Messrs. Deloitte Touche Tohmatsu, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2025 AGM.

The Board has appointed Messrs. Deloitte Touche Tohmatsu as the new auditor of the Company with effect from June 7, 2024, to fill the vacancy following the retirement of PricewaterhouseCoopers. Save as disclosed above, there was no other change of auditors of the Company in the preceding three years.

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

Yinxiang WANG
Chairman

Hong Kong, March 19, 2025

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF JACOBIO PHARMACEUTICALS GROUP CO., LTD.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jacobio Pharmaceuticals Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 148 to 209 which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2024.

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.

Key audit matter	How our audit addressed the key audit matter
Cut-off of outsourcing service fees As disclosed in Note 6 to the consolidated financial statements, the Group incurred outsourcing service fees amounting to approximately RMB154 million for the year ended December 31, 2024, which accounts for 46.7% of the Group's research and development ("R&D") expenses, representing the largest item of the R&D expenses. The R&D activities with these contract research organisations and clinical trial centres mainly being hospitals (collectively referred as "Outsourced Service Providers") are documented in detailed agreements and are typically performed over a specified period. We identified the cut-off of outsourcing services fees as a key audit matter due to its significant amount to the consolidated financial statements and risk of not accruing outsourcing services fees incurred for services provided by the Outsourced Service Providers in the appropriate reporting period.	Our procedures included: • Obtaining an understanding of key controls, management's basis and assessment in relation to the accrual process of the R&D expenses including service fees paid to Outsourced Service Providers; • Testing the service fees paid and payable to contract research organisations, on a sample basis, by reading the key terms set out in research agreements and evaluating the completion status with reference to the relevant supporting documents, to determine whether the service fees were recorded based on the respective contract sums and progress achieved; and • Testing the service fees paid and payable to clinical trial centres, on a sample basis, by checking the accrual of the clinical trial related costs, against the clinical trial data and terms of services.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 as issued by the IASB 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.

Those charged with governance are 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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.

- 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.

Independent Auditor's Report

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

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 Ip Yat Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
March 19, 2025

Consolidated Statement of Profit or Loss

	Notes	For the year ended December 31 2024 RMB'000	2023 RMB'000
Revenue	5	**155,708**	63,520
Cost of revenue	6	**–**	(60,317)
Gross profit		**155,708**	3,203
Research and development expenses	6	**(330,177)**	(372,320)
Administrative expenses	6	**(43,051)**	(46,615)
Other income	8	**14,324**	7,504
Other gains and losses – net	9	**15,023**	10,350
Operating loss		**(188,173)**	(397,878)
Finance income	10	**40,863**	47,071
Finance expenses	10	**(8,399)**	(8,312)
Finance income – net	10	**32,464**	38,759
Loss before income tax		**(155,709)**	(359,119)
Income tax expense	11	**–**	–
Loss for the year attributable to owners of the Company		**(155,709)**	(359,119)
Loss per share attributable to owners of the Company:			
– Basic and diluted (in RMB per share)	12	**(0.20)**	(0.46)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended December 31, 2024 ***RMB'000***	2023 *RMB'000*
Loss for the year		**(155,709)**	(359,119)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(236)**	73
Other comprehensive (expense)/income for the year, net of tax		**(236)**	73
Total comprehensive expense for the year attributable to owners of the Company		**(155,945)**	(359,046)

Consolidated Statement of Financial Position

	Notes	As at December 31, 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**77,191**	88,797
Right-of-use assets	17	**74,301**	130,806
Intangible assets		**842**	1,366
Long-term investments measured at fair value through profit or loss ("FVTPL")	18	**18,163**	18,181
Other receivables and prepayments	19	**57**	2,908
Long-term bank deposits	20	**–**	50,013
Total non-current assets		**170,554**	292,071
Current assets			
Trade receivable	5	**7,678**	9,339
Other receivables and prepayments	19	**6,397**	11,224
Cash and bank balances	20	**1,174,539**	1,147,847
Total current assets		**1,188,614**	1,168,410
Total assets		**1,359,168**	1,460,481
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**523**	523
Treasury shares	26	**(4,565)**	–
Other reserves	27	**4,114,739**	4,114,620
Share-based compensation reserve	28	**161,991**	152,027
Accumulated losses		**(3,349,508)**	(3,193,799)
Total equity		**923,180**	1,073,371
LIABILITIES			
Non-current liabilities			
Redemption liability	21	**106,240**	58,817
Borrowings	24	**16,000**	–
Lease liabilities	25	**70,123**	121,969
Deferred income		**779**	1,194
Total non-current liabilities		**193,142**	181,980
Current liabilities			
Trade payables	22	**117,960**	81,191
Other payables and accruals	23	**58,930**	35,994
Borrowings	24	**56,060**	73,616
Lease liabilities	25	**9,896**	14,329
Total current liabilities		**242,846**	205,130
Total liabilities		**435,988**	387,110
Total equity and liabilities		**1,359,168**	1,460,481

The consolidated financial statements on pages 148 to 209 were approved and authorised for issue by the Board of Directors on March 19, 2025 and are signed on its behalf by:

Yinxiang Wang **Xiaojie Wang**

Consolidated Statement of Changes in Equity

	Share capital *RMB'000*	Treasury shares *RMB'000*	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at January 1, 2023	510	–	3,979,524	137,170	(2,834,680)	1,282,524
Comprehensive expense						
Loss for the year	–	–	–	–	(359,119)	(359,119)
Exchange differences on translation of foreign operations	–	–	73	–	–	73
Transactions with owners						
Issue of shares *(Note 26)*	15	–	139,122	–	–	139,137
Repurchase and cancellation of shares *(Note 26)*	(2)	–	(5,680)	–	–	(5,682)
Share-based payments *(Note 28)*	–	–	–	14,857	–	14,857
Contribution from an investor *(Note 21)*	–	–	1,581	–	–	1,581
Balance at December 31, 2023	523	–	4,114,620	152,027	(3,193,799)	1,073,371
Comprehensive expense						
Loss for the year	–	–	–	–	(155,709)	(155,709)
Exchange differences on translation of foreign operations	–	–	(236)	–	–	(236)
Transactions with owners						
Repurchase of shares *(Note 26)*	–	(4,565)	–	–	–	(4,565)
Share-based payments *(Note 28)*	–	–	–	9,964	–	9,964
Contribution from an investor *(Note 21)*	–	–	355	–	–	355
Balance at December 31, 2024	523	(4,565)	4,114,739	161,991	(3,349,508)	923,180

