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

2020
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Dr. Ting FENG (馮婷)
Ms. Yanmin TANG (唐豔旻)
Dr. Dong LYU (呂東)
Dr. Te-li CHEN (陳德禮)

Independent Non-executive Directors

Dr. Ruilin SONG (宋瑞霖)
Dr. Ge WU (吳革)
Dr. Daqing CAI (蔡大慶)
Dr. Xiaoming WU (吳曉明)

AUDIT COMMITTEE

Dr. Daqing CAI (蔡大慶) *(Chairman)*
Dr. Ge WU (吳革)
Dr. Te-li CHEN (陳德禮)

REMUNERATION COMMITTEE

Dr. Ruilin SONG (宋瑞霖) *(Chairman)*
Ms. Xiaojie WANG (王曉潔)
Ms. Yanmin TANG (唐豔旻)
Dr. Ge WU (吳革)
Dr. Daqing CAI (蔡大慶)

NOMINATION COMMITTEE

Dr. Yinxiang WANG (王印祥) *(Chairman)*
Dr. Dong LYU (呂東)
Dr. Ruilin SONG (宋瑞霖)
Dr. Daqing CAI (蔡大慶)
Dr. Xiaoming WU (吳曉明)

JOINT COMPANY SECRETARIES

Ms. Qing XUE (薛青)
Mr. Lok Kwan YIM (嚴洛鈞) *(ACG, ACS)*

AUTHORISED REPRESENTATIVES

Ms. Xiaojie WANG (王曉潔)
Mr. Lok Kwan YIM (嚴洛鈞) *(ACG, ACS)*

AUDITOR

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Hong Kong

COMPLIANCE ADVISOR

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Beijing, PRC

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Corporate Information

LEGAL ADVISERS

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STOCK CODE

1167

Chairman's Statement

Dear Fellow Shareholders of Jacobio Pharmaceuticals,

The emergence of the coronavirus disease (COVID-19) poses the unprecedented challenge to human beings in 2020. As a biotech company thriving through this critical year, we have gained profound appreciation of the significance of innovative drug development.

In this annual report of 2020, it is not just about key achievements we have made in the past year; it is more about our enhanced awareness of the value of what we are doing as a biotech. We value better health-related services and products more than the mere increase of key metrics as the former ones make the world healthier and safer. We drive innovation and growth that bring a better future and more promising prospect for our company.

GROWTH OF JACOBIO IS ROOTED IN THE FIRST-IN-CLASS DRUGS TARGETING AT THE GLOBAL MARKET

In the past two decades, innovative drug in China has made a breakthrough from null to many, renovating the old landscape that relies on importation of new drugs only. The whole industry in a general sense, however, is still following the innovation of overseas first-in-class drugs by using either me-too or bio-similar strategy. Most products target at China market only. These follower activities have resulted in the phenomena of domestic homogenizing competition. With thousands of Chinese biomedical companies positioning in China market, China's pharma fails to stand out in the international markets.

The turning point of innovative drug industry has now arrived. The newly-implemented centralized procurement programme of medical insurance has changed the game rules in the innovative drug industry. There is limited room for making further profit by following others' innovation. We estimate that companies capable of developing first-in-class drugs for the global market would ride the waves of the coming decade in this field.

Since the founding of Jacobio in 2015, we have focused on the cutting edge technology of innovative drug from the very beginning. Our vision has been developing first-in-class drugs targeting at the global market rather than following others' innovation and thus limiting ourselves to China market only. We aim to be ranked into global top 3 companies in specialty areas. We expect to receive revenue of global share and milestone payment after out-licensing patents to multinational pharmaceutical companies with international market access. We are a biotech company with the comprehensive capacity of new therapy research and development, manufacture and sales.

To fulfill these objectives, Jacobio has been committed to developing first-in-class drugs as core competitiveness in the global market since the beginning of the company. We have been using the allosteric inhibitor technology platform with iterative validation to address technical issues in the pre-clinical studies of small molecule drug development.

There is surely no ease in walking down this path. We, however, are convinced this is the right path. Life science has made substantial advances over the past half a century, especially in the research of oncological drugs. These researches have changed human's lives before you know it and brought hopes to patients living with cancer. We hope to translate the basic research findings to clinical application and provide new products serving for human's well-being.

Chairman's Statement

FOUNDATION OF JACOBIO HAS BEEN FIRMLY LAID FOR FUTURE GROWTH

To compete at a higher level means a higher demand on the company's overall capacities. With five rounds of financing in the past 5 years, Jacobio now has over 190 staff, with the lab and office entities established both in Beijing, China and Boston, U.S. There are three ongoing clinical programs developing in 40 sites in China and the U.S; six ongoing programs are expected to enter into clinical development in two to three years. We have applied for over 60 international patents, with the SHP2 phosphatase inhibitor being the second anti-cancer drug entering clinical trial phase in the world. This marks the fulfillment of ranking top 3 globally in specialty area.

R&D investment was over RMB230 million in 2020, indicating a year-on-year increase of 65%. We have received an upfront payment of US$45 million through out-licensed SHP2 inhibitors, which contributes to the annual revenue of RMB486 million in 2020, and we are entitled to receive milestone payment up to US$810 million in aggregate when we achieve certain milestones. Our core project of SHP2 inhibitors has entered into phase II trials, and the trial of combination therapy with either PD-1 antibody or MEK inhibitor has been approved both in China and the U.S. and patient enrollment already kicked off. BET inhibitor JAB-8263 has obtained clinical trial approval certificates in both countries; KRAS G12C inhibitor JAB-21822 clinical trial application has been submitted in both countries, and first-patient-in will be expected in the second half of 2021.

Jacobio was successfully listed on the Hong Kong Stock Exchange in December 2020, marking a new development stage of the company. We also initiated the construction of R&D center and GMP manufacturing facility with the building area of 20,000m^2 in Beijing Yizhuang region.

For biotech companies with ongoing clinical projects, expediting clinical trial progress and receiving registration of new drug marketing access have been the priority of our work. In 2021, we will continue to be committed to research and development of product pipelines focusing on five major oncological signal pathways. We will be active to search for collaborative partners while pursuing in-house drug development to jointly expand global market. We plan to enlarge our staff teams by establishing a new R&D center in Shanghai while enhancing the R&D centers in Beijing and Boston at the same time to build up our capacities covering the whole-process of new drug development.

While looking into the future, there is no denying that the past five years have laid the foundation and also shed light on the years to come. We are what we have achieved and experienced in the past five years. In the year of 2020, the greatest health threat of coronavirus pandemic has enhanced our commitment to the cause of human's health. There is still a long way to the success of new drug development. We will maintain our resilience, passion and vision to pursue the scientific value in both good times and bad times. These are what keep us confident in our goals, our capacities and our future.

I hereby express my sincere appreciation to all shareholders, board members, partners and our staff members for your support. I look forward to the shared opportunity of us embracing this historical time together in the development of China healthcare industry.

Dr. Wang Yinxiang
Chairman and Chief Executive Officer

Financial Highlights

REVENUE

Our revenue was RMB486.3 million for the year ended December 31, 2020, which was attributable to the revenue from the license and collaboration agreement entered into with AbbVie to research, develop, manufacture and commercialise our SHP2 inhibitors.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by RMB47.0 million from RMB139.0 million for the year ended December 31, 2019 to RMB186.0 million for the year ended December 31, 2020, primarily due to the expansion of our clinical trials and the increase in R&D employee benefits.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by RMB17.3 million from RMB71.1 million for the year ended December 31, 2019 to RMB53.8 million for the year ended December 31, 2020. This was primarily attributable to the net impact of an increase of RMB26.6 million in listing expenses, and a decrease of RMB50.3 million in employee costs mainly due to a lack of deemed share-based compensation.

LOSS FOR THE YEAR

As a result of the above factors, and taking into account the fair value changes of financial instruments with preferred rights from a loss of RMB235.6 million for year ended December 31, 2019 to a loss of RMB1,694.4 million for the year ended December 31, 2020, primarily due to the increase in our Company's valuation. The loss for the year increased from RMB425.8 million for the year ended December 31, 2019 to RMB1,513.7 million for year ended December 31, 2020.

NET CASH FROM OPERATING ACTIVITIES

Our net cash generated from operating activities for the year ended December 31, 2020 was RMB78.8 million, representing an increase of RMB191.9 million compared to the net cash used in operating activities during the year ended December 31, 2019. The increase was mainly due to the revenue generated from the license and collaboration agreement entered into with AbbVie.

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.

Business Highlights

The Company was successfully listed on the Stock Exchange on December 21, 2020. During the Reporting Period, the Group continued advancing our drug pipeline and business operations, including the following milestones and achievements:

SHP2 INHIBITORS

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

JAB-3068 (SHP2 INHIBITOR)

- The Phase I dose finding portion in the Phase I/IIa trial of JAB-3068 in China was completed and the Phase I trial in the U.S. is in the close-out process. Phase IIa trial in China is ongoing.
- The Phase I/IIa trial of JAB-3068 in combination with a PD-1 antibody was initiated for the treatment of advanced solid tumors in China after the NMPA approval in December 2020. The first patient has been enrolled in April 2021.

JAB-3312 (SHP2 INHIBITOR)

- The dose escalation phase has been completed in the U.S.
- We enrolled the first patient for the China trial in July 2020 and the trial is ongoing.
- The global Phase Ib/IIa trial of JAB-3312 in combination with either a PD-1 antibody or a MEK inhibitor was initiated. IND approval was granted by the U.S. FDA in December 2020. Regulatory submission to NMPA was completed in February 2021. The first site was initiated with the first patient enrolled in the U.S. in March 2021, which will trigger a milestone of $20 million payment pursuant to the AbbVie Collaboration.

JAB-8263 (BET INHIBITOR)

- JAB-8263 is an innovative, selective and potent small molecule inhibitor of BET family proteins regulating MYC transcription.
- IND approval was granted by the U.S. FDA and the NMPA in July and November 2020, respectively.
- The first patient enrollment was completed in the U.S. in November 2020 and is expected in China in the second quarter of 2021.

JAB-21822 (KRAS G12C INHIBITOR)

- JAB-21822, is a potent, selective and oral small molecule targeting mutant KRAS G12C protein.
- In our internal head-to-head comparison with Amgen's AMG510 and Mirati's MRTX849 in pre-clinical animal studies, JAB-21822 has shown a superior pharmacokinetics (PK) profile and favorable tolerability as well as potential for a superior dosing profile.
- IND applications were filed with the NMPA and U.S. FDA in March 2021.
- The first patient enrollment is expected in the second half of 2021.

Business Highlights

IND-ENABLING STAGE DRUG CANDIDATES

- **JAB-BX102** – a humanized antibody against human CD73. The GMP production of drug substance has been completed. An IND application is expected to be filed with the U.S. FDA and the NMPA in the third quarter of 2021.

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

- **JAB-2485** – a highly selective Aurora A kinase inhibitor developed for the treatment of various RB1-deficient tumors. The GLP-tox has been initiated. IND applications with the U.S. FDA and the NMPA are expected to be filed in the second half of 2021.

- **JAB-24000** – a small-molecule drug candidate targeting tumor metabolic pathway. The first patent filing was in May 2020. The candidate has been nominated in March 2021 and is currently at the IND-enabling stage.

- **JAB-BX300** – a large molecule antibody targeting RAS pathway. The first patent filing was made in September 2019. The candidate has been nominated in March 2021 and is currently at the IND-enabling stage.

OTHER KEY SELECTED PRE-CLINICAL PROGRAMS

- **JAB-22000** – a small-molecule KRAS G12D inhibitor. Lead series with high potency and selectivity have been identified and the first patent filing was made in November 2020. Subsequent patent filings have been made to cover multiple directions. It is currently in the lead optimization stage, targeting to file IND in 2022 to 2023.

- **JAB-26000** – a small-molecule drug targeting immuno-oncology pathway. The first patent filing was made in January 2021. It is currently in lead optimization stage, targeting to file an IND application in 2022 to 2023.

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

OTHER EVENTS

- In May 2020, we entered into a global strategic collaboration with AbbVie to develop and commercialise our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312.

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

Management Discussion and Analysis

OVERVIEW

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

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

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

OUR PRODUCTS AND PRODUCT PIPELINE

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

Management Discussion and Analysis

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

Clinical stage candidates:

	Asset	Target	Regimen	Indications	IND / Phase I / Phase IIa	Recent development	Upcoming Milestone (expected)	Global Partner (if applicable)
Clinical	JAB-3068	SHP2 Phosphatase (SHP2/RAS)	Mono	Solid tumors	US trial			abbvie
			Mono	ESCC, HNSCC, NSCLC	China trial *			
			Combo w/PD-1 mAb	ESCC, HNSCC, NSCLC	China trial	IND approved and FPI in April 2021		
	JAB-3312	SHP2 Phosphatase (SHP2/RAS)	Mono	Solid tumors	US trial			abbvie
			Mono	Solid tumors	China trial			
			Mono	KRAS G12X-mutant, KRAS amp, BRAF class 3/NF1 LOF mutant solid tumors	US trial **		Ph IIa FPI (2021 Q3)	
			Combo w/PD-1 mAb	NSCLC, HNSCC, ESCC	+ Global trial	IND approved and trials initiated in Mar 2021	Global Ph Ib/IIa FPI (2021 Q2)	
			Combo w/MEKi	KRAS mut CRC, Pancreatic cancer	+ Global trial	IND approved and FPI in Mar 2021		
			Combo w/KRAS G12Ci	KRAS G12C mut+ NSCLC, CRC	+ Global trial		Global Ph Ib/IIa FPI (2021 Q4)	
	JAB-8263	BET (MYC)	Mono	Solid tumors	US trial	FPI in Nov 2020		
			Mono	Solid tumors	China trial	IND approved and trials initiated 2021 Q1		
			Mono	MF and AML	China trial	IND approved and trials initiated 2021 Q1	FPI (2021 Q2)	
IND	JAB-21822**	KRAS G12C (SHP2/RAS)	Mono	NSCLC, CRC	US trial	IND filed in Mar 2021	FPI (2021 Q3)	
			Mono	NSCLC, CRC	China trial	IND filed in Mar 2021	FPI (2021 Q4)	

IND-enabling stage candidates:

	Asset	Target	Indications	Lead optimization / Candidate IND-enabling	Recent development	Upcoming Milestone (expected)
IND-Enabling	JAB-BX102	CD73 mAb (I/O)	PD-(L)1 resistant CRC, melanoma, and CRPC		GMP production of drug substance completed	IND (2021 Q3)
	JAB-6343	FGFR4 (RTK)	HCC		GLP-tox and GMP API manufacturing completed	IND (2021 2H)
	JAB-2485	Aurora A (MYC/RB)	RB1-deficient tumors		GLP-tox initiated	IND (2021 2H)
	JAB-24000	Undisclosed (Tumor metabolic pathway)	NSCLC, HNSCC		Candidate nominated, entering into IND-enabling studies in Mar 2021	IND (2022)
	JAB-BX300	Undisclosed (RAS pathway)	PDAC, CRC		Candidate nominated, entering into IND-enabling studies in Mar 2021	IND (2022)

Note:

Abbreviations: Mono = monotherapy; Combo = combination therapy; mAb = monoclonal antibody; ESCC = esophageal squamous cell carcinoma; HNSCC = head and neck squamous cell carcinoma; NSCLC = non-small cell lung cancer; KRAS amp = KRAS amplification; LOF = loss-of-function; CRC = colorectal cancer; MF = myelofibrosis; AML = acute myeloid leukemia; CRPC = castration-resistant prostate cancer; HCC = hepatocellular carcinoma; PDAC = Pancreatic ductal adenocarcinoma; IND = investigational new drug or investigational new drug application; 1H = first half; 2H = second half; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter

Notes:

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

Management Discussion and Analysis

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

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

++ Before a drug candidate is nominated, we use X000 (such as 21000) to represent program/compound. After candidate nomination, we use specific compound code such as 21822 to represent program/compound.

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

BUSINESS REVIEW

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

  Our lead drug development programs include two clinical-stage, oral allosteric SHP2 inhibitors (JAB-3068 and JAB-3312), for the potential treatment of cancers driven by RAS signaling pathway and immune checkpoint pathway. We believe SHP2 inhibition is a promising novel therapeutic approach either as a monotherapy or in combination with other therapies for treating multiple cancer types. JAB-3068 is the second SHP2 inhibitor received the IND approval from the U.S. FDA to enter clinical development. In the U.S., JAB-3068 and JAB-3312 have received an orphan drug designation (ODD) from the U.S. FDA for the treatment of esophageal cancer. The current issued patents and published patent applications have already provided a broad scope of protection for SHP2 inhibitors, as the established players in this field have built a wall of patent that is hard for any newcomers to circumvent, and therefore enlarged our first-mover advantages in the market.

  JAB-3068 and JAB-3312 have different chemical features and potency in our pre-clinical and clinical studies, and their clinical development plans are designed to focus on different indications and different combination strategies.

JAB-3068 Monotherapy:

We have completed the Phase I dose finding portion in the Phase I/IIa trial of JAB-3068 in China and our Phase I trial in the U.S. is in the close-out process.

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

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

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

We have initiated a Phase I/IIa trial of JAB-3068 in combination with a PD-1 antibody for the treatment of advanced solid tumors in China after NMPA approval in December 2020. Human Genetic Resources Administration of China ("**HGRAC**") review has been completed with the first patient enrolled in April 2021.

Management Discussion and Analysis

JAB-3312 Monotherapy:

We are evaluating JAB-3312 in Phase I trials in both China and the U.S. The dose escalation phase has been completed in the U.S. We enrolled the first patient for the China trial in July 2020 and the trial is ongoing. We also plan to further explore JAB-3312 as monotherapy in biomarker driven solid tumors such as KRAS G12X-mutant, BRAF class 3/NF1 LOF mutant solid tumors.

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

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

The first site was initiated with the first patient enrolled in the U.S. in March 2021, which will trigger a milestone payment of $20 million pursuant to the AbbVie Collaboration.

We also plan to explore JAB-3312 in combination with a KRAS G12C inhibitor in the U.S. and China for a variety of solid tumors in the second half of 2021.

Collaboration with AbbVie:

We have entered into a global strategic collaboration with AbbVie to develop and commercialise our SHP2 inhibitors on a global basis in May 2020, including JAB-3068 and JAB-3312 (the "**AbbVie Collaboration**"). Under the agreement, subject to our option (the "**PRC Option**") to exclusively develop and commercialise our SHP2 inhibitors in mainland China, Hong Kong and Macau (the "**Territory**"), which we exercised in September 2020, we have granted AbbVie a worldwide, exclusive, sublicensable license to research, develop, manufacture, commercialise and otherwise exploit our SHP2 inhibitors. As we have exercised the PRC Option, we have the exclusive rights (even as to AbbVie and its affiliates) to develop, commercialise and, if we elect to, manufacture such SHP2 products for the purposes of seeking regulatory approval of and to commercialise in the Territory and, subject to limited exceptions, we retain the final decision-making power, over all development, commercialisation, manufacturing and regulatory activities to support regulatory approval of our SHP2 Products in the Territory.

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

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

- **JAB-8263**

Our JAB-8263 is an innovative, selective and potent small molecule inhibitor of BET family proteins regulating MYC transcription. We are evaluating JAB-8263 for the treatment of various cancer types associated with elevated MYC expression including both solid tumors (such as NMC, NSCLC, SCLC, CRPC, ESCC and ovarian cancer) and blood cancers such as myelofibrosis (MF) and acute myeloid leukemia (AML).

Management Discussion and Analysis

In July 2020, we received the IND approval for JAB-8263 in the U.S. from the U.S. FDA for the treatment of solid tumors. We also received IND approval from the NMPA for JAB-8263 for the treatment of solid tumors, MF and AML in November 2020. The first patient enrollment was completed in the U.S. in November 2020 and is expected in China in the second quarter of 2021.

- **JAB-21822**

  Our lead KRAS inhibitor candidate, JAB-21822, is a potent, selective and bioavailable small molecule targeting mutant KRAS G12C protein, and it has demonstrated encouraging in vivo antitumor effects either as a single agent or in combination with a SHP2 or EGFR inhibitor. In our internal head-to-head pre-clinical animal studies, JAB-21822 has shown a superior pharmacokinetics (PK) profile and favorable tolerability as well as potential for a superior dosing profile in comparison with Amgen's and Mirati's KRAS G12C inhibitors in clinical development (which we internally synthesized based on published molecular structures).

  We have filed IND applications for JAB-21822 in patients with tumors harboring a KRAS G12C mutation with the NMPA and U.S. FDA in March 2021. The first patient enrollment is expected in the second half of 2021.

  We will continue to proactively communicate with regulatory authorities in the respective major markets, and pursue opportunities for expedited track of regulatory approval or designations with preferential treatment, such as orphan drugs or breakthrough therapies. In addition, we will also actively explore synergistic opportunities to work with potential, value-adding collaborators, and to maximize the clinical and commercial value of our drug candidates on a global scale.

- **IND-Enabling Stage Drug Candidates**

  We have also developed a diverse pipeline of assets targeting various other major and critical pathways involved in cancer (including RAS, MYC, RB, immuno-oncology and tumor metabolic pathways) and have demonstrated potential to be among the first few market entrants in their respective drug classes globally. These include potentially first-in-class and/or best-in-class innovative drug candidates against novel or validated targets. We will continue to advance the drug discovery and development of these portfolio assets in both China and the U.S. in parallel, and actively explore possible combinations amongst our own pipeline drug candidates.

  - **JAB-BX102** – JAB-BX102 is a humanized inhibitory antibody against human CD73, for the treatment of PD-1 resistant cancer, such as CRC. The GMP production of JAB-BX102 drugs substance have been completed. We expect to file the IND application for JAB-BX102 with the U.S. FDA and the NMPA in the third quarter of 2021.