Consolidated Statement of Cash Flows

	Notes	Year ended December 31, 2024 RMB'000	2023 RMB'000
Operating activities			
Loss before income tax		**(155,709)**	(359,119)
Adjustments for:			
Depreciation of property, plant and equipment		**11,968**	10,346
Amortisation of intangible assets		**524**	484
Depreciation of right-of-use assets		**13,966**	14,250
Net fair value changes on long-term investments measured at fair value through profit or loss		**18**	7,240
Finance income – net		**(32,464)**	(38,759)
Share-based compensation expenses		**9,964**	14,857
Net foreign exchange gains		**(4,793)**	(20,688)
Fair value changes on derivative financial instruments		**–**	3,726
Loss/(gain) on disposal of property, plant and equipment		**137**	(628)
Gain on modification of leases		**(3,933)**	–
Loss on remeasurement of redemption liability		**957**	–
Operating cash flows before movements in working capital		**(159,365)**	(368,291)
Decrease in trade receivable		**1,661**	5,694
Decrease in other receivables and prepayments		**4,785**	4,684
Increase/(decrease) in trade payables		**36,769**	(15,360)
Increase/(decrease) in other payables and accruals		**34,274**	(7,756)
Decrease in deferred income		**(415)**	(415)
Cash used in operations		**(82,291)**	(381,444)
Interests received		**8,171**	17,245
Net cash used in operating activities		**(74,120)**	(364,199)
Investing activities			
Purchases of property, plant and equipment		**(12,090)**	(37,829)
Purchases of intangible assets		**–**	(831)
Proceeds on disposal of property, plant and equipment		**258**	1,729
Placement of bank deposits with original maturities of over 3 months		**(1,525,001)**	(824,999)
Withdrawal of bank deposits with original maturities of over 3 months		**1,692,454**	786,534
Interest received on bank deposits with original maturities of over 3 months		**41,763**	22,171
Withdrawals of long-term bank deposits		**50,013**	10,758
Withdrawals of restricted bank deposits		**4,721**	–
Proceeds from settlements of derivative financial instruments		**–**	(5,534)
Payment of rental deposits		**(112)**	(27)
Refund of rental deposits		**4,218**	643
Net cash from/(used in) investing activities		**256,224**	(47,385)

Consolidated Statement of Cash Flows

	Notes	Year ended December 31, 2024 RMB'000	2023 RMB'000
Financing activities			
Interests paid		**(6,578)**	(7,914)
Proceeds from borrowings		**87,702**	73,616
Repayment of borrowings		**(89,258)**	–
Net proceeds from issue of shares	*26(a)*	**–**	139,137
Payments for repurchase of shares		**(4,565)**	(5,682)
Principal elements of lease payments		**(11,020)**	(13,495)
Contribution from an investor		**45,000**	60,000
Net cash from financing activities		**21,281**	245,662
Net increase/(decrease) in cash and equivalents		**203,385**	(165,922)
Cash and cash equivalents at beginning of the year		**469,155**	624,375
Effects of exchange rate changes on cash and cash equivalents		**4,552**	10,702
Cash and cash equivalents at end of the year	*20*	**677,092**	469,155

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Jacobio Pharmaceuticals Group Co., Ltd. (the "Company") was incorporated in the Cayman Islands on June 1, 2018 as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in research and development of new drugs.

The ordinary shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on December 21, 2020.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after January 1, 2025.
3 Effective for annual periods beginning on or after January 1, 2026.
4 Effective for annual periods beginning on or after January 1, 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share are also made*.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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 of lease term or estimated useful lives 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 the end of each reporting period.

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.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

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 December 31, 2024 and 2023, there were no development costs meeting these criteria and capitalised as intangible assets.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets of the Group are subsequently measured at FVTPL.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income or designated as at fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the “other gains and losses – net” line item.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, restricted bank deposits and bank balances, long-term bank deposits) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant financial instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on the instruments have not increased significantly since initial recognition if the instruments is determined to have low credit risk at the reporting date. The instruments are determined to have low credit risk if (i) it has a low risk of default, (ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses – net' line item (Note 9) as net foreign exchange gains;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 9) as fair value changes on long-term investments measured at FVTPL.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, redemption liability and borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses – net' line item (Note 9) as net foreign exchange gains for financial liabilities that are not part of a designated hedging relationship.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 recognised 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.

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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer 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 customer controls as the Group performs; or
- 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.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Revenue from contracts with customers** (Continued)*

For granting of a licence that is distinct from other promised goods or services, when the promise is considered as providing the customers the right to use the Group's intellectual property, the performance obligation is satisfied at a point in time at which the licence is granted.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the expected value method or the most likely amount, which better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Further details of the Group's accounting policies relating to revenue from contracts with customers is provided in Note 5.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of certain office premises and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as IT equipment and small items of office furniture). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Leases** (Continued)*

The Group as lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserves.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of:

(a) cash, which comprises of cash on hand; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The employees of the Group are members of state-managed retirement benefit schemes, the obligations of the Group under which are equivalent to those arising in a defined contribution retirement benefit plan. Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contribution.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options and restricted share units granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 28 to the Group's consolidated financial statements.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instrument expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

***Taxation** (Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimation of fair value of long-term investments measured at FVTPL

Long-term investments measured at FVTPL, 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 FVTPL as at date of purchase and at the end of each reporting period. Key assumptions, such as expected volatility, discount for lack of marketability ("DLOM") and risk-free rate are disclosed in Note 34. Any change in key assumptions used in the valuation allocation model will have impacts on the fair values.

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.

(b) License and collaboration agreement with customers

During the year ended December 31, 2024, the Group entered into a license agreement with Shanghai Allist Pharmaceuticals Co., Ltd. ("Allist") (the "Allist Agreement"), pursuant to which Allist shall obtain exclusive licenses for developing, manufacturing, and commercialising certain innovative therapies developed by the Group in certain territories. The considerations of the Allist Agreement consist of non-refundable upfront payment, reimbursements for research and development costs already incurred, variable considerations including milestone payments and royalties on net sales of the licensed products and considerations payable to Allist based on certain trigger events. The Group recognised revenue of RMB155,708,000 during the year ended December 31, 2024 at the time the license was transferred to Allist and Allist was able to use and benefit from the license, based on management's assessment of whether the milestones are considered highly probable of being achieved and estimate of the amount to be included in the transaction price.

Notes to the Consolidated Financial Statements

5. SEGMENT AND REVENUE INFORMATION (Continued)

(b) License and collaboration agreement with customers (Continued)

For the year ended December 31, 2023, all of the Group's revenue of RMB63,520,000 was derived from a license and collaboration agreement with AbbVie Ireland Unlimited Company ("AbbVie") to develop and commercialize SHP2 inhibitors on a global basis which was signed in May 2020 (the "AbbVie Agreement"), based on the terms of which the Group would grant licenses of certain intellectual properties and to provide research and development services in relation to certain licensed products to AbbVie. In June 2023, AbbVie delivered a notice of its intent to terminate the AbbVie Agreement (the "Termination Notice") to the Group. Both parties would orderly transit the responsibilities under the AbbVie Agreement for a period of no longer than 180 days from the date of the Termination Notice (the "Transition Period"). The Transition Period finally ended at December 24, 2023 and during the Transition Period, the Group has continued to provide research and development services under the AbbVie Agreement and AbbVie 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 December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue from the agreements recognised:		
Over time	**–**	**63,520**
At a point in time	**155,708**	**–**
	155,708	**63,520**

(d) Assets related to contracts with customers

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current		
Trade receivable relating to contracts with customers	**7,678**	9,339
Less: loss allowance	**–**	–
	7,678	9,339

Further detailed analysis of credit risk of trade receivable are set out in Note 33.