  - **JAB-6343** – JAB-6343 is a potent and highly selective inhibitor that targets fibroblast growth factor receptor 4 (FGFR4), a kinase that is aberrantly activated in a defined subset of patients with hepatocellular carcinoma (HCC). We are developing JAB-6343 for the treatment of advanced HCC with FGF19 overexpression. The GLP-tox and GMP API manufacturing have been completed. We expect to file an IND in the second half of 2021.

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

Management Discussion and Analysis

- **JAB-24000** – JAB-24000 is targeting tumor metabolic pathway developed for the treatment of solid tumors including NSCLC and HNSCC. Tumor metabolism has emerged as a promising new field for cancer drug discovery. Through genetic mutations that alter fundamental metabolic pathways, tumor cells can acquire the ability to grow in an uncontrolled manner, but they also acquire dependencies that can differentiate them from normal cells. JAB-24000 can also be used in combination with SHP2 inhibitors or KRAS inhibitors. First patent filing was made in May 2020. The drug candidate has been nominated in March 2021 and is currently at IND-enabling stage. Currently there is only one program in the Phase I clinical stage in respective drug classes globally, therefore JAB-24000 has the potential to be among the first few market entrants.

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

- **Our Selected Preclinical Programs**

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

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

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

OUR CORPORATE DEVELOPMENT

- In May 2020, we have entered into a global strategic collaboration with AbbVie to develop and commercialise our SHP2 inhibitors on a global basis, including JAB-3068 and JAB-3312. We believe such strategic collaboration with AbbVie could help us capture a substantial share of both the global and China market and such partnership pools complementary expertise and resources to increase the chances of success for our drug candidates.

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

- We have a solid patent portfolio to protect our drug candidates and technologies. As of December 31, 2020, we owned (i) one issued patent in China; (ii) one issued patent in the U.S.; (iii) one issued patent in Australia; (iv) three issued patents in Taiwan (China); (v) one issued patent in Japan; and (vi) 77 pending patent applications, including 4 allowed patents in Australia, Indonesia, South Africa and Taiwan (China), 9 patent applications in China, 5 patent applications in the U.S., 9 PCT filings, and 50 patent applications in other jurisdictions.

Management Discussion and Analysis

IMPACT OF THE COVID-19 OUTBREAK

Since December 2019, the outbreak of a novel strain of coronavirus causing coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy.

We have deployed various measures to mitigate any impact the COVID-19 outbreak may have on our ongoing clinical trials in China and have resumed normal patient enrollment and data entry for our clinical trials in China already. For our U.S. trials, we did not experience any material difficulties arising from COVID-19 pandemic in our patient enrollment and trial management, and the progress of those trials is generally in line with our trial development plan despite minor delays.

We have resumed our normal operations since March 2020 in accordance with applicable regulations and adopted a thorough disease prevention scheme to protect our employees. We believe that the COVID-19 outbreak will not significantly affect our ability to carry out our obligations under existing contracts or disrupt any supply chains that we currently rely upon.

FUTURE AND OUTLOOK

We are a front runner in selecting, discovering and developing potential first-in-class therapies with innovative mechanisms for global oncology treatment. By continuing to strengthen our drug discovery platform and to advance and enhance our pipeline, we expect to obtain global market leadership with a number of blockbuster therapies and expect to benefit cancer patients significantly. In addition, we also plan to add world-class manufacturing and commercialisation capabilities to our integrated discovery and development platform as we achieve clinical progress and anticipate regulatory approvals.

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

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

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

  Regarding the SHP2 inhibitors, a phase I/II trial of JAB-3312 combined with a PD-1 inhibitor or a MEK inhibitor has been initiated globally, and the first patient was enrolled in the U.S. in March 2021. In addition, a combination of JAB-3312 with a KRAS G12C inhibitor will be launched in the second half of 2021. A Phase I/II JAB-3068 plus a PD-1 inhibitor trial has been initiated and the first patient has been enrolled in China in April 2021. By executing this global clinical development plan in an efficient and timely manner, we believe that we can establish our SHP2 inhibitors as monotherapy and the backbone drugs for combination therapies for multiple solid tumors.

  With regards to our KRAS G12C inhibitor program, the IND applications for a Phase I/II trial JAB-21822 in patients with tumors harbouring a KRAS G12C mutation have been submitted to the NMPA and U.S. FDA in March 2021. The enrollment of the first patient for these trials are expected in the second half of 2021. 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.

Management Discussion and Analysis

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

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

- **Continuously progressing and expanding the additional pipeline targeting multiple other promising pathways**

We have an established track record of successfully selecting important yet often overlooked or passed-over cancer targets. In addition to our SHP2 and KRAS assets, we will continue to progress our rich pipeline including several early-stage drug candidates that target a variety of other major and critical pathways.

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

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

We will continue to explore possible combinations amongst our own pipeline drug candidates.

- **Strengthening our talent pool and increasing multi-regional presence**

In order to execute our global development strategy, we have established dual R&D centers in both Beijing, China and Massachusetts, the U.S. located in the two main global R&D hubs, we are planning to establish our third R&D center in Shanghai, China to tap the talent pool of well-trained scientists and physicians across the world.

We have developed a cohesive and vibrant corporate culture that inspires and encourages innovation, which we believe helps us to attract, retain and motivate an aspiring team to drive our fast growth. We are committed to explore cutting-edge anti-cancer therapies, with this belief, we plan to enrich our scientific teams in both China and the U.S., we estimate the number of our employees will be doubled by the end of 2022.

Management Discussion and Analysis

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

  We have built an integrated research platform to enable our strategic focus on the research and development of innovative drugs in oncology with large unmet medical needs. Our integrated R&D platform consists of three specialized platforms, including a drug target discovery and validation platform, an allosteric inhibitor technology platform and a translational medicine platform.

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

- **Building manufacturing capabilities in China**

  We are building our in-house GMP-compliant manufacturing capabilities. We cooperate with a third party to construct new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China. The commercial-scale manufacturing facilities are currently under construction. It is estimated that the construction and fit-out of the manufacturing facilities will be completed by the end of 2023.

- **Capturing global market opportunities through collaborations**

  On the coattails of our landmark collaboration with AbbVie for our SHP2 portfolio inhibitors, we plan to continue exploring partnerships around the world to fulfill people's shared dream of curing cancer and living a better life. We intend to find the most suitable and resourceful partners for collaboration to maximize the value of global development and commercialisation of our drug candidates.

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

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

	Year ended December 31,			
	2020		2019	
	RMB'000	**%**	*RMB'000*	*%*
Revenue from the license and collaboration agreement	**486,286**	**100**	–	–

Our revenue increased by 100% from nil for the year ended December 31, 2019 to RMB486.3 million for the year ended December 31, 2020, which was attributable to revenue generated from the license and collaboration agreement with AbbVie to R&D, manufacture and commercialise our SHP2 inhibitors.

Gross Profit

	Year ended December 31,			
	2020		2019	
	RMB'000	**%**	*RMB'000*	*%*
Gross profit from the license and collaboration agreement	**442,171**	**100**	–	–

As a result of the foregoing, our gross profit increased from nil for the year ended December 31, 2019 to RMB442.2 million for the year ended December 31, 2020.

Other Income

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Government grants	**7,009**	9,621
Investment income on wealth management products	**686**	425
Total	**7,695**	10,046

Our other income decreased from RMB10.0 million for the year ended December 31, 2019 to RMB7.7 million for the year ended December 31, 2020, primarily attributable to a decrease in government grants of RMB2.6 million.

Management Discussion and Analysis

Other (Losses)/Gains – Net

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(31,749)**	5,841
Net fair value gains on derivative financial instruments	**784**	–
Total	**(30,965)**	5,841

The decrease in other gains was primarily attributable to the USD and the HKD depreciation for the year ended December 31, 2020 which has resulted in foreign exchange losses of RMB31.7 million for the year ended December 31, 2020.

Our other gains and losses consisted primarily of gains or losses due to fluctuations in the exchange rates between the RMB and the USD and between the RMB and the HKD. Our other losses and gains decreased by RMB36.8 million from gains of RMB5.8 million for the year ended December 31, 2019 to losses of RMB31.0 million for the year ended December 31, 2020, which was mainly attributable to foreign exchange losses in connection with bank balances and cash denominated in USD and HKD and the depreciation of the USD and HKD against the RMB for the year ended December 31, 2020, compared to the appreciation of the USD and HKD against the RMB for the year ended December 31, 2019.

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

Our foreign exchange hedging related activity has resulted in a gain of RMB0.8 million for the year ended December 31, 2020. 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.

Listing Expenses

Our listing expenses mainly include sponsor fees, underwriting fees and commissions, and professional fees paid to legal advisers and the reporting accountant for their services rendered in relation to the Listing. The total listing expenses for the Listing are approximately RMB76.5 million. We incurred listing expenses of approximately RMB26.6 million for the year ended December 31, 2020, which were recognized as expenses and the remaining amount of approximately RMB49.9 million were recognized directly as a deduction from equity upon the successful completion of the Listing.

Management Discussion and Analysis

Research and Development Expenses

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Testing fee	**68,566**	48,189
Employee benefits expenses	**61,526**	44,905
Raw material and consumables used	**35,382**	24,057
Depreciation and amortization	**6,701**	11,582
Others	**13,777**	10,243
Total	**185,952**	138,976

Our research and development expenses increased by RMB47.0 million from RMB139.0 million for the year ended December 31, 2019 to RMB186.0 million for the year ended December 31, 2020, primarily due to the expansion of our clinical trials and the increase in share-based compensation. Such an increase in research and development expenses resulted from the following:

- RMB20.4 million increase in testing fee mainly due to the clinical trial advancement of our drug candidates;
- RMB16.6 million increase in employee benefits expenses primarily due to an increase in share-based compensation as well as the increase in number of research and development employees and their salary level; and
- RMB11.3 million increase in raw material due to the development of our drug candidates.

Administrative Expenses

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Listing expenses	**26,630**	–
Employee benefit expenses	**16,152**	66,433
Professional services expense	**2,943**	173
Depreciation and amortization	**1,031**	1,605
Others	**7,082**	2,870
Total	**53,838**	71,081

Our administrative expenses decreased by RMB17.3 million from RMB71.1 million for the year ended December 31, 2019 to RMB53.8 million for the year ended December 31, 2020. This was primarily attributable to the net impact of (i) an increase of RMB26.6 million in listing expenses in relation to the legal and professional fees for the Global Offering, and (ii) a decrease of RMB50.3 million in employee costs mainly due to a lack of deemed share-based compensation for the year ended December 31, 2020 which was incurred as a result of the waiver of the obligation to pay the subscription price of shares in our Company of certain shareholders for the year ended December 31, 2019.

Management Discussion and Analysis

Finance Income

Our finance income decreased by RMB2.2 million from RMB5.3 million for the year ended December 31, 2019 to RMB3.1 million for the year ended December 31, 2020, which was mainly attributable to a decrease of bank interest income.

Finance Expenses

Our finance expenses increased by RMB0.1 million from RMB1.4 million for the year ended December 31, 2019 to RMB1.5 million for the year ended December 31, 2020, primarily attributable to increases in interest costs on lease liabilities and finance cost on long-term security deposits for the construction of our new facilities for R&D, manufacturing and general administration with a total gross floor area of around 20,000 sq.m. in Beijing, China.

Income Tax Expense

We recognized no income tax expenses for the years ended December 31, 2020 and 2019.

Non-IFRS Measure

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

Adjusted loss for the year represents the loss for the year excluding the effect of certain noncash items and one-time events, namely the fair value losses in financial instruments with preferred shares, share-based payment expenses and listing expenses. The term adjusted loss for the year 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, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the 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,	
	2020	2019
	RMB'000	*RMB'000*
Loss for the year	**(1,513,677)**	(425,817)
Added:		
Fair value losses in financial instruments with preferred rights	**1,694,435**	235,605
Share-based payment expenses	**19,656**	68,644
Listing expenses	**26,630**	–
Adjusted profit/(loss) for the year	**227,044**	(121,568)

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,	
	2020	2019
	RMB'000	*RMB'000*
Research and development expenses for the year	**(185,952)**	(138,976)
Added:		
Share-based payment expenses	**14,696**	13,184
Adjusted research and development expenses for the year	**(171,256)**	(125,792)

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

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Administrative expenses for the year	**(53,838)**	(71,081)
Added:		
Share-based payment expenses	**3,436**	55,460
Listing expenses	**26,630**	–
Adjusted administrative expenses for the year	**(23,772)**	(15,621)

Cash Flows

During the year ended December 31, 2020, net cash generated from operating activities of the Group amounted to RMB78.8 million, representing an increase of RMB191.9 million compared to the net cash used in operating activities during the year ended December 31, 2019. The increase was mainly due to revenue generated from license and collaboration agreement entered with AbbVie. During the year ended December 31, 2020, net cash flows used in investing activities of the Group amounted to RMB215.6 million, representing an increase of RMB215.3 million over the year ended December 31, 2019. The increase was mainly due to the increase of purchase of property, plant and equipment and the increase of deposits with original maturities of over 3 months. During the year ended December 31, 2020, net cash flows from financing activities of the Group amounted to RMB1,275.4 million, which was mainly due to the fund raised from the issuance of Series C+ preferred shares and from the Global Offering.

Significant Investments, Material Acquisitions and Disposals

During the year ended December 31, 2020, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates, and joint ventures.

Liquidity, Capital Resources and Gearing Ratio

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds from the initial public offering (the "**IPO**").

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

Management Discussion and Analysis

As of December 31, 2020, our cash and bank balances were RMB1,627.4 million, as compared to RMB314.3 million as of December 31, 2019. The increase was mainly due to net cash generated from our operating activities, proceeds from the issuance of Series C+ preferred shares and fund raised from the Global Offering. 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.

On December 21, 2020, 96,476,100 Shares of US$0.0001 each were issued at a price of HK$14.00 per Share in connection with the Global Offering. The proceeds of HK$74,792 representing the par value of shares, were credited to the Company's share capital. The remaining proceeds of HK$1,350.6 million (before deduction of the expenses relating to the Company's Global Offering) were credited to the reserve account. The translation from USD to HKD is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the U.S. as of December 21, 2020.

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

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

As of December 31, 2020, the Group did not have any interest-bearing bank and other borrowings. As of December 31, 2019, our cash and bank balances were more than the balance of interest-bearing other borrowings and the Group did not have any bank borrowings. Thus, neither the gearing ratio nor the debt to equity ratio was applicable to the Group.

Lease Liabilities

IFRS 16 Leases is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. IFRS 16 has been consistently applied to the Group's consolidated financial statements for the year ended December 31, 2020 and 2019. As at December 31, 2020, our lease liabilities amounted to RMB10.2 million.

Capital Commitments

As at December 31, 2019 and 2020, the Group had capital commitments contracted for but not yet provided of RMB0.2 million and RMB0.5 million primarily in connection with contracts entered into with suppliers for the purchase of property, plant and equipment, respectively.

Contingent Liabilities

As at December 31, 2020, the Group did not have any contingent liabilities (2019: Nil)

Pledge of Assets

There was no pledge of the Group's assets as of December 31, 2020.

Management Discussion and Analysis

Foreign Exchange Exposure

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

Liquidity Risk

As of December 31, 2020 and 2019, we recorded net current assets of RMB1,741.5 million and RMB272.4 million, respectively. In the management of the liquidity risk, the 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, 2020, the Group had 177 employees in total. The total remuneration costs amounted to RMB83.1 million for the year ended December 31, 2020, as compared to RMB111.3 million for the year ended December 31, 2019. The decrease reflected the net impact of increased number of employees and their salary level, and decreased share-based payment expenses due to lack of waiver of the obligation to pay the subscription price of shares in our Company of certain shareholders in the year ended December 31, 2019.

In order to maintain the quality, knowledge and skill levels of our workforce, the Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. The 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.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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, 2020.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Yinxiang WANG (王印祥), the founder of our Group, aged 56, has been a Director since June 1, 2018 and was re-designated as an executive Director and the Chairman of our Board on August 20, 2020. Dr. Wang has been serving the chief executive officer of our Company since August 2019. Dr. Wang is primarily responsible for the overall strategic planning, business direction and operational management of our Group. Dr. Wang also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Legal Representative, Chairman of the Board	July 2015 to present
Jacobio US	Chief Executive Officer Director, Treasure	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. Prior to founding our Group, from August 1983 to August 1985 and from August 1988 to August 1989, Dr. Wang served as a physician at Hebei Handan Area Sanitation and Epidemic Prevention Station (河北邯鄲地區衛生防疫站). From August 1992 to June 1993, Dr. Wang worked at the teaching and research section of immunology of the School of Basic Medical Sciences of Beijing Medical University (北京醫科大學) (currently known as the Peking University Health Science Center (北京大學醫學部)). Subsequently, in January 2003, Dr. Wang co-founded Zhejiang Betta Pharmaceuticals Co., Ltd. (浙江貝達藥業有限公司), where he served as a director and the general manager (總經理) from its inception in January 2003 to August 2013. From August 2013 to August 2017, he served as a director and the president (總裁) of Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司) (Shenzhen Stock Exchange stock code: 300558) ("Betta Pharma"), the successor of Zhejiang Betta Pharmaceuticals Co., Ltd. since August 2013. In addition, Dr. Wang used to serve as a post-doctoral fellow at Koleske Lab of Yale University which focuses on research in the fields of molecular biology and biochemistry.

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

Directors and Senior Management

Ms. Xiaojie WANG (王曉潔), aged 57, 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 18 years of experience in the pharmaceutical industry. Prior to joining our Group, from March 2003 to March 2015, Ms. Wang worked at Betta Pharma, where she served as a vice president prior to her resignation.

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

Dr. Shaojing HU (胡邵京), aged 58, has been a Director since July 31, 2018 and was re-designated as an executive Director on August 20, 2020. As the President of Research and Development of our Group since February 2017, Dr. Hu is primarily responsible for directing and overseeing the research and development of our Group. Dr. Hu also currently holds or previously held the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	President of Research and Development Director	February 2017 to present September 2017 to present
Jacobio HK	Director	August 2018 to present
Jacomab	Director	November 2017 to June 2019

Dr. Hu has extensive experience in the pharmaceutical industry and academic research. Prior to joining our Group, from March 2009 to January 2017, Dr. Hu served as the chief chemist at Betta Pharma. Over the years, Dr. Hu has published a number of first-authored and co-authored academic papers in the chemistry field.

Dr. Hu obtained his bachelor's degree in chemistry in July 1983 and his master's degree in organic chemistry in June 1988 from Xiangtan University. Dr. Hu obtained his doctoral degree in chemistry from Simon Fraser University in May 1999.

Directors and Senior Management

Ms. Yunyan HU (胡雲雁), aged 59, has been a Director since July 31, 2018 and was re-designated as an executive Director on August 20, 2020. Ms. Hu has been serving as a Senior Vice President of our Group since March 2019. Ms. Hu is primarily responsible for directing and overseeing the research and development of our Group. Ms. Hu also holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director Vice President of Research and Development Senior 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 17 years of experience in the pharmaceutical industry. Prior to joining our Group, between 2004 to August 2013, Ms. Hu served as the director of the drug analysis office, director of the quality control department and deputy director of research and development at the Beijing research and development center of new drugs of Zhejiang Betta Pharmaceuticals Co., Ltd. Ms. Hu served as the deputy director of research and development center from August 2013 to March 2016 and a supervisor from August 2013 to February 2017, respectively, at Betta Pharma.

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

Non-Executive Directors

Dr. Ting FENG (馮婷), aged 38, has been a Director since February 27, 2020 and was re-designated as a non-executive Director on August 20, 2020. Dr. Feng is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Dr. Feng also holds the following positions in the subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Beijing Jacobio	Director	February 2020 to present
Jacobio HK	Director	February 2020 to present

From June 2013 to June 2016, Dr. Feng served as a senior consultant at IMS Market Research Consulting (Shanghai) Co., Ltd. (艾美仕市場調研諮詢(上海)有限公司). From June 2016 to November 2018, Dr. Feng served as a senior investment manager in the healthcare sector at SAIF Partners, a private equity firm that invests in information technology, healthcare and other industries in Asia. In December 2018, Dr. Feng joined LAV Advanced Management (Shanghai) Company Limited, a biomedical venture capital firm in China, where she currently serves as a vice president. In addition, Dr. Feng used to serve as a post-doctoral fellow in the Benoist-Mathis lab at Harvard Medical School, focusing on immunology research.

Dr. Feng obtained her bachelor's degree in biotechnology from Wuhan University (武漢大學) in June 2005 and her doctoral degree from the University of Alabama at Birmingham in May 2010.

Directors and Senior Management

Ms. Yanmin TANG (唐豔旻), aged 48, has been a Director since August 22, 2018 and was re-designated as a non-executive Director on August 20, 2020. Ms. Tang is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Ms. Tang also currently holds the following positions in the subsidiaries of our Group:

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

From December 2002 to August 2015, Ms. Tang served as the general manager of Asia Baokang Pharmaceutical Consulting (Beijing) Co., Ltd. (亞洲保康藥業諮詢(北京)有限公司). Since December 2015, Ms. Tang has served as an investment partner of Suzhou Qiyuan Equity Investment Management Partnership Enterprise (Limited Partnership) (蘇州啟元股權投資管理合夥企業(有限合夥)) which is an investment arm of and is operated under Qiming Venture Partners. Since July 2017, Ms. Tang has also served as a director of Sinocelltech Group Ltd (北京神州細胞生物技術集團股份公司) (Shanghai Stock Exchange stock code: 688520). Ms. Tang also currently serves or previously served as a director in the following companies:

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

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

Dr. Dong LYU (呂東), aged 46, has been a non-executive Director since November 30, 2020. Dr. Lyu is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

From July 2011 to July 2016, Dr. Lyu served as a vice president of the pharmaceutical and medical device investment department at Shanghai Panxin Equity Investment Management Co., Ltd. (上海磐信股權投資管理有限公司). From September 2016 to September 2020, Dr. Lyu worked in PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司), where he served as the managing director prior to his resignation. Subsequently, in September 2020, Dr. Lyu joined Zhuhai Gaoling Equity Investment Management Ltd. (珠海高瓴股權投資管理有限公司), where he currently serves as the managing director.