Notes to the Consolidated Financial Statements

5. SEGMENT AND REVENUE INFORMATION (Continued)

(e) Performance obligations for contracts with customers and revenue recognition policies

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 and variable considerations including milestone payments, royalties on net sales of licensed products and considerations payable to customers. As part of the accounting for these arrangements, the Group uses significant judgement: (i) to determine the performance obligations; and (ii) to estimate variable consideration.

After assessment, the Group considers that the arrangements include the following two performance obligations:

Licenses of intellectual property: 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 milestone payments or other variable consideration should be included in the transaction price.

Milestone payments: At the inception of each arrangement that includes milestone payments, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which best predicts the amount of consideration to which the Group will be entitled. The potential milestone payments that the Company is eligible to receive were considered as variable consideration as all milestone amounts were fully constrained due to uncertainty of achievement.

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).

Considerations payable to customers: Includes cash amounts that the Group pays, or expects to pay, to the customer which is deducted from revenue if no distinct service or good is obtained and are presented under “other payables and accruals” in Note 23.

Notes to the Consolidated Financial Statements

6. EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Outsourcing service fees	**154,165**	184,418
Employee benefits expenses *(Note 7)*	**153,526**	174,097
Raw materials and consumables used	**14,610**	55,735
Depreciation and amortisation	**26,458**	25,080
Professional services expenses	**7,827**	7,533
Expenses for short-term leases and leases of low-value assets	**948**	4,050
Auditor's remuneration	**1,422**	2,393
Others	**14,272**	25,946
Total	**373,228**	479,252

For the year ended December 31, 2024, the Group incurred research and development expenses of approximately RMB330,177,000 (2023: RMB372,320,000) which mainly consisted of outsourcing service fees, employee benefit expenses, raw materials and consumables used in relation to research and development activities.

7. EMPLOYEE BENEFITS EXPENSES

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**111,886**	127,932
Social security costs and housing benefits	**15,751**	16,082
Share-based compensation expenses *(Note 28)*	**9,964**	14,857
Contribution to pension plans *(Note 29)*	**11,801**	10,629
Other employee benefits	**4,124**	4,597
	153,526	174,097

Employee benefits expenses have been charged to the consolidated statement of profit or loss as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cost of revenue	**–**	5,425
Research and development expenses	**126,998**	140,841
Administrative expenses	**26,528**	27,831
	153,526	174,097

Notes to the Consolidated Financial Statements

8. OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Government grants related to		
– Research and development activities (i)	**5,000**	5,000
– Machinery (ii)	**415**	415
– Others (iii)	**8,909**	2,089
	14,324	7,504

Note:

Government grants include subsidies from local governments which are specifically for (i) the Group's research and development activities, which are recognised upon compliance with the attached conditions; (ii) compensations of the capital expenditure incurred for purchase of machinery in relation to research and development, which are recognised over the useful lives of the related assets; and (iii) subsidies to provide immediate financial support to the Group with no conditions attached which are recognised in profit or loss when the subsidies are received.

9. OTHER GAINS AND LOSSES – NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net foreign exchange gains	**12,192**	20,688
Fair value changes on derivative financial instruments	**–**	(3,726)
Fair value changes on long-term investments measured at FVTPL	**(18)**	(7,240)
(Loss)/gain on disposal of property, plant and equipment	**(137)**	628
Loss on remeasurement of redemption liability *(Note 21)*	**(957)**	–
Gain on modification of leases	**3,933**	–
Others	**10**	–
	15,023	10,350

Notes to the Consolidated Financial Statements

10. FINANCE INCOME – NET

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Finance income		
– Interest income	**40,863**	47,071
Finance expenses		
– Interest costs on lease liabilities	**(4,550)**	(5,963)
– Interest costs on borrowings	**(2,028)**	(1,951)
– Interest costs on redemption liability	**(1,821)**	(398)
	(8,399)	(8,312)
Finance income – net	**32,464**	38,759

11. INCOME TAX EXPENSE

(a) Income tax expense

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Current PRC enterprise income tax ("EIT")	**–**	–

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% for both years.

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 December 31, 2024 and 2023.

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% of their research and development expenditures, as tax deductible expenses ("Super deduction") when determining their assessable profits for that year.

No provision for PRC enterprise income tax was made as the Group's PRC subsidiaries incurred tax losses for the years ended December 31, 2024 and 2023.

No Hong Kong Profits Tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong Profits Tax for the years ended December 31, 2024 and 2023.

Notes to the Consolidated Financial Statements

11. INCOME TAX EXPENSE (Continued)

(a) Income tax expense (Continued)

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, the Cayman Islands does not impose a withholding tax on dividend payments by the Company to its shareholders.

A subsidiary of the Company which 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 corporate income tax in Massachusetts at a rate of 8% during the years ended December 31, 2024 and 2023. 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 December 31, 2024 and 2023.

The income tax expense for the year is reconciled to loss before income tax per the consolidated statement of profit or loss as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss before income tax	**(155,709)**	(359,119)
Tax credits calculated at statutory tax rate of 25%	**(38,927)**	(89,780)
Income not taxable for taxation purposes	**(9,832)**	(5,295)
Expenses not deductible for taxation purposes	**4,681**	3,744
Super deduction for research and development expenses	**(66,273)**	(103,771)
Tax losses not recognised as deferred income tax assets	**110,351**	195,102
Income tax expense	**–**	–

Notes to the Consolidated Financial Statements

11. INCOME TAX EXPENSE (Continued)

(b) Deferred taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances before offsetting:

	As at December 31, 2024 *RMB'000*	2023 *RMB'000*
Deferred tax assets	**11,244**	19,652
Deferred tax liabilities	**(11,244)**	(19,652)

The following are the deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Lease liabilities *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
As at January 1, 2023	22,131	(22,131)	–
(Charged)/credited to profit or loss	(2,479)	2,479	–
As at December 31, 2023	19,652	(19,652)	–
(Charged)/credited to profit or loss	(8,408)	8,408	–
As at December 31, 2024	11,244	(11,244)	–

As at December 31, 2024 and 2023, the Group had unused tax losses of approximately RMB2,797,053,000 and RMB2,355,650,000, 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

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(155,709)**	(359,119)

Number of shares:

	Year ended December 31,	
	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**774,809**	772,842

Movement in fully paid ordinary shares of the Company for the years are shown in Note 26.

As at December 31, 2024, 15,493,954 (2023: 16,566,644) 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 December 31, 2024 and 2023 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 both years, 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 both years.

Notes to the Consolidated Financial Statements

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company are as follows:

	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses (ii) *RMB'000*	Share-based compensation expenses *RMB'000*	Employer's social security costs *RMB'000*	Total *RMB'000*
Year ended December 31, 2024						
Executive directors						
Dr. Yinxiang Wang	–	2,740	–	–	160	2,900
Ms. Xiaojie Wang	–	2,304	–	–	–	2,304
Ms. Yunyan Hu	–	2,474	–	–	–	2,474
Sub-total	–	7,518	–	–	160	7,678
Non-executive directors						
Dr. Te-Li Chen	–	–	–	–	–	–
Ms. Yanmin Tang(i)	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–
Independent non-executive directors						
Dr. Ruilin Song	400	–	–	–	–	400
Dr. Ge Wu	200	–	–	–	–	200
Dr. Bai Lu (ii)	200	–	–	–	–	200
Sub-total	800	–	–	–	–	800
Total	800	7,518	–	–	160	8,478

Notes to the Consolidated Financial Statements

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The emoluments paid or payable to the directors and chief executive of the Company are as follows: (Continued)

	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses (ii) *RMB'000*	Share-based compensation expenses *RMB'000*	Employer's social security costs *RMB'000*	Total *RMB'000*
Year ended December 31, 2023						
Executive directors						
Dr. Yinxiang Wang	–	2,640	375	247	153	3,415
Ms. Xiaojie Wang	–	2,304	60	187	–	2,551
Ms. Yunyan Hu	–	2,064	300	141	–	2,505
Sub-total	–	7,008	735	575	153	8,471
Non-executive directors						
Dr. Te-Li Chen	–	–	–	–	–	–
Ms. Yanmin Tang(i)	–	–	–	–	–	–
Dr. Dong Lyu(ii)	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–
Independent non-executive directors						
Dr. Ruilin Song	400	–	–	–	–	400
Dr. Ge Wu	200	–	–	–	–	200
Dr. Daqing Cai(ii)	–	–	–	–	–	–
Dr. Bai Lu (ii)	150	–	–	–	–	150
Sub-total	750	–	–	–	–	750
Total	750	7,008	735	575	153	9,221

(i) On August 31, 2024, Yanmin Tang has resigned from her positions as a non-executive director.

(ii) On March 23, 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 August 31, 2023, Dong Lyu has resigned from his positions as an non-executive director.

(iii) During the years ended December 31, 2024 and 2023, discretionary bonuses are mainly determined with reference to the performance of the relevant director.

Notes to the Consolidated Financial Statements

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

There were no arrangement under which a director of the Company or the chief executive waived or agreed to waive any remuneration during the years ended December 31, 2024 and 2023.

None of the directors received or will receive any retirement benefits during the years ended December 31, 2024 and 2023.

Except for the emoluments disclosed above, there was no other benefits offered to the directors during the years ended December 31, 2024 and 2023.

No director's termination benefit subsisted at the end of the period or at any time during the years ended December 31, 2024 and 2023.

No loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the years ended December 31, 2024 and 2023.

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 December 31, 2024 and 2023.

14. FIVE HIGHEST PAID EMPLOYEES

For the year ended December 31, 2024, the five individuals whose emoluments were the highest in the Group include 3 (2023: 3) directors, whose emoluments are reflected in the analysis presented in Note 13 above. The emoluments payable to the remaining 2 (2023: 2) highest paid individuals who were neither a director nor chief executive of the Company were as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Basic salaries, other allowances and benefits in kind	**6,723**	6,423
Contribution to pension scheme	**222**	64
Discretionary bonus	**–**	727
Share-based compensation expenses	**3,858**	5,755
	10,803	12,969

The remaining 2 highest paid individuals fell within the following bands:

	Year ended December 31,	
	2024	2023
Emolument bands		
HKD2,500,001 – HKD3,000,000	**1**	–
HKD3,500,001 – HKD4,000,000	**–**	1
HKD9,000,001 – HKD9,500,000	**1**	–
HKD10,000,001 – HKD10,500,000	**–**	1
	2	2

15. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

Notes to the Consolidated Financial Statements

16. 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*
Cost					
At January 1, 2023	47,537	5,766	10,202	27,787	91,292
Additions	6,718	1,371	746	32,658	41,493
Disposals	(1,026)	(979)	(9,537)	–	(11,542)
Transfers	–	–	60,445	(60,445)	–
Effects of exchange rate changes	(3)	–	–	–	(3)
At December 31, 2023	53,226	6,158	61,856	–	121,240
Additions	355	154	243	–	752
Disposals	(1,980)	(112)	–	–	(2,092)
Effects of exchange rate changes	25	–	–	–	25
At December 31, 2024	**51,626**	**6,200**	**62,099**	**–**	**119,925**
ACCUMULATED DEPRECIATION					
At January 1, 2023	19,904	3,809	8,835	–	32,548
Provided for the year	4,869	1,127	4,350	–	10,346
Elimination on disposals	(753)	(859)	(8,835)	–	(10,447)
Effects of exchange rate changes	(4)	–	–	–	(4)
At December 31, 2023	24,016	4,077	4,350	–	32,443
Provided for the year	5,026	963	5,979	–	11,968
Elimination on disposals	(1,595)	(102)	–	–	(1,697)
Effects of exchange rate changes	20	–	–	–	20
At December 31, 2024	**27,467**	**4,938**	**10,329**	**–**	**42,734**
CARRYING VALUES					
At December 31, 2024	24,159	1,262	51,770	–	77,191
At December 31, 2023	29,210	2,081	57,506	–	88,797

Notes to the Consolidated Financial Statements

17. RIGHT-OF-USE ASSETS

	As at December 31, 2024 RMB'000	2023 RMB'000
Leased properties	**74,301**	130,806

The Group leases properties for its own use. Information about leases for which the Group is a lessee is presented below:

	As at December 31, 2024 RMB'000	2023 RMB'000
Cost	**79,697**	155,348
Accumulated depreciation	**(5,396)**	(24,542)
Net book amount	**74,301**	130,806

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Opening net book amount	**130,806**	146,484
Additions	**1,301**	1,999
Lease modifications	**(43,840)**	–
Depreciation charged to profit or loss	**(13,966)**	(14,250)
Depreciation capitalised (a)	**–**	(3,427)
Closing net book amount	**74,301**	130,806

(a) The depreciation of a leased property was capitalised as construction in progress during the renovation period.

Notes to the Consolidated Financial Statements

17. 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 December 31,	
	2024	2023
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets	**13,966**	14,250
Interest costs on lease liabilities	**4,550**	5,963
Expenses relating to short-term leases and leases of low-value assets	**948**	4,050
The cash outflow for leases as operating activities	**948**	4,465
The cash outflow for leases as financing activities	**15,570**	19,458

Note:

The Group leases properties to operate its business. These leases are typically made for fixed terms of 2 to 10 years (2023: 5 to 10 years). Lease terms are negotiated on an individual basis and contain different payment terms and conditions.

The Group's lease agreements did not contain any contingent rent nor any early termination option or purchase option for lessee.

The Group regularly entered into short-term leases for properties. As at December 31, 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

As at December 31, 2024 and 2023, the Group did not enter into new leases that have not yet commenced.