Directors and Senior Management

Dr. Lyu obtained his bachelor's degree in pharmacy from the Beijing Medical University (北京醫科大學) (currently known as the Peking University Health Science Center (北京大學醫學部)) in July 1996, his master's degree in pharmaceutics from the Peking University (北京大學) in June 2003 and his doctoral degree in social and administrative pharmacy from the China Pharmaceutical University (中國藥科大學) in June 2010.

Dr. Te-li CHEN (陳德禮), aged 52, 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 24 years of experience in the medical industry. From May 1997 to August 2006, Dr. Chen served as a physician in Taipei Veterans General Hospital (台北榮民總醫院). From August 2006 to January 2016, Dr. Chen served as an associate professor in internal medicine in the National Yang-Ming University (國立陽明大學). Since July 2016, Dr. Chen has been serving as the chairman of the board and the general manager of BioGend Therapeutics Co., Ltd. (博晟生醫股份有限公司) (Taipei Exchange stock code: 6733) which principally engages in the production of medical equipment.

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

Independent non-executive Directors

Dr. Ruilin SONG (宋瑞霖), aged 58, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

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

Dr. Song has been an independent director of Shanxi Zhendong Pharmaceutical Co., Ltd. (山西振東製藥股份有限公司) (Shenzhen Stock Exchange stock code: 300158) since June 2015, Boya Bio-pharmaceutical Group Co., Ltd. (博雅生物製藥集團股份有限公司) (Shenzhen Stock Exchange stock code: 300294) from March 2017 to February 2021, an independent director of Tibet Aim Pharm. Inc. (西藏易明西雅醫藥科技股份有限公司) (Shenzhen Stock Exchange stock code: 002826) since July 2015, a non-executive director of Shenzhen Chipscreen Biosciences Co., Ltd. (深圳微芯生物科技股份有限公司) (Shanghai Stock Exchange stock code: 688321) since June 2018, a non-executive director of Luye Pharma Group 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

Notwithstanding Dr. Song's engagement as an independent non-executive Director of seven listed companies, Dr. Song confirmed that he would devote sufficient time to act as our independent non-executive Director based on the following:

- Dr. Song is neither a full time member of the above-named companies nor involved in the day-to-day operations or management of such companies. As such, he has no executive and management responsibility therein;

- based on the published annual reports for 2018 and 2019 of the other listed companies in which Dr. Song has directorships as of the date of this annual report, he has participated, by personal attendance, by correspondence or by proxy, in over 95% of the board meetings of such listed companies during these two years;

- he is not a CEO or full-time executive director of any listed company;

- he does not have significant commitments at government or non-profit-making bodies;

- with his background and experience, Dr. Song is fully aware of the responsibilities and expected time involvement for an independent non-executive director. He has sufficient understanding of his role as independent director in different listed companies and of estimating the time required for attending to the affairs of each listed company. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to our Company;

- none of the above-named listed companies that he has a directorship with has questioned or complained about his time devoted to such companies; and

- Dr. Song's role in our Group is non-executive in nature and he will not be involved in the daily management of our Group's business, thus his engagement as our independent non-executive Director will not require his full-time participation.

- In addition, pursuant to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Board will regularly review whether each of the Directors is spending sufficient time in performing his responsibilities. Our Board will, from time to time, review the attendance record of the Directors in the Board and its committees meetings. The Board may request the relevant Director(s) to provide an update to the Board in relation to any changes to his significant commitments in the event any concerns arise as to the time committed to us by any Director. At the time where any re-election of Director is proposed, we will also set out in the circular to our Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting the reasons why the Board believes such individual should be elected, why such individual is considered to be independent by the Board and, if appropriate or otherwise required, whether such individual would be able to devote sufficient time to the Board.

Based on the foregoing, the Directors are of the view that the various positions currently held by Dr. Song will not result in Dr. Song not having sufficient time to act as our independent non-executive Director or not properly discharging his fiduciary duties as a director of our Company.

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

Directors and Senior Management

Dr. Ge WU (吳革), aged 54, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

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

Dr. Wu has been or was an independent director of Yunnan Bowin Technology Industry Co., Ltd (雲南博聞科技實業股份有限公司) (Shanghai Stock Exchange stock code: 600883) since May 2015, an independent non-executive director of Beijing North Star Company Limited (北京北辰實業股份有限公司) (Shanghai Stock Exchange stock code: 601588; Stock Exchange stock code: 0588) since May 2015, an independent director of Minsheng Investment Management Co., Ltd. (民生控股股份有限公司) (Shenzhen Stock Exchange stock code: 000416) since April 2019 and an independent director of Beijing Vastdata Technology Co., Ltd. (北京海量數據技術股份有限公司) (Shanghai Stock Exchange stock code: 603138) from June 2014 to June 2020.

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

Dr. Daqing CAI (蔡大慶), aged 56, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

From June 2016 to March 2019, Dr. Cai served as a director of Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技股份有限公司). In April 2018, Dr. Cai then founded Zhuhai Sherpa Equity Investment Management Co., Ltd. (珠海夏爾巴股權投資管理有限公司), a company engaging in venture capital investments and has been serving as a partner ever since. Since January 2019, Dr. Cai has been serving as a director at Sherpa Venture Capital (Cayman), Ltd. and Sherpa Healthcare Fund I GP, Ltd.

Dr. Cai was a director of Berry Genomics Co., Ltd. (成都市貝瑞和康基因技術股份有限公司) (Shenzhen Stock Exchange stock code: 000710) from July 2017 to April 2018 and a non-employee director of Bionano Genomics, Inc. (NASDAQ stock code: BNGO) from August 2018 to August 2019.

Dr. Cai obtained his bachelor's degree in biophysics from University of Science and Technology of China (中國科學技術大學) in July 1989, his master's degree in business administration from Yale University in August 1998 and his doctoral degree in vision science from University of California, Berkeley in May 1996.

Dr. Xiaoming WU (吳曉明), aged 67, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

Over the years, Dr. Wu has been a professional educator in pharmacy and has served as the editor-in-chief or deputy editor-in-chief of multiple academic journals in the pharmaceutical field. Dr. Wu served as the president from June 1997 to January 2013 at China Pharmaceutical University (中國藥科大學).

Dr. Wu has been serving as an independent director at Shanghai Medicilon Inc. (上海美迪西生物醫藥股份有限公司) (Shanghai Stock Exchange stock code: 688202) since April 2016, Boya Bio-pharmaceutical Group Co., Ltd. (博雅生物製藥集團股份有限公司) (Shenzhen Stock Exchange stock code: 300294) since March 2017, Beijing Aosaikang Pharmaceutical Co., Ltd. (北京奧賽康藥業股份有限公司) (Shenzhen Stock Exchange stock code: 002755) since February 2019 and Jiangsu Zenji Pharmaceuticals Ltd. (江蘇正濟藥業股份有限公司) (NEEQ stock code: 834804) since May 2020.

Directors and Senior Management

Dr. Wu received his doctoral degree in pharmaceutical sciences from Kyushu University (九州大學) in August 1993.

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)	56	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)	57	President of Administration	Overall administration, operational and financial management	September 2015	September 1, 2015
Shaojing HU (胡邵京)	58	President of Research and Development	Directing and overseeing research and development	February 2017	February 1, 2017
Yunyan HU (胡雲雁)	59	Senior Vice President	Directing and overseeing research and development	April 2017	March 20, 2019
Andrea Wang-Gillam (王宜)	51	Chief Medical Officer, Senior Vice President	Directing clinical development of our Group's products	July 2020	July 16, 2020
Wenlai Zhou (周文來)	53	Senior Vice President	Directing biological and pharmaceutical research and development	September 2015	November 1, 2019

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.

Shaojing HU (胡邵京), see "– Directors – Executive Directors" for details.

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

Directors and Senior Management

Andrea Wang-Gillam (王宜), aged 51, has been the Chief Medical Officer and a Senior Vice President of our Group since July 2020 and responsible for directing the clinical development of our Group's products.

Dr. Wang-Gillam has more than 11 years of experience in clinical research and development in the field of oncology. Prior to joining our Group, between June 2007 and July 2020, Dr. Wang-Gillam first served as an assistant professor, and starting from 2015, both an associate professor in oncology and the clinical director of the gastrointestinal oncology program at Washington University in St. Louis. From 2017 to July 2020, Dr. Wang-Gillam served as the director of the developmental therapeutics program of the division of oncology at the same university.

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

Dr. Wenlai Zhou (周文來), aged 53, has been a Senior Vice President of our Company since August 2020 and responsible for directing biological and pharmaceutical research and development of our Group. Dr. Zhou served as a Director of the Company from August 2018 to August 2020. Dr. Zhou served a vice president from September 2015 to October 2019 and has been serving as a senior vice president since November 2019 and as a director since August 2018 at Beijing Jacobio. Dr. Zhou previously held the following positions in other subsidiaries of our Group:

Name of subsidiary	Position(s)	Period
Jacobio HK	Director	August 2018 to present
Jacomab	Supervisor Manager	December 2016 to June 2019 November 2017 to June 2019

Dr. Zhou has extensive experience in the research and development in the field of oncology. From June 2005 to June 2007, Dr. Zhou served as an associate in the Howard Hughes Medical Institute unit at the University of California, San Diego. From December 2007 to November 2008, Dr. Zhou served as a post-doctoral scholar at the School of Medicine of University of California, San Diego. From June 2009 to November 2014, Dr. Zhou served as a laboratory head and research investigator at Oncology Department at Novartis Institutes for BioMedical Research, Inc.

Dr. Zhou obtained his bachelor's degree in biology in July 1988 and his master's degree in science in July 1991 from Xinjiang University. Dr. Zhou obtained his doctoral degree in molecular biology from the University of Melbourne in October 2003. Dr. Zhou was certified as a biopharmaceutical professorate senior engineer by the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in June 2017.

Save as disclosed herein, no Directors or members of our senior management held any directorship positions in any listed companies in Hong Kong and overseas within the three years immediately preceding the date of this annual report. There is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules. Save as disclosed herein, to the best of the knowledge, information and belief of our Directors, there was no other matter with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the date of this annual report.

Directors and Senior Management

JOINT COMPANY SECRETARIES

Ms. Qing Xue (薛青), aged 33, 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. Lok Kwan Yim (嚴洛鈞), aged 33, was appointed as one of our joint company secretaries on March 26, 2021. Mr. Yim is currently a manager of SWCS Corporate Services Group (Hong Kong) Limited, a company engaged in the business of providing corporate services. Mr. Yim has over nine years of professional experience in corporate services field. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. In addition, he holds a bachelor's degree in accounting and a master's degree in corporate governance.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code contained in Appendix 14 of the Listing Rules. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from CG Code provision A.2.1, the Group's corporate governance practices are in compliance with the CG Code. CG Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Wang is the chairman of the Board and the chief executive officer. With extensive experience in the pharmaceutical industry and having served in our Company since its establishment, Dr. Wang is in charge of overall strategic planning, business direction and operational management of our Group. Therefore, the Directors consider that the deviation from CG Code provision A.2.1 is appropriate in such circumstance. Notwithstanding from above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders as a whole. Save as disclosed above, the Company had complied with the provisions of the CG Code for the period from the Listing Date up to and including December 31, 2020.

THE BOARD OF DIRECTORS

Board composition

As at December 31, 2020, the Board consists of four executive Directors, namely Dr. Yinxiang WANG, Ms. Xiaojie WANG, Dr. Shaojing HU and Ms. Yunyan HU, four non-executive Directors, namely Dr. Ting FENG, Ms. Yanmin TANG, Dr. Dong LYU and Dr. Te-li CHEN, and four independent non-executive Directors, namely Dr. Ruilin SONG, Dr. Ge WU, Dr. Daqing CAI and Dr. Xiaoming WU. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company, respectively. 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, 2020, the Board has 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

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 at 31 December 2020, the Board comprised twelve Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors. Their names and biographical details are set out in the "Directors and senior management" section of this annual report.

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, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

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

Independent non-executive Directors

The 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 decision. The functions of independent non-executive Directors include bringing an impartial view and judgement 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.

Corporate Governance Report

Confirmation of independence

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 all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Board diversity policy

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

Our Board comprises twelve members, including four executive Directors, four non-executive Directors and four independent non-executive Directors. Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including business administration, applied physics, biological sciences, chemistry, engineering and law. Furthermore, our Board possesses members spanning a wide range of ages, from 38 years old to 67 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy, and our Board and the nomination committee of our Company will assess the Board composition regularly.

Our nomination committee is responsible for reviewing the diversity of our Board. After Listing, our nomination committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measureable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels.

Appointment, re-election and removal of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for an initial term of three years commencing from the Listing Date, subject to renewal after expiry of the then current term. Such term is subject to his 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 meeting.

Corporate Governance Report

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 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 33 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, 2020, 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, 2020, by the Group to or on behalf of any of the Directors.

Directors' training and 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, 2020, 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, 2020, 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 on-going obligations of listed companies.

Board meetings

Code provision A.1.1 of the CG Code stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals with 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 the code provision A.2.7 of the CG Code.

There had not been any Board meeting held during the period from the Listing Date and up to December 31, 2020. In 2020 and up to the date of this annual report, one regular board meeting was held on March 26, 2021 for the purposes of, among others, considering and approving the annual results of the Group for the Reporting Period. Notice of the Board meeting, agenda and Board papers were sent to the Directors in a timely manner before the meeting. All members of the Board were present at the Board meeting.

Corporate Governance Report

The Board intends to meet at least four times per year in the future, and the Chairman intends to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors.

A tentative schedule for regular Board meetings for 2021 will be provided to the Directors at the beginning of the year. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors will be given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

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 Corporate Governance Code set forth in Appendix 14 to the Listing Rules. The primary functions of the audit committee are assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

The audit committee consists of one non-executive Director, Dr. Te-li Chen, and two independent non-executive Directors, Dr. Ge Wu and Dr. Daqing Cai, with Dr. Daqing Cai as the chairman. Dr. Ge Wu is appropriately qualified under Rules 3.10(2) and 3.21 of the Listing Rules.

There had not been any audit committee meeting held during the period from the Listing Date and up to December 31, 2020. In 2020 and up to date of this annual report, one audit committee meeting was held on March 26, 2021 and all the members of the audit committee were present at the meeting.

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; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

The remuneration committee consists of one executive Director, Ms. Wang, one non-executive Director, Ms. Yanmin Tang, and three independent non-executive Directors, Dr. Ruilin Song, Dr. Ge Wu and Dr. Daqing Cai, with Dr. Ruilin Song as the chairman.

There had not been any remuneration committee meeting held during the period from the Listing Date and up to December 31, 2020. In 2020 and up to date of this annual report, one Remuneration Committee meeting was held on March 26, 2021 and all the members of the remuneration committee were present at the meeting.

Corporate Governance Report

Nomination Committee

The Company established the nomination committee with written terms of reference in compliance with Appendix 14 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, cultural, education background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. The Company has adopted 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.

The nomination committee consists of one executive Director, Dr. Wang, one non-executive Director, Dr. Dong Lyu, and three independent non-executive Directors, Dr. Ruilin Song, Dr. Daqing Cai and Dr. Xiaoming Wu, with Dr. Wang as the chairman.

There had not been any nomination committee meeting held during the period from the Listing Date and up to December 31, 2020. In 2020, and up to date of this annual report, one nomination committee meeting was held on March 26, 2021 and all the members of the nomination committee were present at the meeting.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines 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 complied with all applicable code provisions under the Model Code since the Listing and up to December 31, 2020.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance of 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 B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended December 31, 2020 is set out below:

Remuneration band	Number of members of senior management
RMB1,000,001 to RMB2,000,000*	1
RMB5,000,001 to RMB6,000,000	1

Note:

* The remuneration band indicates the annual remuneration of a senior management, who has been a Senior Vice President of our Company since August 2020.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

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

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board had performed the above duties during the year ended December 31, 2020.

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. 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.

- **Risk management**

  The Company has conducted risk assessment by the management to identify and assess enterprise risks (including environmental, social and governance risks) with reference to the Company's business objectives and strategies. Key risks and the respective mitigation strategies have been discussed among senior management. Every month, the management reviews the action plans which have been developed to further enhance the risk management capabilities of particular key risks as appropriate.

- **Internal control**

  The Company ensures internal controls 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.

Corporate Governance Report

During the year, the Company has appointed an independent consultancy firm to review the effectiveness of the risk management and internal control systems. Findings and recommendations on deficiencies were communicated with the management and action plans were developed by the management to address the issues identified. Follow-up reviews were scheduled to ensure the action plans were executed as designed.

The management has confirmed to the Board and the Audit Committee on the effectiveness and adequacy of the risk management and internal control systems for the year ended December 31, 2020.

AUDITOR'S REMUNERATION

For the year ended December 31, 2020, the remunerations paid or payable to PricewaterhouseCoopers, the external auditor of the Company, in respect of its audit services and non-audit services are approximately RMB1.5 million and nil, respectively. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 75 to 78.

Details of the fees paid/payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers for the year ended December 31, 2020 are set out in the table below:

Services rendered for the Company	**Fees paid and payable** ***RMB'000***
Audit service	1,500
Non-audit service	nil

The fees excluded the service fees paid/payable to PricewaterhouseCoopers as the reporting accountant of the Company in connection with the IPO.

JOINT COMPANY SECRETARIES

Directors have access to the services of the joint company secretary to ensure that the board procedures are followed. The current joint company secretaries of the Company are Ms. Qing Xue and Mr. Lok Kwan Yim. Starting from March 26, 2021, Ms. Ching Man Yeung ceased to be one of our joint company secretaries, and Mr. Yim replaced Ms. Yeung as the joint company secretary of the Company with effect from March 26, 2021.

After the aforesaid service termination, Ms. Xue and Mr. Yim continued to act as the joint company secretaries of the Company. Mr. Yim has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Yim is the manager of SWCS Corporate Services Group (Hong Kong) Limited and appointed as a joint company secretary.

In compliance with Rule 3.29 of the Listing Rules, Ms. Xue and Ms. Yeung have undertaken no less than 15 hours of relevant professional training during the year of 2020. The main contact person of Ms. Yeung and Mr. Yim in the Company is Ms. Xue.

The biographies of Ms. Xue and Mr. Yim are set out in the "Directors and senior management" section on page 34 of this annual report.

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. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two calendar months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meetings

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.

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 endeavours 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.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The amended and restated Memorandum and Articles of Association of the Company were adopted with effect from the Listing Date. Save as disclosed above, during the year ended December 31, 2020, the Company has not made any changes to its Memorandum and Articles of Association. The amended and restated Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

I. ABOUT THE REPORT

This report is the first environmental, social and governance report issued by Jacobio Pharmaceuticals Group Co., Ltd. (hereinafter "Jacobio" "the Company", or "we"). The purpose of this report is to disclose the performance and results in respect of environmental, social and governance ("**ESG**") of the Company in 2020 to all the stakeholders. It is prepared in accordance with the "*Environmental, Social and Governance Reporting Guide*" (hereinafter "*ESG Reporting Guide*") set out in Appendix 27 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, and is reported in accordance with the principles of materiality, qualitative, balance, and consistency.

Our main business is in China, and our laboratories are located in Beijing, China and Massachusetts, USA. Unless otherwise stated, the scope of this report covers the offices and laboratories of Jacobio Pharmaceuticals Group Co., Ltd. in China and the United States. The report covers the period from 1 January 2020 to 31 December 2020.

The information and cases in this report are mainly derived from the Company's public information, statistical reports, related documents and internal communication documents.

II. ESG STRATEGY

1. ESG Concept

As a new pharmaceutical research and development company, we are committed to providing breakthrough treatment solutions for our patients with the vision of "Becoming a global leader recognized for our impact in drug R&D together with our partners". We care about the demands of our stakeholders and strive to fulfil our corporate social responsibility while protecting the interests of shareholders and investors.

During the reporting period, we took the initiative to identify and strictly abide by the ESG related laws and regulations of the countries and regions where we operate and integrated the Company's ESG management philosophy into the daily operation and management process. We actively reduced the negative impact of business operation on the environment while achieving the Company's business objectives. We also supported the development of employee health, established a comprehensive and sound supplier management, highly valued anti-corruption works, and continuously promoted the joint development of the Company and all stakeholders.

2. ESG Governance

We are fully aware that a sound ESG management is essential to respond to the stakeholders' expectations and improve the Company's ESG performance. The Board of Directors of the Company is responsible for making decisions on ESG-related strategies and reviewing ESG performance. The relevant functional departments are responsible for implementing ESG-specific actions to ensure effective management of ESG in the Company.

Environmental, Social and Governance Report

3. Stakeholder Engagement and Key Issues Identification

We actively listen to and respond to the demands of our stakeholders. By communicating with stakeholders through a variety of channels, we collect the views of stakeholders and use their feedback as an important reference for the planning of the Company's ESG work and management. In 2020, based on the characteristics of our business and operations, we identified below our key stakeholders and learned about major ESG issues of their concerns:

Key Stakeholders	Key ESG Issues of Concern	Main Communication Channels
Governments and regulatory authorities	Employment Supply chain management Product responsibility Anti-corruption Community investment	Policy consultations Incident reporting Information disclosure Official correspondence
Shareholders and investors	Employment Product responsibility Anti-corruption	Shareholders' meetings Results Announcement Semi-annual and annual reports Announcements of significant events Online and offline communications Company website
Employees	Employment Health and safety Development and training Labour standards	Employee performance appraisal and feedback Employee internal communication meetings Corporate internal announcements and emails Employee activities Jacobio's WeChat Official Account
Customers	Product responsibility Anti-corruption	Information disclosure Daily business communication
Suppliers	Supply chain management Anti-corruption	Supplier inspection Regular communication meetings with suppliers
Media and non-governmental organizations	Emissions Use of resources Environmental and natural resources Employment Supply chain management Product responsibility	Press conferences News interviews Advertising Social media Industry Seminar
Communities	Community investment	Community engagement and communication Identification of community demands

Environmental, Social and Governance Report

III. GREEN OPERATION

The Company strives to achieve green operations and incorporates environmental protection in our daily operations, strictly abiding by relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China We use resource reasonably, promote energy conservation and emission reduction actively, optimize emission management, and strive to reduce the environmental impact of our operations.

1. Use of Resources

The main resource consumptions of the Company's daily operations, including electricity, water and office paper. We continuously optimize the use of resources and enhance the efficiency in use of resources to reduce the consumption of electricity, water and office paper. The Company's integrated management department is the responsible department which in charge of advocating the concept of daily energy conservation as well as strengthening the employee's awareness of energy-saving.

We actively carry out a number of energy-saving measures, conduct routine internal inspection on lamps using in office areas, and unified the use of LED energy-saving lamps to replace high energy-consuming lamps. Furthermore, we source electrical equipment with low energy consumption and high efficiency. In some office areas, we adopt voice-controlled lamps, and the air conditioning, new air, as well as the air exhaust systems are using variable frequency control functions. Furthermore, we also advocate employees to turn off lights and other electronic equipment, including air conditioners, fresh air ventilators, exhaust systems, and office or research development type of facilities while leaving office. Such practices effectively reduce our power consumptions.

To reduce the use of water resources, we installed water-saving taps and used reclaimed water in restrooms. We also raised employee's awareness of water-saving that reflected in turning off taps after use.

Additionally, we encourage employees to reduce the use in office supplies, vigorously advocate a paperless office, electronic online office and take a reasonable control of office paper collection and use. We also encourage employees to embrace paperless work style, including teleconference and online work, to achieve cross-regional communication, so as to reduce the office paper usage.

Environmental, Social and Governance Report

2. Reduction of Pollutant Emissions

Our major pollutant emissions are greenhouse gas (GHG) emissions, arising from electricity consumption, and experimental tail gases from experiment-related procedures. We consistently take a variety of energy-saving measures which effectively reduce the generation in GHG emissions. Moreover, we invest in the construction of experimental exhaust treatment devices to filter experimental tail gases, to ensure its compliance treatment and emissions.

The Company's wastewater produced mainly includes experimental waste liquid, domestic sewage, and etc. The amount of experimental waste liquid is relatively small and non-toxic, and it is collected and processed by qualified third parties. Domestic sewage is discharged into the municipal network in accordance with the requirements.

Non-hazardous waste generated by the Company mainly consists of domestic waste and daily office waste. We classify and recycle those wastes. Non-hazardous waste with recycling values will be handled by qualified suppliers or recyclers, and other non-hazardous waste will be handled by the property management company.

The hazardous waste involved in the Company mainly includes chemical reagents, needle tubes, experimental animals and their gaskets, ink and toner cartridges and fluorescent tubes. All hazardous waste is handled by qualified third parties or suppliers in compliance with relevant requirements.

3. Environmental Key Performance Indicators

In 2020, the environmental key performance indicators of Jacobio are listed below. Unless otherwise stated, the scope of environmental statistics covers the Company's operation locations in Beijing, China and Massachusetts, the United States.

Key Performance Indicators for Energy and Resource Consumption[1]

Indicator	2020 Figures
Total energy consumption[2] (MWh)	1,042.90
Indirect energy consumption, including:	
Electricity consumption (in MWh)[3]	1,042.90
Energy consumption per capita (MWh per employee)	6.17
Total water consumption (tonnes)[4]	847
Water consumption per capita (tonnes per employee)	5.01

Notes:

(1) During the reporting period, we have not yet commercialized our products, and hence no product packaging has been used.

(2) Total energy consumption is calculated based on direct and indirect energy consumption according to the conversion factors listed in the *National Standards of the People's Republic of China General Principles for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2008).

(3) During the reporting period, the main operation was daily office and laboratory operation, and the energy consumption mainly included power. Our operations did not involve direct energy consumption.

(4) Since the water resources used by the Company are from municipal water supply, we do not have any problem in obtaining suitable water resources.

Environmental, Social and Governance Report

Key Performance Indicators for Emissions

Indicator	2020
Total GHG emissions[1] (Scope 1 and Scope 2)[2] (tonnes)	720.47
Indirect GHG emissions (Scope 2), including:	
Electricity (tonnes)	720.47
GHG emissions per capita (tonnes per employee)	4.50
Total hazardous waste discharges (tonnes)	11.65
Hazardous waste per capita (tonnes per employee)	0.07
Total non-hazardous waste discharges (tonnes)[3]	17.50
Non-hazardous waste per capita (tonnes per employee)	0.11
Wastewater (tonnes)[4]	719.95
Total chemical oxygen demand (tonnes)	0.0038
Ammonia and nitrogen (tonnes)	0.01

Notes:

(1) Jacobio's greenhouse gas ("GHG") inventory includes carbon dioxide, methane and nitrous oxide. GHG emissions are presented in carbon dioxide equivalents and calculated based on the electricity emission factor in *the 2019 Baseline Emission Factors for Regional Power Grids in China* issued by the Ministry of Ecology and Environment of the People's Republic of China, the *Emissions and Generation Resource Integrated Database in 2019* (eGRID) issued by the United States Environmental Protection Agency and *the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* issued by the Intergovernmental Panel on Climate Change (IPCC).

(2) Scope 1 GHG covers GHG emissions directly generated from the businesses owned or controlled by the Company; Scope 2 GHG covers "indirect energy" GHG emissions from the Company's internal consumption (purchased or obtained). During the reporting period, the Company's total GHG emissions were "indirect energy" caused by electricity. For the time being, "direct energy" GHG emissions were not involved.

(3) 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.

(4) We estimated the amount of wastewater in accordance to *the First National Census on Pollution Sources – Manual for Industrial Pollution Sources* issued by the State Council of the People's Republic of China.

4. The Environment and Natural Resources

Since the Company has not involved in large-scale industrial production activities, there is no significant impact from our operation on the environment and natural resources. As the Company continues to expand its business scales, we will continue to pay close attention to and carefully consider the environmental and resource issues to avoid any negative impacts on the environment.

Environmental, Social and Governance Report

IV. EMPLOYMENT

We strictly abide by laws and regulations such as the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and the *Special Rules on the Labour Protection of Female Employees* on labour employment. We devote ourselves to conducting fair and equal recruitment, retaining diversified talents, providing employee benefits, establishing transparent and efficient employee performance and communication mechanism, protecting employees' health and safety, and achieving a mutual development between employees and the Company.

1. Employment and Labour Standards

We established the *Employee Handbook* to standardize recruitment and termination, compensation and benefits, promotions, working hours and leave entitlements, etc. We firmly prohibit child labour and forced labour. We conduct open, equal, and merit-based recruitment. We do not treat any candidates differently based on their ethnicity, race, age, gender, marital status and religious beliefs.

1.1 Employee Incentives and Development

We have a competitive salaries and a fair, open and reasonable career path. We provide reasonable employee compensations that include basic salary, commissions, year-end bonus and project-based bonus. In addition, we offer a variety of benefits to employees, including social insurances and housing fund, commercial insurance, annual physical check-ups, birthday benefits and holiday gifts.

To support the mutual development of employees and the Company, we have set up a dual-channel development path for employees with equal emphasis on technical promotion channel and administrative promotion channel. In addition, we provide a fair, reasonable and transparent performance appraisal to carry out employee performance assessment and evaluation that correlates to promotion, trainings, and job transfer.

1.2 Working Hours and Holidays

All job position is implemented by standardize working hours in Jacobio. An attendance system has been established to supervise employee working hours. We encourage employees to work efficiently during normal working hours and take advantage of holidays for rest, recreations and enjoy family life. Except for statutory leaves such as Spring Festival, Labour Day, or National Day, we provide paid annual leave based on employees' work experience and the length of service with the Company additionally. Moreover, we cater paid maternity leave and other related leave benefits for female employees, while male employees are entitled to paid paternity leave as well.

Environmental, Social and Governance Report

1.3 Internal Communication Mechanisms

We recognize to carry out communications with employees on a fair basis, and established multiple communication channels to focus on concerns and needs from employees in a timely manner.

We have established a communication mechanism with employees led by the Human Resources Department. Through face-to-face communication and department regular meetings, the Human Resources Department learn about demands from each employee by communicating with responsible person of department. Moreover, we carry out routine employee engagement during the period of performance appraisal, ensuring each employee understand their annual performance and career development in Jacobio. We also list various communication channels in the *Employee Handbook*, each employee can engage via internal office system, Jacobio's WeChat official account, internal email, etc.

1.4 Employee Activities

We value work life balance, encouraging employees to participate in rich and diverse employee care activities. In 2020, we organized various team building activities, including the annual party, outings and tours.

Annual party

Diverse team building activities

Environmental, Social and Governance Report

2. Health and Safety

The Company is committed to providing employees with healthy and safe working environment. In strict compliance with relevant laws and regulations and industry standards, including the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases*, the *Technical Specifications for Occupational Health Surveillance* and the *Regulation on Work-Related Injury Insurance*, we formulated internal regulations, including the *Management Manual of Production Safety*, the *Hazardous Chemicals Management System*, the *Experimental Animal Disease Control and Prevention*, the *Emergency Management Playbook for Emergency Management of Critical Events*, the *Laboratory Personal Safety Protection*, *Use and Maintenance of Instrument Equipment in Synthetic Rooms*, etc. We also introduced management systems and regulations such as the *Chemical Hygiene Plan (CHP)*, the *Emergency Action Plan (EAP)*, the *Biosafety Manual and Exposure Control Plan (BSM-ECP)* at operating sites in the United States. Additionally, we established a dedicated environmental, health and safety management teams and health committees in China and the United States, respectively, to conduct and supervise environmental, health and safety management. During the reporting period, no employee injury or death were reported within the Company.

We have taken a series of actions to ensure the health and safety of our employees, including conducting occupational health and safety assessments, providing occupational health and safety training, organizing employee physical examinations regularly, and improving the management of special equipment. We engage specialized third-party organizations to conduct assessment of occupational diseases to identify potential threats to the health of employees and occupational-disease-inductive factors that cover all jobs in our office.

Furthermore, we regularly organize and carry out occupational health and safety training to relevant employees, including firefighting, restricted space operations, use of personal protective equipment, chemical management and first aid. In 2020, we engaged external experts to carry out fire prevention training to our employees, in order to enhance their fire safety awareness.

Moreover, pre-employment, in-service and pre-departure occupational health examinations are provided to employees who are exposed to high occupational health risk positions. We also provide these employees with the necessary personal protective equipment ("**PPE**") to prevent them from occupational diseases. Once occupational health problems with relevant employees were noticed, we will adjust his/her positions and take remedial measures.

Since the outbreak of COVID-19 in 2020, we established a responsible team for epidemic prevention and control immediately, which safeguarded the health and safety of employees. Under the *Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases and the Guidelines for Enterprises and Public Units to Prevent and Control the Epidemic in the Course of Reopening*, we issued the *Management Rules on Epidemic Prevention and Control and Management Measures for Working from Home*. We strictly implement national and local regulations and requirements for the prevention of the epidemic, and comprehensively protect the health and safety of employees, including monitoring body temperature of employees while entering and exiting the Company, requiring employees to report physical condition on a daily basis, allocating sufficient quantity of anti-pandemic supplies, reducing offline meetings, sterilizing the workplace promptly.

Environmental, Social and Governance Report

3. Employee Training

We are committed to the comprehensive talent cultivation building a learning-oriented organization, enhancing the core competitiveness of the Company, and achieving a joint development and growth of employees and the Company.

In 2020, we have a wide range of internal and external training sessions to elevate employees' overall qualities. In our internal training programs, we conducted middle and senior management training and "career colour training" through case study and lectures, which enhances employee leadership. Additionally, we also provide various external trainings for employees, including inviting external expert to carry out professional skill and management training, and organizing research personnel to participate in international academic conferences, which keep our employees abreast of the latest scientific research developments and cutting-edge technical knowledge, and enhance professional competence. In 2020, we organize trainings covered all employees in China and the United States, the average length of training per person is 1.2 hours.

Newcomers orientation training

Employees "career colour training"

Middle and senior management training

Environmental, Social and Governance Report

V. RESPONSIBLE OPERATION

Jacobio believes that responsible operation is the cornerstone of the stable development of the enterprise. We enhance responsible operation in various ways, including strengthening quality management, protecting intellectual property rights, safeguarding patient information and privacy security, etc. While protecting trade secrets, we adhere to enhance corporate transparency by disclosing information timely and sufficiently. We are committed to building a responsible corporate image, establishing a compliant business environment, and achieving a sustainable development of the Company.

1. Product Responsibility

As a new pharmaceutical research and development company, product responsibility is one of the most important issues that Jacobio is concerned about in corporate development. Since its inception, the Company has been committed to the mission and philosophy of "providing compelling innovations and creating a pipeline of life-changing medicines for patients worldwide", implementing product quality assurance, strengthening clinical trial management, protecting customers' interests and satisfying customers' needs.

1.1 Enhancing Quality Management

Jacobio strictly complies with relevant laws and regulations such as the *Pharmaceutical Administration Law of the People's Republic of China, the Good Clinical Practice (GCP),* the *Measures for the Administration of Drug Registration*, and *International Multicentre Clinical Trial Guidelines*. Our laboratories in the United States also comply with the provisions and the Good Laboratory Practice (GLP) in the *Code of Federal Regulations* (21 CFR) issued by the Food and Drug Administration (FDA) on clinical research of new drugs and protection of clinical trial subjects, and establish a comprehensive quality management system.

The Company has formulated related standard operating procedures (SOPs) such as *Project Management of a Study, Protocol Writing, Investigational Product Management, Handover During a Study, Safety Report*, etc. The quality and safety of pharmaceutical products are strictly controlled in the stage of the initial research and development planning, project optimization, clinical trial safety, and so on.

The Company's quality management department is responsible for conducting random checks and reviews of all experimental records from time to time. The random checks and feedback are also implemented in force for effective standard operating procedures, completion of records and the improvement of the quality system of each department. In addition, we periodically carry out quality supervision and management on material suppliers, contract research organizations (CRO) and contract development and manufacturing organizations (CDMO) (hereinafter collectively referred to as "the partners").

Environmental, Social and Governance Report

1.2 Complaints and Product Recalls

As of the end of the reporting period, the Company's products had not yet entered the stage of commercialization, but we still highly value the establishment of a customer complaint and product recall management system. We have formulated an emergency plan for medicine adverse responses under the requirements of relevant laws and regulations such as the *Pharmaceutical Administration Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. The Company defines different types of adverse effects of drugs, including severe and unexpected conditions. In the event of any unexpected event, we utilize a 24-hour emergency reporting channel and submit the case to the Pharmacovigilance department for evaluation and review to further safeguard patient safety. Once a potential safety hazard or non-compliant clinical product is found, we will discard the non-compliant clinical product altogether.

During the reporting period, we did not receive any customer complaints, nor there were any products recalled.

1.3 Protection of Intellectual Property Rights

Jacobio has deeply realized the importance of intellectual property for our business development. The Company strictly complies with laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. The Company has formulated policies and management measures such as the *Management Measures for In-service Invention and Creation*, the Agreement on the *Confidentiality and Ownership of Intellectual Property*, the *Patent Transfer Agreement*, and the *Secret Information Registration Form* within the Company. The Company has set up an intellectual property department, which is responsible for the specific works related to the application, acquisition and use of intellectual property rights. We respect the intellectual property rights of others and whistling our utmost to safeguard ours.

In practice, we regularly retrieve intellectual property information, conduct relevant analysis, and proactively identify key risks for intellectual property management to ensure that our legitimate rights and interests are protected in a timely and accurate manner. The Company has prepared the *Background Check on Intellectual Property Rights for New Employees*. During the background check on new employees, we will learn about the ownership of intellectual property rights by candidates and identify the non-competition agreements entered into by candidates with other companies to avoid direct or indirect infringement in intellectual property rights. In addition, we regularly provide training and business seminars on "business confidentiality and in-service invention" to employees, sharing the developments of intellectual property laws and regulations and related cases to enhance employees' awareness of intellectual property protection.

As of 31 December 2020, we had 1 patent granted in China, 1 patent granted in Australia, 3 patents granted in Taiwan (China), 1 patent granted in Japan, and a number of domestic and foreign patent applications pending approval.

Environmental, Social and Governance Report

1.4 Advertising and Publicity Management

During the reporting period, we have not yet commercialized our products so we have not advertised our products to the public. However, we had identified the relevant requirements on drug advertisement in the laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Measures for the Examination of Drug Advertisements*, and improved our management of advertising and publicity accordingly in preparing for the commercialization of products in advance and avoid false promotion and misleading advertising or product descriptions.

2. Information Security and Privacy Protection

The Company focuses on information security and patient privacy protection during the research and development ("**R&D**") of new medicines. We strictly comply with the requirements of *Good Clinical Trial Practice for Drugs* (GCP), the *Guidelines for Electronic Data Acquisition Technology in Clinical Trials* and other regulations. Based on the ICH Good Clinical Practice (ICH GCP) and other international standards, we use the reliable Electronic Data Capture System (EDC) for clinical trials. Besides, we have made great efforts to safeguard the legitimate rights and interests of patients and reduce the risk of privacy information disclosure.

We have taken a series of measures to enhance patient privacy protection:

- We enter into confidentiality agreements with all employees, related suppliers and partners involved in confidential information, requiring each employee, manager, related-party or external technical consultant to fulfil their confidentiality obligations.

- We provide GCP training to new employees, which stipulates that inspectors are accessible to patients' personal information in the data kept by the hospital, but not to take any documents with such information out of the hospital. Inspectors need to ensure a safe and proper recording, handling and preservation of clinical trial data, with better protection of patient information.

- Our clinical research is reviewed by the Medical Ethics Committee and completed by the cooperative clinical trial centre (hospital), sample testing units, and contract research organizations (CROs). We will not be able to directly obtain any private information of the clinical trial subjects other than the data necessary for research. While processing necessary data for clinical research, we also desensitize medical data and uses code names for patient identity management to protect privacy.

- We require our partners to conduct clinical trials following the GCP's requirements in clinical trial subjects' privacy protection, closely monitor and manage the clinical trial process.

Environmental, Social and Governance Report

To protect the research achievements from infringement and improve the information network, in 2020, we carried out the "Network Security Improvement and Rectification". We established several internal management policies such as the *Regulations on Machine Room Security Management*, the *Jacobio's System on Data Confidentiality and Data Backup*, and the *File Room Management* to improve the information security management in data centres and file rooms. In addition, we have identified the gap between the level of our system for information security and protection and the relevant standard requirements of the ISO 27001 information security management system. Thus, we will put more effort to upgrade and strengthen our information security management in the future.

3. Supply Chain Management

The Company has always adhered to the procurement principle of "fairness and openness" and has established a suite of policies such as the Supplier Management System, the Goods Procurement Management System and the Service Procurement Management System, which strictly standardize the Company's procurement procedures and supplier admission, evaluation and daily management. We are committed to optimizing the overall procurement efficiency and establishing long-term cooperation with our suppliers. During the reporting period, the Company's suppliers were divided into two major categories, which are production and R&D suppliers, and services suppliers.

3.1 Supplier Access and Selection

The Company conducts background investigation and qualification audits on suppliers to regulate supplier access management. The inquiry team, which is composed by the request department, Supplier Management Department and Risk Control and Internal Audit Department, is mainly responsible for on-site inspection, supplier selection and investigation. Suppliers are required to meet both procurement quality and business requirements and have no major violations or dishonest behaviours before being included in Jacobio's supplier candidate list. At the bidding stage, we need to make the best selection after comparing prices among three suppliers and taking into account suppliers' qualifications, product or service quality and suppliers' performance on sustainable development. In case of single-source purchases for specific requirements or any other situation that is unable to make comparative prices between three suppliers, a justification must be specified during the approval process.

3.2 Daily Supplier Management

We have established a database of qualified suppliers, which maintains the records of supplier admission, approval and other processes through the Office Automation System (OA system), and updates the information of qualified suppliers in the system promptly. Based on the *Supplier Evaluation Form*, we evaluate the price advantage, quality, delivery speed and after-sales service of suppliers every year. Suppliers are managed on a hierarchical basis based on the evaluation results, with different policies of rewards and penalties that are applied. Unqualified suppliers will be eliminated in a timely manner.

As of 31 December 2020, Jacobio had 893 suppliers in total, including 802 located in China and 91 suppliers located overseas.

Environmental, Social and Governance Report

VI. ANTI-CORRUPTION

Jacobio strictly abides by commercial ethics in its development and stringently complies with the *Company Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant laws and regulations. We maintain zero-tolerance against corruption or bribery, extortion, fraud and money laundering, and aim to create a non-corrupt atmosphere to ensure compliance.

The Company requires directors and all employees to strictly observe the ethical standards of integrity and honesty, the details of which are specified in the *Employee Handbook*. We also provide anti-corruption training to all new employees to enhance the Company's anti-corruption and clean management education. In 2020, we have organized six anti-corruption training. In terms of anti-corruption in supplier management, we focused on large-scale procurement and other key risk areas. We have signed integrity agreements with all suppliers and require the Procurement Department to compare prices among three suppliers during our procurement, in a bid to avoid commercial bribery and corruption.