18. LONG-TERM INVESTMENTS MEASURED AT FVTPL

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Preferred shares investment in an associate (a)	**11,755**	11,339
Preferred shares investment in an investee	**6,408**	6,842
	18,163	18,181

(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 34.

Notes to the Consolidated Financial Statements

19. OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31, 2024 RMB'000	2023 RMB'000
Prepayments for goods and services	**3,891**	6,196
Value-added tax recoverable	**849**	3,457
Retention receivables	**57**	2,908
Others	**1,657**	1,571
	6,454	14,132
Less: non-current portion (a)	**(57)**	(2,908)
Current portion	**6,397**	11,224

(a) The non-current portion of other receivables and prepayments is retention receivables not expected to be recovered in the coming 12 months.

20. CASH AND BANK BALANCES

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

	As at December 31, 2024 RMB'000	2023 RMB'000
Cash and cash equivalents	**677,092**	469,155
Bank deposits with original maturities of over 3 months	**497,447**	723,984
Restricted bank deposits *(Note)*	**–**	4,721
	1,174,539	1,197,860
Less: Long-term bank deposits (non-current portion)	**–**	(50,013)
Cash and bank balances (current portion)	**1,174,539**	1,147,847

Note:

As at December 31, 2023, restricted bank deposits were the deposits for performance guarantees of contracts, which were released in 2024.

Notes to the Consolidated Financial Statements

21. REDEMPTION LIABILITY

	As at December 31, 2024 RMB'000	2023 RMB'000
Redemption liability at amortised cost	**106,240**	58,817

Pursuant to a capital increase agreement of Jacobio Pharmaceuticals Co., Ltd ("Beijing Jacobio") dated June 30, 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 December 31, 2024, Beijing Jacobio has received the first instalment of RMB60 million and the second instalment of RMB45 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 reserves (Note 27).

As of December 31, 2024, management re-evaluated its funding demand based on the progress of related projects and determined to change the estimated redemption time and recognised the remeasurement loss of RMB957,000 in other gains and losses – net.

Notes to the Consolidated Financial Statements

22. TRADE PAYABLES

	As at December 31, 2024 RMB'000	2023 RMB'000
Trade payables	**117,245**	81,191
Bills payables	**715**	–
Total	**117,960**	81,191

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

	As at December 31, 2024 RMB'000	2023 RMB'000
Less than 1 year	**117,960**	81,191

The carrying amounts of trade payables approximate their fair values.

23. OTHER PAYABLES AND ACCRUALS

	As at December 31, 2024 RMB'000	2023 RMB'000
Considerations payable to a customer *(Note 5(e))*	**45,353**	–
Payroll and welfare payables	**6,137**	15,998
Payables for purchases of property, plant and equipment	**2,775**	14,113
Tax payable	**1,040**	1,936
Accrued professional service fees	**1,426**	1,960
Others	**2,199**	1,987
Total	**58,930**	35,994

Notes to the Consolidated Financial Statements

24. BORROWINGS

	As at December 31, 2024 RMB'000	2023 RMB'000
Unsecured short-term bank borrowings	**56,060**	73,616
Unsecured long-term bank borrowings	**16,000**	–
	72,060	73,616

The carrying amounts of the above bank borrowings are repayable:

	As at December 31, 2024 RMB'000	2023 RMB'000
Within one year	**56,060**	73,616
Within a period of more than one year but not exceeding two years	**4,000**	–
Within a period of more than two years but not exceeding five years	**12,000**	–
	72,060	73,616
Less: Amounts due within one year shown under current liabilities	**(56,060)**	(73,616)
Amounts shown under non-current liabilities	**16,000**	–

The exposure of the Group's bank borrowings are as follows:

	As at December 31, 2024 RMB'000	2023 RMB'000
Fixed-rate borrowings	**72,060**	73,616

As at December 31, 2024, the unsecured bank borrowings are repayable within 1 to 3 years (December 31, 2023: 1 year) and bear interests at fixed rates ranging from 2.80% to 3.50% per annum (2023: 3.10% to 3.90% per annum).

Notes to the Consolidated Financial Statements

25. LEASE LIABILITIES

	As at December 31, 2024 *RMB'000*	2023 *RMB'000*
Lease liabilities payable:		
Within one year	**9,896**	14,329
Within a period of more than one year but not exceeding two years	**9,701**	14,012
Within a period of more than two years but not exceeding five years	**31,330**	45,754
Within a period of more than five years	**29,092**	62,203
	80,019	136,298
Less: Amounts due for settlement with 12 months shown under current liabilities	**(9,896)**	(14,329)
Amounts due for settlement after 12 months shown under non-current liabilities	**70,123**	121,969

Lease liabilities were discounted at incremental borrowing rates of the Group ranging from 3.95% to 5.50% (2023: 3.71% to 5.50%).

26. 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 January 1, 2023, December 31, 2023 and 2024	**1,000,000,000**	**100**	**–**	**–**

	Number of shares	Share capital *USD'000*	Share capital *RMB'000*
Issued and fully paid:			
As at January 1, 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 December 31, 2023 and 2024	791,755,080	78	523

Notes to the Consolidated Financial Statements

26. 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 February 14, 2023 and February 17, 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 December 31, 2023, the Company has repurchased 1,807,200 of its own shares from the market which were subsequently cancelled. The shares were acquired at prices ranging from HKD3.06 to HKD4.13, with an average price of HKD3.39 per share.

(c) During the year ended December 31, 2024, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows, all shares were not cancelled and remained as treasury shares at the end of the reporting period:

Months of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$*
June	2,335,200	1.86	1.51	3,849,042
October	598,500	2.03	1.75	1,140,486
	2,933,700			4,989,528

At December 31, 2024, the Company had outstanding treasury shares of 2,933,700 (December 31, 2023: Nil) shares.

Notes to the Consolidated Financial Statements

27. OTHER RESERVES

	Capital reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Total *RMB'000*
As at January 1, 2023	3,979,361	163	3,979,524
Issue of shares *(Note 26(a))*	139,122	–	139,122
Repurchase and cancellation of shares *(Note 26(b))*	(5,680)	–	(5,680)
Contribution from an investor *(Note 21)*	1,581	–	1,581
Exchange differences on translation of foreign operations	–	73	73
As at December 31, 2023	4,114,384	236	4,114,620
Contribution from an investor *(Note 21)*	355	–	355
Exchange differences on translation of foreign operations	–	(236)	(236)
As at December 31, 2024	4,114,739	–	4,114,739

28. 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 December 31, 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. All restricted shares granted under the Modification of 2017 Plan have vested by January 1, 2023.

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 December 31, 2024 (2023: Nil). And no further 2020 Awards will be granted under the 2020 Plan.

Notes to the Consolidated Financial Statements

28. SHARE-BASED PAYMENTS (Continued)

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.

100,000 restricted shares were granted under the 2021 Plan on May 6, 2024 during the year ended December 31, 2024 (2023: Nil). The fair value of the restricted shares granted during the year was determined based on the price of the Company's shares traded on the Hong Kong Stock Exchange on the grant date on May 6, 2024, which was HKD1.86 per share. The restricted shares shall vest in 2028 if certain service conditions and non-market performance conditions are met.