During the reporting period, the Company was not engaged in any major illegal events or litigation relating to corruption, bribery, extortion, fraud and money laundering.

VII. COMMUNITY INVESTMENT

Jacobio places emphasis on building a stable and effective mechanism for communicating with the community. While pursuing our own development, we insist on serving society, contributing to society, and actively practicing our corporate social responsibility.

We believe that organizing and participating in community investment activities will enable us to deeply understand and identify community needs, maintain communication and interaction with the community, and think about our impact on the community through business activities to build a harmonious community. In 2020, affected by the COVID-19 pandemic, the Company has minimized explicit social investment activities. With the normalization of the pandemic prevention and control efforts and the rapid expansion of our business scale, we will continue to study thoroughly the major needs and concerns of the community where we operate, and organize valuable and influential community investment activities based on our business and technical advantages to demonstrate our corporate responsibility.

Environmental, Social and Governance Report

APPENDIX: HKEX "ESG REPORTING GUIDE" – INDEX TABLE

Key Performance Indicators				Correspondent Chapters
A.	**Environmental**			
A1:	Emissions	General Disclosure	Related to air and greenhouse gases emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer.	Reduction of Pollutant Emissions
		A1.1	The types of emissions and respective emissions data.	Reduction of Pollutant Emissions
		A1.2	Greenhouse gas emissions in total and intensity.	Environmental Key Performance Indicators
		A1.3	Total hazardous waste produced and intensity.	Reduction of Pollutant Emissions
		A1.4	Total non-hazardous waste produced and intensity.	Reduction of Pollutant Emissions
		A1.5	Description of measures to mitigate emissions and results achieved.	Reduction of Pollutant Emissions
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Reduction of Pollutant Emissions
A2 :	Use of Resources	General Disclosure	Policies for the efficient use of resources (including energy, water and other raw materials).	Use of Resources
		A2.1	Consumption by type (e.g. electricity, gas or oil) in total and intensity.	Use of Resources
		A2.2	Water consumption in total and intensity.	Use of Resources
		A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
		A2.5	Total packaging material used for finished products and with reference to per unit produced.	Use of Resources

Environmental, Social and Governance Report

Key Performance Indicators			Correspondent Chapters
A3 : The Environment and Natural Resources	General Disclosure	Policies to reduce the issuer's significant impact on environment and natural resources.	The Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
B. Social			
B1 : Employment	General Disclosure	Related to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer.	Employment and Labour Standards
	B1.1	Total workforce by gender, employment type, age group and geographical region.	/
	B1.2	Employee turnover rate by gender, age group and geographical region.	/
B2 : Health and Safety	General Disclosure	Related to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer	Health and Safety
	B2.1	Number and rate of work-related fatalities.	/
	B2.2	Lost days due to work injury.	/
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 : Development and Training	General Disclosure	Policies to improve knowledge and skills of employees in the performance of their duties. Describing training activities.	Employee Incentives and Development ; Employee Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	/
	B3.2	The average training hours completed per employee by gender and employee category.	/

Environmental, Social and Governance Report

Key Performance Indicators				Correspondent Chapters
B4：	Labour Standards	General Disclosure	Related to the prevention of child or forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer.	Employment and Labour Standards
		B4.1	Description of measures to review employment practices to avoid child and forced labour.	/
		B4.2	Description of steps taken to eliminate such practices when discovered.	/
B5:	Supply Chain Management	General Disclosure	Policies for managing environmental and social risks in supply chain.	Supply Chain Management
		B5.1	Number of suppliers by geographical region.	Supply Chain Management
		B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier Access and Selection; Daily Supplier Management
B6:	Product Responsibility	General Disclosure	Related to health and safety, advertising, labeling and privacy matters and remedies of products and services provided: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer.	Product Responsibility
		B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	/
		B6.2	Number of products and service related complaints received and how they are dealt with.	Complaints and Product Recalls
		B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
		B6.4	Description of quality assurance process and recall procedures.	Enhancing Quality Management
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security and Privacy Protection

Environmental, Social and Governance Report

Key Performance Indicators			Correspondent Chapters
B7 : Anti-corruption	General Disclosure	Related to preventing bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer	Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	/
B8 : Community Investment	General Disclosure	Policies on community involvement to understand the needs of the communities in which the operation is conducted and to ensure that its business activities will take community interests into account.	Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	/
	B8.2	Resources contributed (e.g. money or time) to the focus area.	/

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, 2020.

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, 2020 by its principal activities is set out in note 5 to the consolidated financial statements of the Group on page 110 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 is set out in the section headed "Important Events After the Reporting Period" in this annual report. 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 development and commercialise its drug candidates, all of which are in pre-clinical or clinical development;
- its ability to identify additional drug candidates;
- its success in demonstrating safety and efficacy of its drug candidates to the satisfaction of regulatory authorities or produce positive results in its clinical trials;
- material aspects of the research, development and commercialisation 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 social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

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, 2020, 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, 2020 are set out in the section headed "Chairman's Statement" of this annual report and the consolidated statement of loss and consolidated statement of comprehensive loss on pages 79 to 80 of this annual report.

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 dividend 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 final dividend for the year ended December 31, 2020 (December 31, 2019: NIL).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("**AGM**") of the Company is scheduled to be held on May 25, 2021. A notice convening the AGM will be published and dispatched to the Shareholders of the Company in the manner required by the Listing Rules in due course. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from May 20, 2021 to May 25, 2021, 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 May 18, 2021.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2020, the Group's five largest suppliers accounted for 41.9%, as compared to 48.4% of the Group's total purchases for the year ended December 31, 2019. The Group's single largest supplier accounted for 12.0% for the year ended December 31, 2020, as compared to 19.1% of the Group's total purchases for the year ended December 31, 2019.

During the year ended December 31, 2020, 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.

Directors' Report

During the year ended December 31, 2020, the Group derived all of its revenues from the collaboration with AbbVie. None of the Directors, their respective close associates, or any Shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued Share capital, has any interest in the Group's customer.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and the Group during the year ended December 31, 2020 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended December 31, 2020 and details of the Shares issued during the year ended December 31, 2020 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, 2020 are set out on pages 82 in the consolidated statement of changes in shareholders' equity and note 27 to the consolidated financial statements.

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2020.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2020 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 79 to 142 of this annual report.

DIRECTORS

The Directors during the year ended December 31, 2020 and up to the date of this annual report were:

Name of director	Position
Dr. Yinxiang WANG	Executive Director
Ms. Xiaojie WANG	Executive Director
Dr. Shaojing HU	Executive Director
Ms. Yunyan HU	Executive Director
Dr. Ting FENG	Non-executive Director
Ms. Yanmin TANG	Non-executive Director
Dr. Dong LYU	Non-executive Director
Dr. Te-li CHEN	Non-executive Director
Dr. Ruilin SONG	Independent non-executive Director
Dr. Ge WU	Independent non-executive Director
Dr. Daqing CAI	Independent non-executive Director
Dr. Xiaoming WU	Independent non-executive Director

Directors' Report

In accordance with 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, Dr. Yinxiang WANG, Ms. Xiaojie WANG, Ms. Yanmin TANG and Dr. Dong LYU shall retire from office by rotation at the 2021 AGM and, being eligible, offer themselves for re-election. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from the date of their service contracts or until the third annual general meeting of the Company since the Listing Date (whichever is sooner).

The non-executive Director has signed a letter of appointment with the Company for an initial term of three years with effect from the date of his letter of appointment or until the third annual general meeting of the Company since the Listing Date (whichever is sooner).

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years with effect from the date of the Prospectus until the third annual general meeting of the Company the Listing Date (whichever is sooner). The above appointments are always 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, 2020.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries, whether for the provision of services or otherwise, during the year ended December 31, 2020.

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, 2020, 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	277,098,975[3]	36.48%
Ms. Xiaojie Wang	Interest in controlled corporation; interest held jointly with another person	277,098,975[4]	36.48%
Dr. Shaojing Hu	Interest in controlled corporation; interest held jointly with another person	277,098,975[5]	36.48%
Ms. Yunyan Hu	Interest in controlled corporation; interest held jointly with another person	277,098,975[6]	36.48%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 759,653,880 Shares in issue as at December 31, 2020.

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

4. The entire share capital of Ms. Wang's SPV is directly owned by Ms. Wang, and the voting rights of the Share held by Gloryviewpharma Ltd and Blesspharma Ltd which are intended to used for employee incentive purposes are exercisable by Ms. Wang. Accordingly, Ms. Wang is deemed to be interested the Shares held by Ms. Wang's SPV, Gloryviewpharma Ltd and Blesspharma Ltd. In addition, each of Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Honourpharma Ltd, Dr. Hu, Dr. Hu's SPV, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

5. The entire share capital of Dr. Hu's SPV is directly owned by Dr. Hu. Accordingly, Dr. Hu is deemed to be interested in the Shares held by Dr. Hu's SPV. In addition, each of Dr. Hu and Dr. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

6. The entire share capital of Ms. Hu's SPV is wholly owned by Ms. Hu. Accordingly, Ms. Hu is deemed to be interested in such number of Shares held by Ms. Hu's SPV. In addition, each of Ms. Hu and Ms. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Dr. Hu and Dr. Hu's SPV as they are parties acting in concert.

Save as disclosed above, as at December 31, 2020, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

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, 2020, 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[3]	Interest in controlled corporation; interest held jointly with another person	277,098,975	36.48%
Dr. Wang's SPV 1[3]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Dr. Wang's SPV 2[3]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Honourpharma Ltd[3]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Ms. Shen Zhu[4]	Interest of spouse	277,098,975	36.48%
Ms. Wang[5]	Interest in controlled corporation; interest held jointly with another person	277,098,975	36.48%
Ms. Wang's SPV[5]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Gloryviewpharma Ltd[5]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Blesspharma Ltd[5]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Ms. Ze Liu[6]	Interest of spouse	277,098,975	36.48%
Dr. Hu[7]	Interest in controlled corporation; interest held jointly with another person	277,098,975	36.48%
Dr. Hu's SPV[7]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
Ms. Xiaohong Zhang[8]	Interest of spouse	277,098,975	36.48%
Ms. Hu[9]	Interest in controlled corporation; interest held jointly with another person	277,098,975	36.48%
Ms. Hu's SPV[9]	Beneficial interest; interest held jointly with another person	277,098,975	36.48%
BioEngine Capital Holding Limited[10]	Beneficial interest	98,330,000	12.94%
Center Laboratories, Inc. [10]	Interest in controlled corporation	118,818,890	15.64%
LAV Coda Limited[11]	Beneficial interest	42,134,075	5.55%
LAV Biosciences Fund IV, L.P. [11]	Interest in controlled corporation	42,134,075	5.55%
LAV GP IV, L.P.[11]	Interest in controlled corporation	42,134,075	5.55%
LAV Corporate IV GP, Ltd.[11]	Interest in controlled corporation	42,134,075	5.55%
Yi Shi[11]	Interest in controlled corporation	51,282,225	6.75%

Directors' Report

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding[2]
Qiming Venture Partners VI, L.P. [12]	Beneficial interest	48,305,740	6.36%
Qiming Corporate GP V, Ltd[12]	Interest in controlled corporation	32,220,000	4.24%
Qiming Corporate GP VI, Ltd[12]	Interest in controlled corporation	49,605,555	6.53%
HH SPR-III Holdings Limited[12]	Beneficial interest	56,861,110	7.49%
Hillhouse Capital Management Ltd. [12]	Interest in controlled corporation	56,861,110	7.49%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the total number of 759,653,880 Shares in issue as at December 31, 2020.

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

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

5. The entire share capital of Ms. Wang's SPV is directly owned by Ms. Wang, and the voting rights of the Share held by Gloryviewpharma Ltd and Blesspharma Ltd which are intended to used for employee incentive purposes are exercisable by Ms. Wang. Accordingly, Ms. Wang is deemed to be interested the Shares held by Ms. Wang's SPV, Gloryviewpharma Ltd and Blesspharma Ltd. In addition, each of Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Honourpharma Ltd, Dr. Hu, Dr. Hu's SPV, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

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

7. The entire share capital of Dr. Hu's SPV is directly owned by Dr. Hu. Accordingly, Dr. Hu is deemed to be interested in the Shares held by Dr. Hu's SPV. In addition, each of Dr. Hu and Dr. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Ms. Hu and Ms. Hu's SPV as they are parties acting in concert.

Directors' Report

8. Ms. Xiaohong Zhang is the spouse of Dr. Hu. Accordingly, Ms. Xiaohong Zhang is deemed to be interested in the Shares in which Dr. Hu is interested.

9. The entire share capital of Ms. Hu's SPV is wholly owned by Ms. Hu. Accordingly, Ms. Hu is deemed to be interested in such number of Shares held by Ms. Hu's SPV. In addition, each of Ms. Hu and Ms. Hu's SPV is deemed to be interested in all Shares held by Dr. Wang, Dr. Wang's SPV 1, Dr. Wang's SPV 2, Willgenpharma Ltd, Honourpharma Ltd, Ms. Wang, Ms. Wang's SPV, Gloryviewpharma Ltd, Blesspharma Ltd, Dr. Hu and Dr. Hu's SPV as they are parties acting in concert.

10. To the best of our Director's knowledge, BioEngine Capital Holding Limited is an indirectly non-wholly owned subsidiary of Center Laboratories, Inc. Accordingly, Center Laboratories, Inc. is deemed to be interested in the Shares in which BioEngine Capital Holding Limited is interested. In addition, since Center Laboratories, Inc. is interested in 33.23% of the interests in Fangyuan, Center Laboratories, Inc. is also deemed to be interested in the Shares held by Fangyuan Growth SPC – PCJ Healthcare Fund SP.

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

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

    Therefore, Yi Shi is deemed to be interested in the Shares held by both LAV Coda Limited and LAV Biosciences Fund V, L.P.

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

Save as disclosed above, as at December 31, 2020, 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, 2020 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, 2020, 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.

CONTINUING CONNECTED TRANSACTIONS

The Group has no non-exempt continuing connected transactions (the "**Continuing Connected Transactions**") for the Group for the year ended December 31, 2020 which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. Details of related party transactions of the Group for the year ended December 31, 2020 are set out in note 32 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.

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.

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, 2020.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 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" section of this annual report.

Directors' Report

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements, is set out on page 143 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2020 are set out in note 34 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, 2020. 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, 2020.

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, 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company since the Listing and up to December 31, 2020.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2020. 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, 2020.

SHARE OPTION SCHEME

From the Listing Date and up to the date of this annual report, the Company did not have any share option scheme which was required to be disclosed.

MATERIAL CONTRACTS AND EXECUTION

During the Reporting Period, the Group did not have any material custody, contracting or lease arrangements, nor were there such arrangements carried forward to the Reporting Period from the previous period.

Directors' Report

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company's Shares were listed on the Main Board of the Stock Exchange on the Listing Date. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO of approximately HK$1,263.1 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus as follows:

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

  (i) approximately 44.0%, or US$66.4 million (HK$515.0 million), will be used for planned clinical trials and preparation for registration filings of JAB-3068, of which (a) 14.8%, or US$22.3 million (HK$173.2 million), is expected to be used to fund planned registrational clinical trials to evaluate JAB-3068 as monotherapy for the treatment of NSCLC, ESCC and HNSCC and the preparation for registration filings in mainland China, Hong Kong and Macau (the "**Territory**"), and (b) 29.2%, or US$44.1 million (HK$341.8 million), is expected to be used to fund planned registrational clinical trials to evaluate the combination therapy of JAB-3068 and PD-1 antibody for the treatment of NSCLC, ESCC and HNSCC and preparation for registration filings in the Territory. As detailed in the paragraphs headed "Business – III. Collaboration with AbbVie," of the Prospectus, AbbVie would reimburse our costs and expenses incurred from and after the Effective Date which do not exceed 105% of the then-current development budget, and we would bear any costs and expenses in excess of the 105% threshold, subject to certain exceptions. In addition, we maintain our exclusive rights to develop, commercialize and manufacture the SHP2 Products for the purposes of seeking regulatory approval of and to commercialize such SHP2 Products in the Territory and will bear the costs and expenses so incurred, including but not limited to those related to registrational trials and registration filings in the Territory. We expect to incur such costs and expenses for registrational trials and registration filings during 2022 to 2024. The net proceeds allocated for conducting the above-mentioned R&D activities of JAB-3068 will not include our costs and expenses to be reimbursed by AbbVie;

  (ii) approximately 18.0%, or US$27.2 million (HK$210.7 million), will be used for planned clinical trials and preparation for registration filings of JAB-3312, of which (a) 7.6%, or US$11.5 million (HK$89.0 million), is expected to be used to fund planned registrational clinical trials to evaluate JAB-3312 as monotherapy for the treatment of NSCLC and preparation for registration filings in the Territory, and (b) 10.4%, or US$15.7 million (HK$121.7 million), is expected to be used to fund planned registrational clinical trials to evaluate JAB-3312 in combination with each of a MEK inhibitor and a KRAS G12C inhibitor for treatment of NSCLC and preparation for registration filings in the Territory. As detailed in the paragraphs headed "Business – III. Collaboration with AbbVie," of the Prospectus, AbbVie would reimburse our costs and expenses incurred from and after the Effective Date which do not exceed 105% of the then-current development budget, and we would bear any costs and expenses in excess of the 105% threshold, subject to certain exceptions. In addition, we maintain our exclusive rights to develop, commercialize and manufacture the SHP2 Products for the purposes of seeking regulatory approval of and to commercialize such SHP2 Products in the Territory and will bear the costs and expenses so incurred, including but not limited to those related to registrational trials and registration filings in the Territory. The net proceeds allocated for conducting the above-mentioned R&D activities of JAB-3312 will not include our costs and expenses to be reimbursed by AbbVie;

Directors' Report

(iii) approximately 4.0%, or US$6.0 million (HK$46.8 million), will be used for building our sales and marketing team and commercialization activities of JAB-3068 and JAB-3312 in the Territory. We plan to establish our internal sales and marketing teams at least one year before the anticipated commercial launch of our SHP2 products, which is expected to be as early as mid-2023;

(iv) approximately 10.0%, or US$15.1 million (HK$117.1 million), will be used for ongoing and planned clinical trials of JAB-8263, of which (a) 6.0%, or US$9.1 million (HK$70.2 million), is expected to be used to fund ongoing and planned clinical trials to evaluate JAB-8263 as monotherapy for the treatment of solid tumors in the U.S., and (b) 4.0%, or US$6.0 million (HK$46.8 million), is expected to be used to fund planned clinical trials to evaluate JAB-8263 as monotherapy for the treatment of solid tumors, MF and AML in China. We have enrolled the first patient in the Phase I trial in the U.S. in November 2020, and plan to enroll the first patient in the Phase I trial in China in the first half of 2021;

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

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

(b) approximately 8.0%, or US$12.1 million (HK$93.6 million), will be used for the construction of our in-house GMP-compliant manufacturing facility, of which approximately US$3.5 million (HK$26.6 million) will be used for the lease of the buildings, approximately US$4.5 million (HK$35.0 million) will be used to the construction of infrastructure and decoration of facilities in compliance with GMP standards, and approximately US$4.2 million (HK$32.0 million) will be used for the construction of production lines, including the procurement of new machineries, instruments and equipment. Our manufacturing facility will be primarily used to manufacture and supply drug products for the clinical trials and commercial sale of our drug candidates, primarily including JAB-3068. It is estimated that the construction of the building will be completed by the end of 2022, and the construction of the production lines and other production facilities within the building will be completed by the end of 2023. Please also refer to the paragraph headed "Business – Our Strategies – Build manufacturing and commercialization capabilities in China" of the Prospectus;

and

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

Up to December 31, 2020, such proceeds have not been utilized. The Company intends to use the net proceeds in the manner consistent with that mentioned in the section head "Future Plans and Use of Proceeds" in the Prospectus. The Company expects that approximately 10% to 15% of the net proceeds of the global offering will be utilized in 2021 and plans to utilize the balance of the net proceeds of the global offering by the end of 2025. The completion time of using such proceeds will be determined based on the Company's actual business needs and future business development.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

Directors' 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.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2020 have been audited by PricewaterhouseCoopers who will retire at the 2021 AGM. PricewaterhouseCoopers, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhourseCoopers as the auditor of the Company will be proposed at the 2021 AGM.

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

Dr. Yinxiang WANG
Chairman and Chief Executive Officer

Hong Kong, March 26, 2021

Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of JACOBIO PHARMACEUTICALS GROUP CO., LTD. (the "Company") and its subsidiaries (the "Group") set out on pages 79 to 142, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of loss for the year then ended;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to Note 2.18, 4(a) and 5 to the consolidated financial statements. The Group recognised revenue totalled RMB486,286,000 for the year ended 31 December 2020 in relation to a license and collaboration agreement entered by the Group with a customer (the "Agreement"). Under the terms of the Agreement, the Group agreed to grant licenses of certain intellectual properties and to provide research and development services in relation to certain licensed products to this customer. The considerations of the Agreement consist of non-refundable upfront payment, reimbursements for research and development costs incurred, and variable considerations including milestone payments and royalties on net sales of the licensed products. Revenue was recognised when control of goods or services was transferred to the customer at an amount that reflected the consideration to which the Group expected to be entitled in exchange for those goods or services. As part of the accounting for the revenue from the Agreement, the Group's management used significant judgements to identify the number of performance obligations included in the Agreement, and to assess whether a variable consideration should be included in the transaction price.	In addressing this matter, we had performed the following procedures: • We understood, evaluated and tested the key controls over revenue recognition performed by management of the Group. • We assessed the reasonableness of management's judgement on the identification of performance obligations based on the contractual terms of the Agreement and our knowledge of the business. • We assessed the reasonableness of management's judgement on whether a milestone event for the variable consideration was considered to be highly probable of being achieved based on the contractual terms of the Agreement, external approvals obtained, and activities performed by the Group. • We tested, on a sample basis, the revenue transactions by examining the supporting documents, including terms of the Agreement, cash receipts, external approvals obtained, the underlying invoices and contracts with suppliers. Based on the above procedures performed, we found the revenue recognised was supported by the evidences we gathered.

Independent Auditor's Report

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

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

From the matters communicated with the Audit Committee, 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 Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2021

Consolidated Statement of Loss

	Note	Year ended 31 December 2020 ***RMB'000***	2019 *RMB'000*
Revenue	*5*	**486,286**	–
Cost of revenue	*6*	**(44,115)**	–
Gross profit		**442,171**	–
Research and development expenses	*6*	**(185,952)**	(138,976)
Administrative expenses	*6*	**(53,838)**	(71,081)
Other income	*8*	**7,695**	10,046
Other (losses)/gains – net	*9*	**(30,965)**	5,841
Operating profit/(loss)		**179,111**	(194,170)
Finance income	*10*	**3,144**	5,332
Finance expenses	*10*	**(1,497)**	(1,374)
Finance income – net	*10*	**1,647**	3,958
Fair value losses in financial instruments with preferred rights	*23*	**(1,694,435)**	(235,605)
Loss before income tax		**(1,513,677)**	(425,817)
Income tax expense	*11*	**–**	–
Loss for the year		**(1,513,677)**	(425,817)
Loss attributable to:			
Owners of the Company		**(1,513,655)**	(424,811)
Non-controlling interests		**(22)**	(1,006)
		(1,513,677)	(425,817)
Loss per share attributable to owners of the Company:			
– Basic and diluted (in RMB per share)	*12*	**(3.97)**	(1.94)

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

Consolidated Statement of Comprehensive Loss

	Note	Year ended 31 December 2020 ***RMB'000***	2019 *RMB'000*
Loss for the year		**(1,513,677)**	(425,817)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**31**	33
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial instruments with preferred rights due to own credit risk	*23*	**(5,474)**	(5,693)
Other comprehensive loss for the year, net of tax		**(5,443)**	(5,660)
Total comprehensive loss		**(1,519,120)**	(431,477)
Total comprehensive loss attributable to:			
Owners of the Company		**(1,519,098)**	(430,471)
Non-controlling interests		**(22)**	(1,006)
		(1,519,120)	(431,477)

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

Consolidated Balance Sheet

	Note	As at 31 December 2020 ***RMB'000***	2019 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**30,261**	26,630
Right-of-use assets	*15*	**3,868**	7,400
Intangible assets	*16*	**1,171**	–
Other receivables and prepayments	*17*	**16,702**	11,213
Total non-current assets		**52,002**	45,243
Current assets			
Contract assets	*5*	**171,413**	–
Other receivables and prepayments	*17*	**15,743**	3,746
Derivative financial instruments	*18*	**784**	–
Cash and bank balances	*19*	**1,627,408**	314,338
Total current assets		**1,815,348**	318,084
Total assets		**1,867,350**	363,327
SHAREHOLDERS' EQUITY/(DEFICIT)			
Equity/(deficit) attributable to owners of the Company			
Share capital	*26*	**502**	30
Other reserves	*27*	**3,846,602**	85,206
Share-based compensation reserve	*28*	**100,728**	81,072
Accumulated losses		**(2,161,632)**	(636,117)
		1,786,200	(469,809)
Non-controlling interests		**–**	(269)
Total shareholders' equity/(deficit)		**1,786,200**	(470,078)
LIABILITIES			
Non-current liabilities			
Lease liabilities	*22*	**2,011**	10,807
Deferred income	*21*	**5,261**	6,612
Financial instruments with preferred rights	*23*	**–**	770,265
Total non-current liabilities		**7,272**	787,684
Current liabilities			
Trade payables	*24*	**28,281**	12,737
Other payables and accruals	*25*	**37,376**	23,960
Lease liabilities	*22*	**8,221**	9,024
Total current liabilities		**73,878**	45,721
Total liabilities		**81,150**	833,405
Total equity and liabilities		**1,867,350**	363,327

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

The consolidated financial statements on pages 79 to 142 were approved by the board of Directors on 26 March 2021 and were signed on its behalf

Yinxiang Wang	**Xiaojie Wang**
Name of director	*Name of director*

Consolidated Statement of Changes in Shareholders' Equity

		Attributable to owners of the Company						
	Note	Share capital *RMB'000*	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2020		**30**	**85,206**	**81,072**	**(636,117)**	**(469,809)**	**(269)**	**(470,078)**
Comprehensive (loss)/income								
Loss for the year		**–**	**–**	**–**	**(1,513,655)**	**(1,513,655)**	**(22)**	**(1,513,677)**
Exchange differences on translation of foreign operations		**–**	**31**	**–**	**–**	**31**	**–**	**31**
Changes in fair value of financial instruments with preferred right due to own credit risk	23	**–**	**(5,474)**	**–**	**–**	**(5,474)**	**–**	**(5,474)**
Transactions with owners								
Contributions from shareholders	26	**31**	**17,150**	**–**	**–**	**17,181**	**–**	**17,181**
Share-based payments	28	**–**	**–**	**19,656**	**–**	**19,656**	**–**	**19,656**
Transactions with non-controlling interests	27	**–**	**(5,791)**	**–**	**–**	**(5,791)**	**291**	**(5,500)**
Conversion of preferred shares to ordinary shares	26, 27	**31**	**2,664,500**	**–**	**(11,860)**	**2,652,671**	**–**	**2,652,671**
Capitalisation Issue	26, 27	**347**	**(347)**	**–**	**–**	**–**	**–**	**–**
Shares issued upon global offering	26, 27	**63**	**1,091,327**	**–**	**–**	**1,091,390**	**–**	**1,091,390**
Balance at 31 December 2020		**502**	**3,846,602**	**100,728**	**(2,161,632)**	**1,786,200**	**–**	**1,786,200**

		Attributable to owners of the Company						
	Note	Share capital *RMB'000*	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2019		30	103,483	12,428	(211,306)	(95,365)	(1,880)	(97,245)
Comprehensive (loss)/income								
Loss for the year		–	–	–	(424,811)	(424,811)	(1,006)	(425,817)
Exchange differences on translation of foreign operations		–	33	–	–	33	–	33
Changes in fair value of financial instruments with preferred right due to own credit risk	23	–	(5,693)	–	–	(5,693)	–	(5,693)
Transactions with owners								
Share-based payments	28	–	–	68,644	–	68,644	–	68,644
Transaction with non-controlling interests	27	–	(12,617)	–	–	(12,617)	2,617	(10,000)
Balance at 31 December 2019		30	85,206	81,072	(636,117)	(469,809)	(269)	(470,078)

The above consolidated statement of changes in shareholders' equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2020 **RMB'000**	2019 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	29	**76,789**	(115,620)
Interest received		**2,036**	2,595
Net cash generated from/(used in) operating activities		**78,825**	(113,025)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(10,138)**	(3,342)
Purchases of intangible assets		**(819)**	–
Proceeds from disposal of property, plant and equipment		**32**	23
Purchases of wealth management products		**(194,000)**	(26,000)
Proceeds from disposal of wealth management products		**194,000**	26,000
Receipt of investment income on wealth management products		**686**	425
Purchases of deposits with original maturities of over 3 months		**(274,307)**	(201,384)
Proceeds from settlement of deposits with original maturities of over 3 months		**69,481**	201,384
Interest received on deposits with original maturities of over 3 months		**746**	2,737
Repayment from a third party		**–**	60
Payment for lease deposits		**–**	(176)
Payments for restricted bank deposits		**(1,245)**	–
Net cash used in investing activities		**(215,564)**	(273)
Cash flows from financing activities			
Interest paid		**(1,857)**	(179)
Net proceeds from issue of ordinary shares upon global offering		**1,103,517**	–
Proceeds from issuance of financial instruments with preferred rights		**182,497**	–
Transactions with non-controlling interests		**(5,500)**	(10,000)
Contributions from shareholders		**17,181**	–
Advance from and repayment to a third party		**(12,000)**	12,000
Repayment to a non-controlling shareholder		**–**	(200)
Principal elements of lease payments		**(8,457)**	(692)
Net cash generated from financing activities		**1,275,381**	929
Net increase/(decrease) in cash and cash equivalents		**1,138,642**	(112,369)
Cash and cash equivalents at beginning of the year		**314,338**	420,833
Effects of exchange rate changes on cash and cash equivalents		**(22,564)**	5,874
Cash and cash equivalents at end of the year	19	**1,430,416**	314,338

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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

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

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

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

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

The consolidated financial statements have been approved for issue by the board of Directors on 26 March 2021.

1.2 Reorganisation

The Group underwent a group reorganisation (the "Reorganisation") in 2018. Upon the Reorganisation, Jacobio Pharmaceuticals Co., Ltd. ("Beijing Jacobio") and its subsidiaries, by which the research and development activities were carried out prior to the incorporation of the Company, were transferred to the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

2.1 Basis of preparation

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

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

– Definition of Material – amendments to IAS 1 and IAS 8

– Definition of a Business – amendments to IFRS 3

– Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

– Revised Conceptual Framework for Financial Reporting

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

The Group also elected to adopt the following amendments early:

– COVID-19-Related Rent Concessions – amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and their impact on the amounts recognised in current period are presented in Note 15.

(d) New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group, are as follows:

		Effective for accounting periods beginning on or after
Amendments to IAS 16	Property, Plant and Equipment – proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to IFRS 3	Update reference to the conceptual framework	1 January 2022
Annual improvements to IFRS standards 2018 – 2020	Annual improvements to IFRS standards 2018 – 2020	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.1 Basis of preparation (Continued)

(d) New standards and interpretations not yet adopted (Continued)

The Group has already commenced an assessment of the impact of these new or revised standards, and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Subsidiaries

(a) Consolidation

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

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

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

(i) Business combination

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

Acquisition-related costs are expensed as incurred.

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(i) Business combination (Continued)

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

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

(ii) Changes in ownership interests without change of control

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

(iii) Disposal of subsidiaries

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.2 Subsidiaries (Continued)

(b) Separate financial statements

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

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency. The functional currency of a subsidiary of the Company, which operates business in the United States of America ("United States" or "U.S."), is USD.

(b) Transactions and balances

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies

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

(i) Assets and liabilities for balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for consolidated statement of comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

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

2.5 Property, plant and equipment

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

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.5 Property, plant and equipment (Continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive loss.

2.6 Intangible assets

(a) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives of 3 years.

(b) Non-proprietary technologies

Acquired non-proprietary technologies are initially recorded at cost incurred to acquire and are amortised on a straight-line basis over their estimated useful lives.

(c) Research and development

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.6 Intangible assets (Continued)

(c) Research and development (Continued)

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

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

During the years ended 31 December 2020 and 2019, there were no development costs meeting these criteria and capitalised as intangible assets.

2.7 Impairment of non-financial assets

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

2.8 Financial assets

(a) Classification

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

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

– Those to be measured at amortised cost.

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

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.8 Financial assets (Continued)

(b) Recognition and measurement

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

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

Debt instruments

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

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

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

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

During the years ended 31 December 2020 and 2019, no amount is recognised in respect of financial assets at fair value through other comprehensive income.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.8 Financial assets (Continued)

(b) Recognition and measurement (Continued)

Derivatives

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

(c) Derecognition of financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.9 Offsetting financial instruments

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

2.10 Trade and other receivables

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

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

2.11 Cash and cash equivalents

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

2.12 Share capital

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

2.13 Trade and other payables

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

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

2.14 Financial instruments with preferred rights

Financial instruments with preferred rights are preferred shares issued by the Company that are redeemable upon occurrence of certain future events. Each Preferred Share (has the meaning given in Note 23) shall be converted into fully-paid and non-assessable ordinary shares, based on the then-effective applicable conversion price after the respective date on which relevant class of shares are issued. Each Preferred Share shall automatically be converted into ordinary share at the then respective effective applicable conversion price upon (i) the closing of a qualified initial public offering ("IPO") agreed by the Company and the preferred shareholders, or (ii) the written consent of the majority of each class of the Preferred Shares.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.14 Financial instruments with preferred rights (Continued)

The Group designated redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Subsequent to initial recognition, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive loss, and the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All preferred shares were converted into ordinary shares upon the global offering on 21 December 2020 (Note 26(c)).

2.15 Borrowing costs

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

2.16 Income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.16 Income tax (Continued)

(b) Deferred income tax (Continued)

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

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

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

(c) Offsetting

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

2.17 Employee benefits

(a) Short-term obligations

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

(b) Pension obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.17 Employee benefits (Continued)

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

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

(d) Share-based payments

(i) Equity-settled share-based payment transaction

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

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions;
- Including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.17 Employee benefits (Continued)

(d) Share-based payments (Continued)

(ii) Share-based payment transaction among group entities

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

2.18 Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.18 Revenue recognition (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.18 Revenue recognition (Continued)

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

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

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

2.19 Government grants

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

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

2.20 Leases

The Group leases properties for operation. Rental contracts are typically made for a fixed period of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.20 Leases (Continued)

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

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

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

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

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

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

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 2.7).

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions have been accounted for as negative variable lease payments and recognised in the consolidated statement of loss for the current period with a corresponding adjustment to the lease liabilities.

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

2.21 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- The loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted loss per share

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

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

During the year ended 31 December 2020 and 2019, the Group mainly operates in the PRC with most of the transactions settled in RMB, but also undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. Management manages its foreign exchange risk by closely reviewing the movement of the foreign currency rates and considers hedging significant foreign exchange exposure should the need arise.

The Group's exposure to foreign currency risk at 31 December 2020 and 2019, expressed in RMB, was as follows:

	As at 31 December 2020		As at 31 December 2019
	USD	***HKD***	*USD*
	RMB'000	***RMB'000***	*RMB'000*
Contract assets	**171,413**	**–**	–
Other receivables and prepayments	**363**	**–**	–
Cash and bank balances *(Note)*	**405,088**	**1,097,734**	298,163
Trade payables	**(15,113)**	**–**	(2,363)
Other payables and accruals	**(641)**	**(13,700)**	–
Financial instruments with preferred rights	**–**	**–**	(770,265)

Note:

In 2020, the Group entered into several foreign exchange forward contracts with banks in order to manage the Group's foreign currency exposure in relation to USD against RMB (Note 18). The notional amount of foreign exchange forward contracts is USD4,000,000, which is excluded from the Group's exposure to foreign exchange risk.

As at 31 December 2020, if USD/HKD had strengthened/weakened by 5% against RMB with all other variables held constant, net loss would have been approximately RMB82,257,000 lower/higher (2019: RMB23,723,000 higher/lower).

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from other payable to a third party with variable rates (Note 25), which expose the Group to cash flow interest rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss would approximately increase by nil for the year ended 31 December 2020 (2019: RMB60,000).

(b) Credit risk

Credit risk mainly arises from cash and bank balances, contract assets, derivative financial instruments and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

For cash and bank balances and derivative financial instruments, the Group considers the credit risk is low because the counterparties are state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. The directors of the Company do not expect any losses and no loss allowance provision for short-term bank deposits and bank balances.

For contract assets and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group applies the simplified approach for the Group's contract assets using a lifetime expected loss provision. The directors of the Company do not expect any losses from contract assets from the customer, which is a reputable pharmaceutical company with low credit risk, and no loss allowance provision for contract assets was recognised.

Management has assessed that during the years, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The directors of the Company do not expect any losses from non-performance by the counterparties of other receivables, and no loss allowance provision for other receivables was recognised.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash to meet operating capital requirements.

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

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at 31 December 2020					
Trade payables	**28,281**	**–**	**–**	**–**	**28,281**
Other payables and accruals (excluding non-financial liabilities)	**22,555**	**–**	**–**	**–**	**22,555**
Lease liabilities	**8,653**	**1,046**	**1,080**	**–**	**10,779**
Total	**59,489**	**1,046**	**1,080**	**–**	**61,615**
As at 31 December 2019					
Trade payables	12,737	–	–	–	12,737
Other payables and accruals (excluding non-financial liabilities)	15,985	–	–	–	15,985
Lease liabilities	9,496	9,567	2,126	–	21,189
Total	38,218	9,567	2,126	–	49,911

The Group recognises financial instruments with preferred rights at fair value through profit or loss. Accordingly, financial instruments with preferred rights are managed on a fair value basis rather than by maturing dates. All preferred shares were converted into ordinary shares upon the global offering on 21 December 2020 (Note 26(c)).

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

The Group monitors capital by regularly reviewing the capital structure. The Group may adjust the amount of dividends paid to shareholders, provide returns for shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total borrowings and lease liabilities less cash and bank balances. Adjusted capital comprises all components of equity as shown in the consolidated balance sheet and preferred shares on an as-if-converted basis. As at 31 December 2020 and 2019, the Group has no net debt outstanding.

3.3 Fair value estimation

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

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's liabilities that were measured at fair value at 31 December 2020 and 2019:

	As at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Assets				
Derivative financial instruments	**–**	**784**	**–**	**784**

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Financial instruments with preferred rights	–	–	770,265	770,265

There were no changes in valuation techniques during the year ended 31 December 2020 and 2019.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2020 and 2019.

The changes and valuations of level 3 instruments for the years ended 31 December 2020 and 2019 are presented in Note 23.

The carrying amounts of the Group's other financial assets and liabilities, including cash and bank balances, other receivables, lease liabilities, trade payables and other payables, approximate their fair values.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition

(i) Identification of performance obligations

The Group identifies the performance obligations within the contracts and evaluates which performance obligations are distinct, which requires the use of judgement. The Group has determined that both the licenses of intellectual property and research and development services are each capable of being distinct. The Group also determined that the promises to transfer the licenses of intellectual property and to provide research and development services are distinct within the context of the contract. In addition, the licenses of intellectual property and research and development services are not highly interdependent or highly interrelated in the contracts because the delivery of the license is not dependent on the service to be provided in the future. Consequently, the Group has allocated a portion of the transaction price to the license of intellectual property and research and development services based on relative standalone selling prices.

(ii) Estimation of variable consideration

The consideration within the contracts includes milestone payments or other variable consideration, except for royalties. The Group determine the amount of variable consideration by using either the expected value or the most likely amount based on which method better predicts the amount of consideration to which it will be entitled. The Group assesses whether the milestones are considered highly probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. In making these assessments, the Group considers various factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve a particular milestone.

(b) Estimation of fair value of financial instruments with preferred rights

The financial instruments with preferred rights issued by the Company are not traded in an active market and the respective fair values are determined using valuation techniques. The Group used the discounted cash flow method and back-solve method to determine the underlying share value and adopted the equity allocation model to determine the fair value of the financial instruments with preferred rights as at each date of issuance and at the end of each reporting period. Key assumptions, such as discount rate, risk-free interest rate, volatility, discount for lack of marketability ("DLOM") and probability for a qualified IPO are disclosed in Note 23. Any change in key assumptions used in the discounted cash flow method and the equity allocation model will have impacts on the fair values.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Recognition of share-based compensation expenses

As mentioned in Note 28, equity-settled share-based compensation plans were granted to the employees. The Group have used Black-Scholes model or binomial model to determine the total fair value of the share options and used back-solve method to determine the total fair value of the restricted shares granted to employees, which are to be expensed over the vesting period. Significant estimate on assumptions, such as the risk-free interest rate, expected volatility, estimation of vesting period and dividend yield, is required to be made by the Group in applying the methods.

(d) Current and deferred income taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies who had tax losses.

5 SEGMENT AND REVENUE INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

(a) Description of segments

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

(b) license and collaboration agreement with a customer

The Group recognised revenue totalled RMB486,286,000 for the year ended 31 December 2020 in relation to a license and collaboration agreement entered by the Group with a customer (the "Agreement"). Under the terms of the Agreement, the Group agreed to grant licenses of certain intellectual properties and to provide research and development services in relation to certain licensed products to this customer. The considerations of the Agreement consist of non-refundable upfront payment, reimbursements for research and development costs incurred, and variable considerations including milestone payments and royalties on net sales of the licensed products.

Notes to the Consolidated Financial Statements

5 SEGMENT AND REVENUE INFORMATION (Continued)

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue from the Agreement	**486,286**	–

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition:		
Over time	**47,946**	–
At a point in time	**438,340**	–
Revenue from contracts with customers	**486,286**	–

(d) Assets related to contracts with customers

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

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Contract assets relating to the Agreement	**171,413**	–
Less: loss allowance	**–**	–
Current portion	**171,413**	–

Notes to the Consolidated Financial Statements

6 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Employee benefits expenses *(Note 7)*	**83,102**	111,338
Testing fee	**102,570**	48,189
Raw materials and consumables used	**37,919**	24,057
Depreciation and amortisation	**8,388**	13,187
Professional services expenses	**10,587**	3,555
Short-term leases expenses	**4,010**	3,489
Utilities and office expenses	**5,400**	3,361
Listing expenses	**26,630**	–
Travelling and transportation expenses	**861**	1,288
Auditor's remuneration	**1,666**	127
Others	**2,772**	1,466
Total	**283,905**	210,057

7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**56,303**	30,653
Share-based compensation expenses *(Note 28)*	**19,656**	68,644
Social security costs and housing benefits	**5,335**	9,797
Other employee benefits	**1,808**	2,244
	83,102	111,338

(a) Employee benefits expenses by nature

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of revenue	**5,424**	–
Research and development expenses	**61,526**	44,905
Administrative expenses	**16,152**	66,433
	83,102	111,338

Notes to the Consolidated Financial Statements

8 OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Government grants	**7,009**	9,621
Investment income on wealth management products	**686**	425
	7,695	10,046

9 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(31,749)**	5,841
Net fair value gains on derivative financial instruments	**784**	–
	(30,965)	5,841

10 FINANCE INCOME – NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
– Interest income	**3,144**	5,332
Finance expenses		
– Interest costs on lease liabilities	**(980)**	(896)
– Interest costs on other payable to a third party *(Note 25)*	**(243)**	(478)
– Finance cost on other financial instruments at amortised cost	**(274)**	–
	(1,497)	(1,374)
Finance income – net	**1,647**	3,958

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax expense	–	–
Deferred income tax expense	–	–
	–	–

(a) The Group's principal applicable taxes and tax rates are as follows:

Cayman Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2 million and 16.5% for any assessable profits in excess. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year ended 31 December 2020 and 2019.