As at December 31, 2024, 5,275,846 shares have not been granted under the 2021 employee incentive plans (December 31, 2023: 5,194,096 shares). The summaries of share options and restricted shares under employee incentive plans are disclosed as follows:

(a) Share options

Set out below are the summaries of share options granted under the employee incentive plans:

	Year ended December 31,			
	2024		2023	
	Exercise price per option	**Number of options**	Exercise price per option	Number of options
As at January 1	**USD0.00002 or USD0.8 (i), USD0.8**	**5,250,000**	USD0.00002 or USD0.8 (i), USD0.8	5,250,000
Granted during the year		**–**	–	–
Forfeited during the year		**–**	–	–
As at December 31	**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 December 31		**–**		–

Notes to the Consolidated Financial Statements

28. SHARE-BASED PAYMENTS (Continued)

(a) Share options (Continued)

No options expired during the years ended December 31, 2024 and 2023. 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 December 31, 2024	As at December 31, 2023
90 days following the 5th year anniversary of the grant dates of each batch	USD0.00002 or USD0.8(i) USD0.8	**5,000,000** **250,000**	5,000,000 250,000
		5,250,000	5,250,000
Weighted average remaining contractual life of options outstanding at end of period		**0.80 years**	1.80 years

(i) The exercise price of these share options is USD0.00002 per option and shall be adjusted to USD0.8 per option retrospectively if certain service conditions are not met.

(b) Restricted shares

Set out below are the summaries of restricted shares granted under the employee incentive plans:

	Number of restricted shares	
	2024	2023
As at January 1	**5,785,047**	8,996,560
Granted during the year	**100,000**	–
Vested during the year	**(1,072,690)**	(2,449,917)
Forfeited during the year	**(271,750)**	(761,596)
As at December 31	**4,540,607**	5,785,047

(c) Expenses arising from share-based payment transactions

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
2020 Plan	**5,761**	6,764
2021 Plan	**4,203**	8,093
	9,964	14,857

As at December 31, 2024, the accumulated expenses arising from share-based payment transactions amounting to RMB161,991,000 were recognised in the share-based compensation reserve (2023: RMB152,027,000).

Notes to the Consolidated Financial Statements

29. RETIREMENT BENEFITS PLANS

The PRC employees of the Group are members of a state-managed retirement benefits plan operated by the government of the PRC. The PRC subsidiaries of the Company are required to contribute a specified percentage of payroll costs to the retirement benefits plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions. The retirement benefits cost charged to profit or loss for the year ended December 31, 2024 amounted to RMB11,801,000 (2023: RMB10,629,000). As at December 31, 2024, contributions of RMB924,000 (2023: RMB960,000) due in respect of the year ended December 31, 2024 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

At December 31, 2024 and 2023, the Group had no forfeited contributions under the above retirement benefit scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at December 31, 2024 and 2023 under such scheme which may be used by the Group to reduce the contribution payable in future years.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and noncash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *RMB'000*	Redemption liability *RMB'000*	Borrowings *RMB'000*	Total *RMB'000*
As at January 1, 2023	(147,794)	–	–	(147,794)
Cash used in/(from) financing activities	19,458	(60,000)	(71,665)	(112,207)
New leases *(Note 17)*	(1,999)	–	–	(1,999)
Interest costs *(Note 10)*	(5,963)	(398)	(1,951)	(8,312)
Contribution from an investor *(Note 27)*	–	1,581	–	1,581
As at December 31, 2023	(136,298)	(58,817)	(73,616)	(268,731)
Cash used in/(from) financing activities	15,570	(45,000)	3,584	(25,846)
Lease modifications	46,560	–	–	46,560
New leases *(Note 17)*	(1,301)	–	–	(1,301)
Interest costs *(Note 10)*	(4,550)	(1,821)	(2,028)	(8,399)
Contribution from an investor *(Note 27)*	–	355	–	355
Loss on remeasurement of redemption liability *(Note 21)*	–	(957)	–	(957)
As at December 31, 2024	**(80,019)**	**(106,240)**	**(72,060)**	**(258,319)**

Notes to the Consolidated Financial Statements

31. CAPITAL COMMITMENTS

The following is the details of capital expenditure contracted for but not provided in the consolidated financial statements:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property, plant and equipment	**58**	71

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 24, lease liabilities disclosed in Note 25 and redemption liability disclosed in Note 21, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs as well as raising, extension and early repayment of borrowings.

33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Financial assets:		
Financial assets at amortised cost	**1,183,931**	1,211,678
Financial assets at FVTPL	**18,163**	18,181
Financial liabilities:		
Financial liabilities at amortised cost	**348,013**	231,684
Lease liabilities	**80,019**	136,298

Notes to the Consolidated Financial Statements

33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, long-term investments measured at FVTPL, cash and bank balances, long-term bank deposits, trade payables, other payables and accruals, borrowings, redemption liability and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

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. As at the end of the reporting period, the Group had the following monetary items, which are cash and bank balances, long-term investments measured at FVTPL, other receivables and trade payables denominated in currencies other than RMB. In addition, the Group has intra-group balances between several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

	Assets	
	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
USD	**749,530**	880,752
HKD	**6,904**	13,147

	Liabilities	
	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
USD	**28,850**	39,359

Notes to the Consolidated Financial Statements

33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

Market risk *(Continued)*

(i) Currency risk (Continued)

Sensitivity analysis

The Group was primarily subject to foreign currency risk from the movement of the exchange rates between RMB against HKD and USD. At the end of the reporting period, if the exchange rate of RMB had been weaken against HKD and USD by 5% (2023: 5%) and all other variables were held constant, the Group's post-tax loss would decrease as follows. For a 5% (2023: 5%) strengthening of RMB against HKD and USD, there would be an opposite impact on the post-tax loss for the year.

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
USD	**36,034**	42,070
HKD	**345**	657

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to bank deposits (Note 20), redemption liability (Note 21), fixed-rate borrowings (Note 24) and lease liabilities (Note 25). The Group is also exposed to cash flow interest risk in relation to variable-rate bank balances (Note 20) which carry prevailing market interests. The Group currently does not have a specified policy to manage its interest rate risk but will closely monitor their interest rate risk exposure in the future.

No sensitivity analysis on interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances is insignificant.

(iii) Other price risk

The Group invested in certain funds for investing in investees operating in bio-science industry sector as detailed in Note 18. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. Sensitivity analyses for those investments with fair value measurement were disclosed in Note 34.

Notes to the Consolidated Financial Statements

33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position (including trade and other receivables, restricted bank deposits and bank balances).

For restricted bank deposits and bank balances, 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 restricted bank deposits and bank balances was recognised.

For trade and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. The Group does not expect any losses from trade receivable from the customers, which are reputable pharmaceutical companies with low credit risk, the management concluded that the ECL for trade receivables are insignificant, hence no ECL recognised for the year end December 31, 2024 (2023: nil). In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The management believes that there has been no significant increase in credit risk of other receivables since initial recognition, and the credit impairment was assessed based on 12m ECL. The management concluded that the ECL for other receivables are insignificant, hence no ECL recognised for the year end December 31, 2024 (2023: nil).

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group had net current assets of RMB945,768,000 as at December 31, 2024 (2023: net current assets of RMB963,280,000). The directors closely monitor the cash flows of the Group and would arrange the financing, when necessary, to ensure the Group has sufficient funds to enable the Group to meet its financial obligations in the foreseeable future.

Notes to the Consolidated Financial Statements

33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	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 undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As at December 31, 2024							
Trade payables	–	**117,960**	–	–	–	**117,960**	**117,960**
Other payables and accruals (excluding non-financial liabilities)	–	**56,400**	–	–	–	**56,400**	**51,753**
Lease liabilities	**3.95%**	**12,826**	**12,249**	**36,622**	**30,574**	**92,271**	**80,019**
Borrowings	**3.20%**	**57,314**	**4,448**	**12,336**	–	**74,098**	**72,060**
Redemption liability	**3.45%**	–	–	**122,190**	–	**122,190**	**106,240**
Total		**244,500**	**16,697**	**171,148**	**30,574**	**462,919**	**428,032**
As at December 31, 2023							
Trade payables	–	81,191	–	–	–	81,191	81,191
Other payables and accruals (excluding non-financial liabilities)	–	18,060	–	–	–	18,060	18,060
Lease liabilities	4.31%	19,634	19,105	56,939	66,421	162,099	136,298
Borrowings	3.84%	74,336	–	–	–	74,336	73,616
Redemption liability	3.45%	–	–	70,350	–	70,350	58,817
Total		193,221	19,105	127,289	66,421	406,036	367,982

Notes to the Consolidated Financial Statements

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group determines the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

The following tables give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at December 31, 2024

	As at December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Assets				
Long-term investments measured at FVTPL	**–**	**–**	**18,163**	**18,163**

Fair value hierarchy as at December 31, 2023

	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Long-term investments measured at FVTPL	–	–	18,181	18,181

Back-solve method and equity allocation model based on a combination of observable and unobservable inputs are used to value financial instruments.

Notes to the Consolidated Financial Statements

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 Measurements

The following table represents the reconciliation of Level 3 fair value measurements throughout the years ended December 31, 2024 and 2023:

	Total *RMB'000*
As at January 1, 2023	25,421
Changes in fair value	(7,240)
As at December 31, 2023	18,181
Changes in fair value	(18)
As at December 31, 2024	18,163
Include unrealised gains recognised in profit or loss for the year	18

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended December 31, 2024 and 2023.

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

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 Measurements (Continued)

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
	December 31, 2024	December 31, 2023		**December 31, 2024**	December 31, 2023	
	RMB'000	*RMB'000*				
Long-term investments measured at FVTPL	**18,163**	18,181	Expected volatility	**78.21%-96.70%**	75.22%-96.80%	The higher the expected volatility, the lower the fair value
			DLOM	**30.00%-32.10%**	30.00%-31.90%	The higher the DLOM, the lower the fair value
			Risk-free rate	**4.33%-4.43%**	3.78%-3.88%	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 FVTPL as at December 31, 2024 would have been approximately RMB21,000 lower/higher respectively (2023: approximately RMB20,000 lower/higher respectively).

The management of the Group considers that the carrying amounts of the Group's other financial assets and financial liabilities, approximate their fair values.

35. 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

There is no significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended December 31, 2024 and 2023.

Notes to the Consolidated Financial Statements

35. RELATED PARTY TRANSACTIONS (Continued)

(b) Key management compensation

Key management includes directors and senior management.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**12,844**	12,791
Share-based compensation expenses	**3,858**	5,522
	16,702	18,313

The salaries and other short-term employee benefits disclosed above include RMB691,800 (2023: RMB1,537,000) of salaries payable which were unpaid as at year end and are included in other payables and accruals.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at December 31, 2024 are as follows::

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	
				2024	2023	**2024**	2023
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%**	96.97%	**3.03%** ***(Note 21)***	3.03% *(Note 21)*
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

The above table lists the subsidiaries of the Company which, in the opinion of the management of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the management of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year (2023: nil).

Notes to the Consolidated Financial Statements

37. STATEMENT OF FINANCIAL POSITION AND REVERSES OF THE COMPANY

Information about the financial position of the Company at the end of the reporting period includes:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investments in subsidiaries	**1,770,883**	1,702,120
Long-term investments measured at fair value through profit or loss	**18,163**	18,181
Amounts due from subsidiaries	**262,589**	386,941
Total non-current assets	**2,051,635**	2,107,242
Current assets		
Amounts due from subsidiaries	**–**	8,662
Cash and bank balances	**625,180**	521,603
Total current assets	**625,180**	530,265
Total assets	**2,676,815**	2,637,507
EQUITY		
Share capital	**523**	523
Treasury shares	**(4,565)**	–
Other reserves	**4,358,930**	4,358,930
Share-based compensation reserve	**161,991**	152,027
Accumulated losses	**(1,841,564)**	(1,876,133)
Total equity	**2,675,315**	2,635,347
LIABILITIES		
Current liabilities		
Other payables and accruals	**1,500**	2,160
Total liabilities	**1,500**	2,160
Total equity and liabilities	**2,676,815**	2,637,507

Notes to the Consolidated Financial Statements

37. STATEMENT OF FINANCIAL POSITION AND REVERSES OF THE COMPANY (Continued)

Movements of reserves of the Company

	Treasury share *RMB'000*	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at January 1, 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 December 31, 2023	–	4,358,930	152,027	(1,876,133)	2,634,824
Comprehensive income					
Profit for the year	–	–	–	34,569	34,569
Transactions with owners					
Repurchase of shares	(4,565)	–	–	–	(4,565)
Share-based payments	–	–	9,964	–	9,964
Balance at December 31, 2024	**(4,565)**	**4,358,930**	**161,991**	**(1,841,564)**	**2,674,792**

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,				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	486,286	152,809	95,746	63,520	**155,708**
Cost of revenue	(44,115)	(139,979)	(83,112)	(60,317)	**–**
Research and development expenses	(185,952)	(280,838)	(445,647)	(372,320)	**(330,177)**
Administrative expenses	(53,838)	(44,578)	(42,551)	(46,615)	**(43,051)**
Loss for the year	(1,513,677)	(301,187)	(371,861)	(359,119)	**(155,709)**
Total comprehensive loss for the year	(1,519,120)	(301,392)	(371,557)	(359,046)	**(155,945)**