United States

The subsidiary incorporated in Massachusetts, United States is subject to statutory United States federal corporate income tax at a rate of 21%. It is also subject to the state income tax in Massachusetts at a rate of 8.00% during the year ended 31 December 2020 and 2019.

Mainland China

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to enterprise income tax at a rate of 25% on the taxable income.

Pursuant to the relevant laws and regulations, a subsidiary of the Company has been eligible as a High/New Technology Enterprise ("HNTE") which is subject to a tax concession rate of 15% during the year ended 31 December 2020 and 2019.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for that year.

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSE (Continued)

(b) Numerical reconciliation of income tax expense

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Loss before income tax	**(1,513,677)**	(425,817)
Tax credits calculated at statutory tax rate of 25%	**(378,419)**	(106,454)
Impact of applying different tax rate	**426,887**	55,441
Recognition of previously unrecognised tax losses	**(32,681)**	–
Expenses not deductible for taxation purposes	**4,969**	20,445
Super deduction of research and development expenses	**(30,128)**	(17,065)
Tax losses not recognised as deferred tax assets	**9,372**	47,633
Income tax expense	**–**	–

As at 31 December 2020 and 2019, the Group had unused tax losses of approximately RMB400,201,000 and RMB377,707,000 respectively that can be carried forward against future taxable income.

Except disclosed below, no deferred tax assets have been recognised in respect of such tax losses due to the unpredictability of future taxable income.

As at 31 December 2020, deferred tax liabilities of RMB19,608,000 (2019: nil) were recognised at a tax rate of 15% for taxable temporary differences of RMB130,724,000 related to a milestone payment from the Agreement, against which the tax losses can be utilised. Therefore, deferred tax assets of RMB19,608,000 (2019: nil) were recognised for previously unrecognised tax losses. The deferred tax assets and deferred tax liabilities were offset in the consolidated financial statements.

The unused tax losses of the Group were mainly from the subsidiaries incorporated in Mainland China. Pursuant to the relevant regulations, the tax losses of the subsidiaries incorporated in Mainland China, which are HNTE or Small and Medium-sized Technological Enterprises, will expire within 10 years.

Notes to the Consolidated Financial Statements

12 LOSS PER SHARE

(a) Basic loss per share

Basic and diluted loss per share reflecting the effect of the issuance of ordinary shares by the Company are presented as follows.

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding.

	Year ended 31 December	
	2020	2019
Loss attributable to owners of the Company for the year (RMB'000)	**(1,513,655)**	(424,811)
Weighted average number of fully paid ordinary shares in issue (in thousands) (i)	**381,028**	218,818
Basic loss per share (in RMB per share) (ii)	**(3.97)**	(1.94)

(i) 29,499,000 Series A preferred shares without redemption rights("Series A Preferred Shares") and 2,812,193 Founders' Series B Preferred Shares (as defined in Note 23) were treated as ordinary shares for the purpose to calculate loss per share for the years ended 31 December 2020 and 2019 as they were recognised in equity and had no preferred right as to dividends compared with ordinary shares prior to the conversion to ordinary shares.

The weighted average number of ordinary shares for the purpose of basic loss per share for the years ended 31 December 2020 and 2019 has been retrospectively adjusted for the Capitalisation Issue (as defined in Note 26).

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

(ii) The calculation of basic loss per share has not considered the shares which were issued but not fully paid as dividends shall be declared and paid according to the amounts paid on the shares.

(b) Diluted loss per share

The Group had potential dilutive shares throughout the year ended 31 December 2020 and 2019 related to the shares held for share award scheme. Due to the Group's negative financial results for the year ended 31 December 2020 and 2019, shares held for share award scheme has anti-dilutive effect on the Group's loss per share. Thus, diluted loss per share is equivalent to the basic loss per share.

13 DIVIDEND

No dividend has been declared by the Company for the year ended 31 December 2020 (2019: nil).

Notes to the Consolidated Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment *RMB'000*	Office equipment and furniture *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
As at 1 January 2020				
Cost	**30,766**	**2,473**	**7,552**	**40,791**
Accumulated depreciation	**(7,708)**	**(1,484)**	**(4,969)**	**(14,161)**
Net book value	**23,058**	**989**	**2,583**	**26,630**
Year ended 31 December 2020				
Opening net book amount	**23,058**	**989**	**2,583**	**26,630**
Additions	**7,966**	**1,038**	**470**	**9,474**
Disposals	**(32)**	**–**	**–**	**(32)**
Depreciation charge	**(3,235)**	**(556)**	**(1,944)**	**(5,735)**
Effects of exchange rate changes	**(76)**	**–**	**–**	**(76)**
Closing net book value	**27,681**	**1,471**	**1,109**	**30,261**
As at 31 December 2020				
Cost	**38,624**	**3,511**	**8,022**	**50,157**
Accumulated depreciation	**(10,943)**	**(2,040)**	**(6,913)**	**(19,896)**
Net book value	**27,681**	**1,471**	**1,109**	**30,261**
As at 1 January 2019				
Cost	28,035	2,104	7,125	37,264
Accumulated depreciation	(4,669)	(952)	(3,164)	(8,785)
Net book value	23,366	1,152	3,961	28,479
Year ended 31 December 2019				
Opening net book amount	23,366	1,152	3,961	28,479
Additions	2,735	388	427	3,550
Disposals	(4)	(19)	–	(23)
Depreciation charge	(3,039)	(532)	(1,805)	(5,376)
Closing net book value	23,058	989	2,583	26,630
As at 31 December 2019				
Cost	30,766	2,473	7,552	40,791
Accumulated depreciation	(7,708)	(1,484)	(4,969)	(14,161)
Net book value	23,058	989	2,583	26,630

Notes to the Consolidated Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation of property, plant and equipment has been charged to the consolidated statement of loss as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of revenue	**445**	–
Research and development expenses	**4,462**	4,543
Administrative expenses	**828**	833
	5,735	5,376

15 RIGHT-OF-USE ASSETS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Leased properties	**3,868**	7,400

Notes to the Consolidated Financial Statements

15 RIGHT-OF-USE ASSETS (Continued)

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost	**14,567**	14,567
Accumulated depreciation	**(10,699)**	(7,167)
Net book amount	**3,868**	7,400
Opening net book amount	**7,400**	6,808
Additions	**–**	4,514
Depreciation charge (a)	**(3,532)**	(3,922)
Closing net book amount	**3,868**	7,400

The consolidated statement of loss and the consolidated statement of cash flows contain the following amounts relating to leases:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets (a)	**2,546**	3,922
Interest costs on lease liabilities	**980**	896
Expenses relating to short-term leases (a)	**4,010**	3,489
The cash outflow for leases as operating activities	**4,559**	2,653
The cash outflow for leases as investing activities	**–**	176
The cash outflow for leases as financing activities	**9,593**	870

(a) COVID-19-related rent concessions of RMB986,000 for long-term leases and RMB311,000 for short-term leases are offset against the depreciation of right-of-use assets and short-term leases expenses respectively for the current period by the Group.

Notes to the Consolidated Financial Statements

16 INTANGIBLE ASSETS

	Computer software *RMB'000*	Non-proprietary technologies *RMB'000*	Total *RMB'000*
As at 1 January 2020			
Cost	**–**	**5,000**	**5,000**
Accumulated amortisation	**–**	**(5,000)**	**(5,000)**
Net book value	**–**	**–**	**–**
Year ended 31 December 2020			
Opening net book amount	**–**	**–**	**–**
Additions	**1,278**	**–**	**1,278**
Amortisation charge	**(107)**	**–**	**(107)**
Closing net book value	**1,171**	**–**	**1,171**
As at 31 December 2020			
Cost	**1,278**	**5,000**	**6,278**
Accumulated amortisation	**(107)**	**(5,000)**	**(5,107)**
Net book value	**1,171**	**–**	**1,171**
As at 1 January 2019			
Cost	–	5,000	5,000
Accumulated amortisation	–	(1,111)	(1,111)
Net book value	–	3,889	3,889
Year ended 31 December 2019			
Opening net book amount	–	3,889	3,889
Additions	–	–	–
Amortisation charge (a)	–	(3,889)	(3,889)
Closing net book value	–	–	–
As at 31 December 2019			
Cost	–	5,000	5,000
Accumulated amortisation	–	(5,000)	(5,000)
Net book value	–	–	–

(a) The non-proprietary technologies were used for a research and development programme. The non-proprietary technologies were amortised on a straight-line basis over their estimated useful lives of 1.5 years upon initial recognition and was accelerated amortised in June 2019 due to the termination of the research and development programme.

Notes to the Consolidated Financial Statements

16 INTANGIBLE ASSETS (Continued)

The amortisation charge has been charged to the consolidated statement of loss as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Research and development expenses	**107**	3,889

17 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Value added tax recoverable	**15,727**	12,580
Prepayments for goods and services	**12,115**	2,332
Retentions receivables	**3,327**	–
Prepayments to suppliers of property, plant and equipment	**875**	2
Other receivables	**401**	45
	32,445	14,959
Less: non-current portion (a)	**(16,702)**	(11,213)
Current portion	**15,743**	3,746

(a) The non-current portion of other receivables and prepayments includes value added tax recoverable that could not be utilised in the coming 12 months, prepayments to suppliers of property, plant and equipment and retentions receivables.

18 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current assets		
Foreign currency forward contracts	**784**	–

In 2020, the Group entered into several foreign exchange forward contracts with banks in order to manage the Group's foreign currency exposure in relation to USD against RMB. The notional amount of foreign exchange forward contracts is USD4,000,000. The foreign currency forward contracts are not designated for hedge purposes and are measured at fair value through profit or loss.

For the year ended 31 December 2020, net gains under forward foreign exchange contracts of RMB784,000 (2019: nil) were recognised in other (losses)/gains – net.

Notes to the Consolidated Financial Statements

19 CASH AND BANK BALANCES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash on hand		
– RMB	**–**	10
Cash at bank		
– HKD	**1,097,734**	–
– USD	**431,188**	298,163
– RMB	**98,486**	16,165
	1,627,408	314,338

Reconciliation to consolidated statement of cash flows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash and bank balances	**1,627,408**	314,338
less: Deposits with original maturities of over 3 months	**(195,747)**	–
less: Restricted bank deposits (a)	**(1,245)**	–
Cash and cash equivalents	**1,430,416**	314,338

(a) Restricted bank deposits are the retention deposits for the Group's foreign exchange forward contracts (Note 18).

Notes to the Consolidated Financial Statements

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost		
– Other receivables *(Note 17)*	**3,728**	45
– Cash and bank balances *(Note 19)*	**1,627,408**	314,338
Derivative financial instruments *(Note 18)*	**784**	–
	1,631,920	314,383
Financial liabilities		
Financial liabilities at amortised cost		
– Trade payables *(Note 24)*	**28,281**	12,737
– Other payables and accruals (excluding non-financial liabilities)	**22,555**	15,985
Lease liabilities *(Note 22)*	**10,232**	19,831
Financial instruments with preferred rights *(Note 23)*	**–**	770,265
	61,068	818,818

21 DEFERRED INCOME

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Government grants		
Income-related grants (a)	**2,714**	3,404
Asset-related grants (b)	**2,547**	3,208
	5,261	6,612
To be realised within 12 months	**3,237**	4,070
To be realised after more than 12 months	**2,024**	2,542
	5,261	6,612

(a) The income-related grants are mainly subsidies received from the government for compensating the Group's research and development activities with regards to certain projects. The amount of government grants that credited to the consolidated statement of comprehensive loss is disclosed in Note 8.

(b) The asset-related grants are subsidies received from the government for compensating the Group's purchase of property, plant and equipment.

Notes to the Consolidated Financial Statements

22 LEASE LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current	**8,221**	9,024
Non-current	**2,011**	10,807
	10,232	19,831

The Group leases properties for own use and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowing rates of the Group ranging from 4.75% to 5.50%.

For the total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases are disclosed in Note 15.

23 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Convertible redeemable preferred shares	**–**	770,265
Non-current portion	**–**	770,265

The details and key terms of these financial instruments with preferred rights are summarised as follows:

Series B Preferred Shares

In September 2017, Beijing Jacobio issued 31,960,000 shares at a cash consideration of RMB95,880,000. On 31 July 2018 and 9 April 2019, these shares were converted into 18,524,193 Series B convertible preferred shares ("Series B Preferred Shares") of the Company, including 15,712,000 shares with redemption rights (Note (c)(iii)) ("Series B Redeemable Preferred Shares") and 2,812,193 shares without redemption rights ("Founders' Series B Preferred Shares", "Founders" has the meaning given in Note (c)(i)).

Series C Preferred Shares

The Company issued 22,000,000 shares of Series C convertible preferred shares ("Series C Preferred Shares") at cash consideration of USD55,000,000 (equivalent to RMB376,627,000) in August 2018.

Notes to the Consolidated Financial Statements

23 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS (Continued)

Series C+ Preferred Shares

The Company issued 7,135,556 shares of Series C+ convertible preferred shares ("Series C+ Preferred Shares") at cash consideration of USD26,000,000 (equivalent to RMB182,497,000) in February 2020.

Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares are collectively referred as "Preferred Shares". The key terms of the Preferred Shares are summarised as follows:

(a) Conversion right of the Preferred Shares

Each Preferred Share shall be converted into fully-paid and non-assessable ordinary shares, based on the then-effective applicable conversion price after the respective date on which relevant class of shares are issued. The initial conversion ratio for Preferred Share to ordinary share is 1:1.

The conversion price is the respective applicable issue price per ordinary share. No adjustment in the respective applicable conversion price shall be made in respect of the issuance of additional ordinary shares unless the issue price per share for an additional ordinary share issued or deemed to be issued by the Company is less than the respective applicable conversion price in effect on the date of and immediately prior to such issue.

Each Preferred Share shall automatically be converted into ordinary share at the then respective effective applicable conversion price upon (i) the closing of a qualified IPO agreed by the Company and the preferred shareholders, or (ii) the written consent of the majority of each class of the Preferred Shares.

A qualified IPO is defined as an IPO on a recognised regional or national securities exchange with an offering price (exclusive of underwriting commissions and expenses) that reflects the market capitalisation of the Company is not less than an agreed level.

(b) Liquidation preferences of Preferred Shares

In the event of any liquidation (as defined below), dissolution or winding up of the Company, either voluntarily or involuntarily, the convertible preferred shareholders shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation preference amount per share is calculated as follows:

The liquidation amount of Series C+ Preferred Shares and Series C Preferred Shares is the preferred share unit price, plus an annual simple rate of 10% of the preferred share unit price for a period of time commencing from the delivery date to the actual payment date of the settlement and any declared but unpaid dividends thereon up to the date of the settlement.

The liquidation amount of Series B Preferred Shares is the preferred share unit price, plus an annual simple rate of 8% of the preferred share unit price for a period of time commencing from the delivery date to the actual payment date of the settlement and any declared but unpaid dividends thereon up to the date of the settlement.

Notes to the Consolidated Financial Statements

23 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS (Continued)

Series C+ Preferred Shares (Continued)

(b) Liquidation preferences of Preferred Shares (Continued)

A liquidation event means (i) any liquidation, dissolution or winding up, either voluntarily or involuntarily, of the Company and (ii) any transaction involving (a) any sale, disposition, lease or conveyance by the Company of all or substantially all of its assets (including the sale or exclusive licensing of all or substantially all the intellectual property assets of the Company); or (b) any merger or consolidation of the Company with or into any other corporation or corporations or other entity or entities or any other corporate reorganisation after which the holders of the Company's voting shares prior to such transaction own or control less than a majority (means more than 50% of votes of each class of shares or more than 50% of votes of the directors) of the outstanding voting shares of the surviving corporation or other entity on account of shares held by them prior to the transaction.

(c) Redemption rights of Redeemable Preferred Shares

Series B Redeemable Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares are collectively referred as "Redeemable Preferred Shares". The holders of Redeemable Preferred Shares have the right to require the Company to redeem the preferred shares when the following events happen:

(i) Any material breach of the agreements between shareholders and/or the articles of the companies of the Group, any of the founders including Yinxiang Wang, Shaojing Hu, Xiaojie Wang and Yunyan Hu (collectively the "Founders"), and any companies including Yakovpharma Ltd, Emmanuelhupharma Ltd, Risepharma Ltd, Hmed Ltd, Willgenpharma Ltd, and Johwpharma Ltd. (collectively the "Founder Holdcos");

(ii) Any material violation of laws by the companies of the Group, any of Founder Holdcos and/or Founders, which results in material adverse effect on any company of the Group; or

(iii) Material dishonesty of any company of the Group and/or the management of the companies of the Group (including the Founder Holdcos and/or the Founders), which results in material adverse effect on any company of the Group, each Redeemable Preferred Shares shall be redeemable at the option of such holder of the Redeemable Preferred Shares, out of funds legally available (including capital) therefor.

The redemption amount is the same with the liquidation amount disclosed in Note(b) as above.

The Group designated Redeemable Preferred Shares as financial liabilities at fair value through profit or loss because the financial instruments with preferred rights have embedded derivatives for the conversion feature.

Notes to the Consolidated Financial Statements

23 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS (Continued)

Series C+ Preferred Shares (Continued)

(c) Redemption rights of Redeemable Preferred Shares *(Continued)*

The movements of financial instruments with preferred rights for the years ended 31 December 2020 and 2019 are set out below:

As at 1 January 2019	528,967
Fair value losses recognised in profit or loss	235,605
Changes in fair value due to own credit risk recognised in other comprehensive income	5,693
As at 31 December 2019	770,265
As at 1 January 2020	**770,265**
Issuance	**182,497**
Fair value losses recognised in profit or loss	**1,694,435**
Changes in fair value due to own credit risk recognised in other comprehensive income	**5,474**
Conversion of preferred shares to ordinary shares	**(2,652,671)**
As at 31 December 2020	**–**

The Company has engaged an independent valuer to determine the fair value of Preferred Shares. The discounted cash flow method and back-solve method were used to determine the underlying share value and the equity allocation model was adopted to determine the fair value of the financial instruments with preferred rights as at each date of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of financial instruments with preferred rights are as follows:

	As at 31 December 2019
Discount rate	22.00%
Risk-free interest rate	1.64%
Volatility	62.70%
DLOM	7.36%-11.94%
Probability for a qualified IPO	45.00%

Notes to the Consolidated Financial Statements

24 TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**28,004**	12,352
Between 1 and 2 years	**237**	385
Between 2 and 3 years	**40**	–
	28,281	12,737

The carrying amounts of trade payables approximate their fair values.

25 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Payroll and welfare payables	**13,087**	7,033
Payables for purchase of property, plant and equipment and intangible assets	**3,441**	2,773
Tax payables	**1,734**	942
Accrued listing expenses	**17,144**	–
Accrued professional service fees	**1,500**	–
Other payable to a third party (a)	**–**	12,478
Short-term leases payables	**416**	695
Others	**54**	39
Total	**37,376**	23,960

(a) Other payable to a third party was guaranteed by a related party (Note 32(b)). During the years of 2019 and 2020, other payable to a third party bore an interest rate of 4.75% per annum. The total amount was settled in May 2020.

Notes to the Consolidated Financial Statements

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 1 January 2019	433,732,807	43	66,267,193	7
Re-designation upon issuance of preferred shares (a)	(3,756,000)	–	3,756,000	–
As at 31 December 2019	429,976,807	43	70,023,193	7
As at 1 January 2020	**429,976,807**	**43**	**70,023,193**	**7**
Re-designation upon issuance of preferred shares (b)	**(7,135,556)**	**(1)**	**7,135,556**	**1**
Conversion of preferred shares to ordinary shares (c)	**77,158,749**	**8**	**(77,158,749)**	**(8)**
Amendment (d)	**500,000,000**	**50**	**–**	**–**
As at 31 December 2020	**1,000,000,000**	**100**	**–**	**–**

	Number of shares in equity	Share capital *USD'000*	*RMB'000*
Issued and fully paid:			
As at 1 January 2019 and 31 December 2019	43,763,526	4	30
As at 1 January 2020	**43,763,526**	**4**	**30**
Contributions from shareholders	**44,024,474**	**4**	**31**
Conversion of preferred shares to ordinary shares (c)	**44,847,556**	**4**	**31**
Capitalisation Issue (e)	**530,542,224**	**53**	**347**
Shares issued upon global offering (f)	**96,476,100**	**10**	**63**
As at 31 December 2020	**759,653,880**	**75**	**502**

(a) The Company re-designated 3,756,000 ordinary shares as Series B Redeemable Preferred Shares on 9 April 2019 (Note 23).

(b) The Company re-designated 7,135,556 ordinary shares as Series C+ Preferred Shares on 27 February 2020 (Note 23).

(c) All preferred shares were converted into ordinary shares upon the global offering on 21 December 2020. The difference between the par value and net proceeds from shares issued upon global offering is accounted for under capital reserve.