CONSOLIDATED BALANCE SHEET

	As at December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Current assets					
Contract assets	171,413	64,919	15,033	–	**–**
Trade receivable	–	–	–	9,339	**7,678**
Other receivables and prepayments	15,743	32,675	25,026	11,224	**6,397**
Derivative financial instruments	784	4,550	–	–	**–**
Cash and bank balances	1,627,408	1,537,583	1,298,688	1,147,847	**1,174,539**
Current liabilities					
Trade payables	28,281	51,047	96,551	81,191	**117,960**
Other payables and accruals	37,376	24,868	44,361	35,994	**58,930**
Lease liabilities	8,221	4,918	13,131	14,329	**9,896**
Borrowings	–	–	–	73,616	**56,060**
Net current assets	1,741,470	1,558,894	1,182,896	963,280	**945,768**
Non-current assets	52,002	82,107	235,900	292,071	**170,554**
Non-current liabilities	7,272	3,913	136,272	181,980	**193,142**
Net (liabilities)/assets	1,786,200	1,637,088	1,282,524	1,073,371	**923,180**
Total equity	1,786,200	1,637,088	1,282,524	1,073,371	**923,180**

Definitions and Glossary

"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
"2025 AGM"	the annual general meeting of the Company to be held on June 10, 2025
"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
"Allist"	Shanghai Allist Pharmaceuticals Co., Ltd.*(上海艾力斯醫藥科技股份有限公司), a limited liability company established in China and is listed on Shanghai Stock Exchange (SHSE stock code: 688578)
"Articles of Association"	articles of association of the Company
"AML"	acute myeloid leukemia, a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood
"ASCO"	American Society of Clinical Oncology
"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 motif; BET proteins (including BRD2, BRD3, BRD4, and BRDT) interact with acetylated lysine residues in histone to regulate gene expression and promote aberrant expression of many oncogenes
"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
"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 of NMPA(中華人民共和國國家藥品監督管理局藥品評審中心)
"CDX"	cell line-derived xenograft, a model used for the research and testing of anti-cancer therapies. Human tumor samples are cultured as cell lines and implanted into mouse models to test the efficacy of antitumor compounds in vivo

Definitions and Glossary

"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region and Taiwan
"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 C1 to the Listing Rules
"CRC"	colorectal cancer, a type of cancer arising from the colon or rectum
"DCR"	disease control rate, the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses, partial responses and stable disease
"Directors"	director(s) of our Company
"Dr. Wang"	Dr. Yinxiang Wang(王印祥), our executive Director, Chief Executive Officer, and 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
"DON"	6-Diazo-5-oxo-L-norleucine
"EGFR"	epidermal growth factor receptor
"EMA"	European Medicines Agency
"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

Definitions and Glossary

"ESOP Platforms"	Willgenpharma Ltd, Gloryviewpharma Ltd, Honourpharma Ltd and Blesspharma Ltd
"FPI"	First-Patient-In
"G13D"	a hotspot mutation in the KRAS protein (glycine to aspartic acid at amino acid position 13)
"Global Offering	the offer of Shares for subscription as described in the Prospectus
"GMP"	good manufacturing practice
"Greater China"	for the purpose of this report, includes Chinese Mainland, Taiwan, Hong Kong, and the Macau Special Administrative Region
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"GTPases"	a large family of hydrolase enzymes that bind to the nucleotide GTP and hydrolyze it to GDP
"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
"HER2"	receptor tyrosine-protein kinase erbB-2, a protein that normally resides in the membranes of cells and is encoded by the ERBB2 gene
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HRAS"	HRas proto-oncogene, a gene providing instructions for making a protein called H-Ras that is involved primarily in regulating cell division
"iADC"	immunostimulatory Antibody-drug Conjugate
"IC_{50}"	the half maximal inhibitory concentration, which is a measure of the potency of a substance in inhibiting a specific biological or biochemical function
"ICI(s)"	Immune checkpoint inhibitor(s)

Definitions and Glossary

"IFN(s)"	Type I interferon(s)
"IFRS"	International Financial Reporting Standards
"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
"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
"LIF"	leukemia inhibitory factor
"Listing"	the listing of our Company on the main board of the Stock Exchange on December 21, 2020
"Listing Date"	December 21, 2020, being the date on which the Offer Shares were listed and dealings in the Offer Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Merck"	a leading science and technology company, operates across life science, healthcare and electronics

Definitions and Glossary

"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 C3 to the Listing Rules
"mPFS"	median progression-free survival
"Ms. Hu"	Ms. Yunyan Hu(胡雲雁), our executive Director, Senior Vice President and one of our Controlling Shareholders
"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 and one of our Controlling Shareholders
"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
"MYC"	a family of regulator genes and proto-oncogenes that code for transcription factors
"naïve"	not having received therapy
"NDA"	new drug application
"nM"	nanomolar
"NMPA"	the National Medical Product Administration of the PRC(國家藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"NRAS"	neuroblastoma RAS viral oncogene homolog, which provides instructions for making a protein called N-Ras that is involved primarily in regulating cell division
"NSCLC"	non-small cell lung cancer
"ODD"	orphan drug designation
"ORR"	Overall response rate or objective response rate
"p53"	a type of tumor suppressor gene
"p53 Y220C"	a common mutation (tyrosine at 220th residue is substituted by cysteine) that plays a major role in cancer progression

Definitions and Glossary

"PARP1/2" and "PARP7"	members of the PARP enzymes
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell-mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-(L)1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PDAC"	pancreatic ductal adenocarcinoma cancer
"PDX"	patient-derived xenografts, a model of cancer where the tissue or cells from a patient's tumor are implanted into an immune-deficient or humanized mouse
"Phase I"	a clinical study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase Ib/IIa"	Phase Ib/IIa is the study that tests the safety, side effects, and best dose of a new treatment. It is conducted in target patient popular with selected dose levels. Phase Ib/IIa study also investigates how well a certain type of disease responds to a treatment. In the phase IIa part of the study, patients usually receive multiple dose levels and often include the highest dose of treatment that did not cause harmful side effects in the phase Ia part of the study. Positive results will be further confirmed in a Phase IIb or Phase III study
"Phase II"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III"	a clinical study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PK"	pharmacokinetics describes the absorption, distribution, metabolism, and excretion (also known as ADME) of drugs in the body
"Prospectus"	the prospectus of our Company dated December 9, 2020 being issued in connection with the Listing

Definitions and Glossary

"Q61H"	specific variations in the KRAS protein
"QD"	once daily
"R&D"	research and development
"RAS"	a low-molecular-weight GDP/GTP-binding guanine triphosphatase, which is a prototypical member of the small-GTPase superfamily
"RB"	retinoblastoma protein
"Register of Members"	the register of members of the Company
"Renmenbi" or "RMB"	Renminbi, the lawful currency of the PRC
"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, 2024
"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
"sqNSCLC"	squamous non-small cell lung cancer
"STING"	stimulator of interferon genes protein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	subscription of 22,100,100 Shares by the top-up vendor pursuant to the placing and subscription agreement entered into among our Company, the top-up vendor and the placing agent on February 10, 2023, details of which are set out in the announcements of our Company dated February 10 and 17, 2023
"SVR"	spleen volume reduction

Definitions and Glossary

"TAA(s)"	tumor-associated antigen(s)
"TBK1"	TANK-binding kinase 1
"TNBC"	triple-negative breast cancer
"TRAE(s)"	treatment-related adverse events
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"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