(d) Pursuant to the shareholders' resolution dated 30 November 2020, the authorised share capital of the Company was amended to USD100,000 divided into 1,000,000,000 ordinary shares of a nominal or par value of USD0.0001 each upon the global offering.

Notes to the Consolidated Financial Statements

26 SHARE CAPITAL (Continued)

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

(f) On 21 December 2020, the Company issued a total of 96,476,100 ordinary shares at the price of HKD14.00 per share upon global offering and raised gross proceeds of approximately HKD1,350,665,000 (equivalent to approximately RMB1,141,312,000). Accordingly, 96,476,100 ordinary shares with par value of USD0.0001 each are issued and USD10,000 (equivalent to approximately RMB63,000) are credited to share capital, and remaining amounts, after netting of listing expenses, RMB1,091,327,000 are credited to capital reserve.

27 OTHER RESERVES

	Capital reserve *RMB'000*	Losses from financial instruments with preferred rights due to own credit risk *RMB'000*	Foreign currency translation reserve (a) *RMB'000*	Total *RMB'000*
As at 1 January 2019	104,176	(693)	–	103,483
Exchange differences on translation of foreign operations	–	–	33	33
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(5,693)	–	(5,693)
Transaction with non-controlling interests in a subsidiary (b)	(12,617)	–	–	(12,617)
As at 31 December 2019	91,559	(6,386)	33	85,206
As at 1 January 2020	**91,559**	**(6,386)**	**33**	**85,206**
Exchange differences on translation of foreign operations	**–**	**–**	**31**	**31**
Changes in fair value of financial instruments with preferred rights due to own credit risk	**–**	**(5,474)**	**–**	**(5,474)**
Contributions from shareholders	**17,150**	**–**	**–**	**17,150**
Transaction with non-controlling interests in a subsidiary (c)	**(5,791)**	**–**	**–**	**(5,791)**
Conversion of preferred shares to ordinary shares *(Note 26(c))*	**2,652,640**	**11,860**	**–**	**2,664,500**
Capitalisation Issue *(Note 26(e))*	**(347)**	**–**	**–**	**(347)**
Shares issued upon global offering *(Note 26(f))*	**1,091,327**	**–**	**–**	**1,091,327**
As at 31 December 2020	**3,846,538**	**–**	**64**	**3,846,602**

Notes to the Consolidated Financial Statements

27 OTHER RESERVES (Continued)

(a) Foreign currency translation reserve represents the difference arising from the translation of financial information of subsidiaries of the Company, which have a functional currency different from the presentation currency of the Company.

(b) On 25 June 2019, the Group acquired the remaining 50% of the shares of an insignificant subsidiary Jacomab Pharmaceuticals Co., Ltd. ("Jacomab") from an independent third party at a consideration of RMB10,000,000. Upon the completion of the transaction, Jacomab is wholly owned by the Group.

(c) On 22 May 2020, the Group acquired the remaining 10% of the shares of an insignificant subsidiary Jacobio-Beta Pharmaceuticals Co., Ltd. ("Jacobio-Beta") from an independent third party at a consideration of RMB5,500,000. Upon the completion of the transaction, Jacobio-Beta is wholly owned by the Group.

28 SHARE-BASED PAYMENTS

(a) 2017 employee incentive plan

On 1 January 2017, 19 eligible employees ("Grantees A") were granted 4,540,000 share options of Beijing Jacobio which are vested when Grantees A complete a five-year service period ("2017 Plan"). The exercise price of the options is RMB1.00 per ordinary share.

(b) Modification of 2017 Plan

On 1 March 2020, Grantees A were granted 2,231,864 restricted shares at a consideration of RMB0.1 per ordinary share, taking place of the 4,540,000 share options under 2017 Plan. The Group records the incremental fair value, amounting to RMB4,151,000, and the remaining expense of the original share options granted, amounting to RMB1,298,000, in the consolidated statement of comprehensive loss pursuant to the modified vesting schedule set out below.

Vesting date	Number of restricted shares vested
At the date of modification	1,115,932
1 January 2021	557,966
1 January 2022	557,966
	2,231,864

The fair value of the shares granted have been valued by an independent qualified valuer using Black-Scholes model as at the grant date. Key assumptions are set as below:

Risk-free interest rate	2.20%
Expected volatility	64.13%

Notes to the Consolidated Financial Statements

28 SHARE-BASED PAYMENTS (Continued)

(c) Amendment to subscription price of certain shares

On 20 August 2019, the shareholders of the Company approved to waive the subscription price of certain shares of the Company to the certain shareholders of RMB67,936,000, which was deemed as a share incentive to the certain shareholders.

(d) 2020 employee incentive plan

On 1 March 2020, the board of Directors passed a resolution to adopt 2020 employee incentive plan ("2020 Plan"). The restricted shares and share options granted under the 2020 Plan are as follows:

(i) On 1 March 2020, 608,205 restricted shares were granted to certain employees of the Group at a consideration of RMB0.1 per share. The Group records the expenses arising from 2020 Plan in the consolidated statement of comprehensive loss pursuant to the vesting schedule set out below.

Vesting date	Number of restricted shares vested
1 March 2020	29,038
1 September 2020	27,038
4 April 2021	25,000
1 September 2021	27,038
1 March 2022	99,513
4 April 2022	25,000
1 September 2022	27,038
1 March 2023	99,513
4 April 2023	25,000
1 March 2024	99,513
4 April 2024	25,000
1 March 2025	99,514
	608,205

The fair value of the restricted shares granted is RMB28.03 per share at the grant date, which has been valued by an independent qualified valuer using back-solve method.

Notes to the Consolidated Financial Statements

28 SHARE-BASED PAYMENTS (Continued)

(d) 2020 employee incentive plan (Continued)

(ii) On 16 July 2020, 1,200,000 share options of Willgenpharma Ltd, an employee incentive platform of the Company, were granted to 2 employees, and each 25% of the share options granted will be vested on the 2nd, 3rd, 4th and 5th year anniversary of the grant date, respectively. The share options vested shall become exercisable commencing from the 5th year anniversary of the grant date, and after the exercise of share options, each grantee will indirectly hold ordinary shares of the Company.

The exercise price of these options is USD0.0001 per ordinary share and shall be adjusted to USD4.00 per ordinary share retroactively if these entire options are not fully vested.

The fair value of the share options granted on the grant date, has been valued to be USD2.34 per share when the exercise price is USD4.00 per share, and USD4.04 per share when the exercise price is USD0.0001 per share, by an independent qualified valuer using binomial model. Key assumptions are set as below:

Risk-free interest rate	0.30%
Expected volatility	69.58%

(iii) On 20 July 2020, 50,000 restricted shares were granted to an individual and vested immediately. On the same day, 388,000 restricted shares were granted to the Founders of the Company, and each one third of the restricted shares granted will be vested on the 1st, 2nd and 3rd year anniversary of the grant date, respectively. The exercise price of 198,000 restricted shares granted is USD0.0001 per ordinary share, and the exercise price of 240,000 restricted shares granted is RMB0.1 per ordinary share.

The fair value of these restricted shares is USD4.04 per share at the grant date, which has been valued by an independent qualified valuer using back-solve method.

The number of shares granted under 2017 Plan and Modification of 2017 Plan and 2020 Plan are modified to 22,390,345 in aggregate, as a result of the Capitalisation Issue (Note 26). The modifications mentioned above did not result in any incremental fair value granted.

(e) Expenses arising from share-based payment transactions

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
2017 Plan and Modification of 2017 Plan	**4,825**	708
Amendment to subscription price of certain shares	**–**	67,936
2020 Plan	**14,831**	–
	19,656	68,644

As at 31 December 2020, the accumulated expenses arising from share-based payment transactions amounting to RMB100,728,000 were recognised in the share-based compensation reserve (2019: RMB81,072,000).

Notes to the Consolidated Financial Statements

29 CASH GENERATED FROM/(USED IN) OPERATIONS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Loss before income tax	**(1,513,677)**	(425,817)
Adjustments for:		
– Depreciation of property, plant and equipment	**5,735**	5,376
– Amortisation of intangible assets	**107**	3,889
– Depreciation of right-of-use assets	**2,546**	3,922
– Investment income on wealth management products	**(686)**	(425)
– Fair value changes in financial instruments with preferred rights	**1,694,435**	235,605
– Finance income – net	**(1,647)**	(3,958)
– Share-based compensation expenses	**19,656**	68,644
– Net foreign exchange losses/(gains)	**31,749**	(5,841)
– Net fair value gains on derivative financial instruments	**(784)**	–
Changes in working capital:		
– Contract Assets	**(171,413)**	–
– Other receivables and prepayments	**(16,523)**	(1,720)
– Trade payables	**15,544**	3,735
– Other payables and accruals	**13,098**	2,800
– Deferred income	**(1,351)**	(1,830)
Cash generated from/(used in) operations	**76,789**	(115,620)

Notes to the Consolidated Financial Statements

29 CASH GENERATED FROM/(USED IN) OPERATIONS (Continued)

Changes in liabilities from financing activities are shown below:

	Other payables (non-trade) *RMB'000*	Lease liabilities *RMB'000*	Financial instruments with preferred rights *RMB'000*	Total *RMB'000*
As at 1 January 2019	(201)	(15,467)	(528,967)	(544,635)
Cash flows	(11,799)	870	–	(10,929)
New lease	–	(4,338)	–	(4,338)
Fair value changes	–	–	(241,298)	(241,298)
Interest costs *(Note 10)*	(478)	(896)	–	(1,374)
As at 31 December 2019	(12,478)	(19,831)	(770,265)	(802,574)
As at 1 January 2020	**(12,478)**	**(19,831)**	**(770,265)**	**(802,574)**
Cash flows	**12,721**	**9,593**	**(182,497)**	**(160,183)**
Fair value changes	**–**	**–**	**(1,699,909)**	**(1,699,909)**
Interest costs *(Note 10)*	**(243)**	**(980)**	**–**	**(1,223)**
COVID-19-related rent concessions *(Note 15)*	**–**	**986**	**–**	**986**
Conversion of preferred shares to ordinary shares *(Note 23)*	**–**	**–**	**2,652,671**	**2,652,671**
As at 31 December 2020	**–**	**(10,232)**	**–**	**(10,232)**

Notes to the Consolidated Financial Statements

30 BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investments in subsidiaries	**736,628**	717,334
Current assets		
Other receivables and prepayments	**171,768**	–
Cash and bank balances	**1,320,167**	235,114
Total current assets	**1,491,935**	235,114
Total assets	**2,228,563**	952,448
SHAREHOLDERS' EQUITY		
Share capital	**502**	30
Other reserves	**4,092,665**	325,509
Share-based compensation reserve	**100,728**	81,072
Accumulated losses	**(1,983,975)**	(224,428)
Total shareholders' equity	**2,209,920**	182,183
LIABILITIES		
Non-current liabilities		
Financial instruments with preferred rights	**–**	770,265
Current liabilities		
Other payables and accruals	**18,643**	–
Total liabilities	**18,643**	770,265
Total equity and liabilities	**2,228,563**	952,448

The financial statements of the Company were approved by the board of Directors on 26 March 2021 and were signed on its behalf

Yinxiang Wang	**Xiaojie Wang**
Name of director	*Name of director*

Notes to the Consolidated Financial Statements

30 BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (Continued)

Statement of changes in equity of the Company

	Share capital *RMB'000*	Other reserves *RMB'000*	Share-based compensation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2020	**30**	**325,509**	**81,072**	**(224,428)**	**182,183**
Comprehensive loss					
Loss for the year	**–**	**–**	**–**	**(1,747,687)**	**(1,747,687)**
Changes in fair value of financial instruments with preferred rights due to own credit risk	**–**	**(5,474)**	**–**	**–**	**(5,474)**
Transactions with owners					
Contributions from shareholders	**31**	**17,150**	**–**	**–**	**17,181**
Share-based payments	**–**	**–**	**19,656**	**–**	**19,656**
Conversion of preferred shares to ordinary shares	**31**	**2,664,500**	**–**	**(11,860)**	**2,652,671**
Capitalisation Issue	**347**	**(347)**	**–**	**–**	**–**
Shares issued upon global offering	**63**	**1,091,327**	**–**	**–**	**1,091,390**
Balance at 31 December 2020	**502**	**4,092,665**	**100,728**	**(1,983,975)**	**2,209,920**
Balance at 1 January 2019	30	331,202	12,428	(2,668)	340,992
Comprehensive loss					
Loss for the year	–	–	–	(221,760)	(221,760)
Changes in fair value of financial instruments with preferred rights due to own credit risk	–	(5,693)	–	–	(5,693)
Transactions with owners					
Share-based payments	–	–	68,644	–	68,644
Balance at 31 December 2019	30	325,509	81,072	(224,428)	182,183

Notes to the Consolidated Financial Statements

31 COMMITMENTS

(a) Capital commitments

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contracted but not provided for – Property, plant and equipment	**462**	235

In September 2019, the Group entered into an agreement with Beijing Economic-Technological Development Area Administration Commission on a total capital expenditure of no less than RMB140 million for the new-drug research and development base. The capital expenditure is expected to be incurred from 2022 to 2025.

(b) Operating lease commitments

As at 31 December 2020 and 2019, the future aggregate minimum lease payment for short-term lease and low-value lease under irrevocable lease contracts are as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**3,382**	1,977

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Yinxiang Wang	Director of the Company

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year ended 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions

(i) Guarantee provided by related parties

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Yinxiang Wang *(Note 25)*	–	12,000

The above guarantee was for other payable to a third party, which had a principal amount of RMB12,000,000 and bore an interest rate of 4.75% per annum. The guarantee was released in May 2020 as the settlement of this payable (Note 25).

(c) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**12,450**	5,949
Share-based compensation expenses	**7,990**	68,186
	20,440	74,135

Notes to the Consolidated Financial Statements

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation for the year ended 31 December 2020 and 2019 are set out as follows:

	Emoluments paid or receivable in respect of a person's services as a director					
	Fees *RMB'000*	Salaries *RMB'000*	Discretionary Bonuses (vi) *RMB'000*	Share-based compensation expenses *RMB'000*	Employer's social security costs *RMB'000*	Total *RMB'000*
Year ended 31 December 2020						
Yinxiang Wang* (i)	–	1,220	1,700	1,108	74	4,102
Xiaojie Wang (i)	–	844	900	865	30	2,639
Shaojing Hu (i)	–	1,014	400	427	74	1,915
Yunyan Hu (i)	–	781	900	659	74	2,414
Te-Li Chen (ii)	–	–	–	–	–	–
Yanmin Tang (ii)	–	–	–	–	–	–
Ting Feng (ii)	–	–	–	–	–	–
Chao Han (ii), (iii)	–	–	–	–	–	–
Dong Lyu (iii)	–	–	–	–	–	–
Ruilin Song (iv)	–	–	–	–	–	–
Ge Wu (iv)	–	–	–	–	–	–
Daqing Cai (iv)	–	–	–	–	–	–
Xiaoming Wu (iv)	–	–	–	–	–	–
Wenlai Zhou (v)	–	518	583	–	48	1,149
Wei Long (v)	150	–	480	1,421	–	2,051
Qingqing Yi (v)	–	–	–	–	–	–
Su-chi Wang (v)	–	–	–	–	–	–
Weidong Lin (v)	–	–	–	–	–	–
Guoyao Xia (v)	–	–	–	–	–	–
	150	4,377	4,963	4,480	300	14,270

Notes to the Consolidated Financial Statements

33 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a director					
	Fees *RMB'000*	Salaries *RMB'000*	Discretionary Bonuses (vi) *RMB'000*	Share-based compensation expenses *RMB'000*	Employer's social security costs *RMB'000*	Total *RMB'000*
Year ended 31 December 2019						
Yinxiang Wang* (i)	–	1,151	200	26,060	126	27,537
Xiaojie Wang (i)	–	663	200	14,675	38	15,576
Shaojing Hu (i)	–	1,023	200	14,675	126	16,024
Yunyan Hu (i)	–	751	200	9,327	126	10,404
Wenlai Zhou (v)	–	819	200	3,199	126	4,344
Wei Long (v)	–	–	–	250	–	250
Qingqing Yi (v)	–	–	–	–	–	–
Su-chi Wang (v)	–	–	–	–	–	–
Weidong Lin (v)	–	–	–	–	–	–
Yanmin Tang (ii)	–	–	–	–	–	–
Guoyao Xia (v)	–	–	–	–	–	–
	–	4,407	1,000	68,186	542	74,135

* Chairman of the board of Directors

(i) In August 2020, Yinxiang Wang, Xiaojie Wang, Shaojing Hu and Yunyan Hu were re-designated as executive directors of the Company.

(ii) In February 2020, Ting Feng was designated as a director of the Company. In August 2020, Yanmin Tang and Ting Feng were re-designated as non-executive directors of the Company, and Te-Li Chen and Chao Han were designated as non-executive directors of the Company.

(iii) In November 2020, Chao Han resigned as a non-executive director of the Company, and Dong Lyu was designated as a non-executive director of the Company.

(iv) In December 2020, Ruilin Song, Ge Wu, Daqing Cai and Xiaoming Wu were designated as independent non-executive directors.

(v) In February 2020, Guoyao Xia resigned as a director of the Company. In August 2020, Wenlai Zhou, Wei Long, Qingqing Yi, Su-chi Wang and Weidong Lin resigned as directors of the Company.

(vi) During the year ended 31 December 2020, discretionary bonuses are determined with reference to the performance of the relevant director and based on the human resources related government grants received (2019: same).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements

33 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2020 and 2019.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2020 and 2019.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020 and 2019.

(f) Five highest paid individuals

For the years ended 31 December 2020 and 2019, the five individuals whose emoluments were the highest in the Group include 4 and 5 directors, whose emoluments are reflected in the analysis presented in Note (a). The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries	**1,939**	–
Share-based compensation expenses	**3,510**	–
Social security costs, housing benefits and other employee benefits	**94**	–
	5,543	–

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2020	2019
Emolument bands		
HKD500,001 – HKD1,500,000	**–**	–
HKD1,500,001 – HKD3,000,000	**–**	–
HKD3,000,001 – HKD4,500,000	**–**	–
HKD4,500,001 – HKD6,000,000	**–**	–
HKD6,000,001 – HKD7,500,000	**1**	–
	1	–

Notes to the Consolidated Financial Statements

34 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2020:

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 non-controlling interests	
				2020	2019	**2020**	2019
Directly held:							
Jacobio HK	Hong Kong, corporation	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	RMB210,000,000	**100.00%**	100.00%	–	–
Jacomab Pharmaceuticals Co., Ltd. (i)	the PRC, limited liability company	Research and development of new drugs, the PRC	RMB5,400,000	**100.00%**	100.00%	–	–
Jacobio-Beta Pharmaceuticals Co., Ltd. (ii)	the PRC, limited liability company	Research and development of new drugs, the PRC	RMB5,000,000	–	90.00%	–	10.00%
Jacobio-Gamma Pharmaceuticals Co., Ltd. (iii)	the PRC, limited liability company	Research and development of new drugs, the PRC	RMB7,320,000	–	62.50%	–	37.50%
Jacobio-Delta Pharmaceuticals Co., Ltd. (ii)	the PRC, limited liability company	Research and development of new drugs, the PRC	RMB100,000	–	100.00%	–	–
JACOBIO (US) PHARMACEUTICALS, INC.	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 a wholly foreign owned enterprise under PRC law

(i) The Company acquired the remaining 50% equity interests in Jacomab Pharmaceuticals Co., Ltd. on 25 June 2019 (Note 27(b)).

(ii) Jacobio-Beta Pharmaceuticals Co., Ltd. and Jacobio-Delta Pharmaceuticals Co., Ltd. were deregistered on 9 October 2020.

(iii) Jacobio-Gamma Pharmaceuticals Co., Ltd. was deregistered on 10 August 2020.

(iv) Investments in subsidiaries

The Company's subsidiaries are unlisted companies and the investments in subsidiaries are accounted for at cost.

Significant restrictions

Cash and cash equivalents of RMB304,050,000 (2019: RMB77,890,000) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

35 SUBSEQUENT EVENTS

(a) On 13 January 2021, the international underwriters of the global offering partially exercised the over-allotment option, pursuant to which the Company was required to allot and issue the option shares, being 11,808,300 Shares, at the offer price under the global offering of HKD14.00 per share.

Three Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last three financial years, as extracted from the audited financial information and financial statements is set out below:

CONSOLIDATED STATEMENT OF LOSS

	For the year ended December 31		
	2018	2019	**2020**
	RMB'000	*RMB'000*	***RMB'000***
Revenue	–	–	**486,286**
Cost of revenue	–	–	**(44,115)**
Research and development expenses	(84,887)	(138,976)	**(185,952)**
Administrative expenses	(22,786)	(71,081)	**(53,838)**
Loss for the year	(155,935)	(425,817)	**(1,513,677)**
Total comprehensive loss for the year	(156,132)	(431,477)	**(1,519,120)**

CONSOLIDATED BALANCE SHEET

	As at December 31		
	2018	2019	**2020**
	RMB'000	*RMB'000*	***RMB'000***
Current assets			
Contract assets	–	–	**171,413**
Other receivables and prepayments	4,198	3,746	**15,743**
Derivative financial instruments	–	–	**784**
Cash and bank balances	420,833	314,338	**1,627,408**
Current liabilities			
Trade payables	9,002	12,737	**28,281**
Other payables and accruals	8,963	23,960	**37,376**
Lease liabilities	–	9,024	**8,221**
Net current assets	407,066	272,363	**1,741,470**
Non-current assets	48,565	45,243	**52,002**
Non-current liabilities	552,876	787,684	**7,272**
Net (liabilities)/assets	(97,245)	(470,078)	**1,786,200**
Shareholders' equity/(deficit)	(97,245)	(470,078)	**1,786,200**

Definitions and Glossary

"2021 AGM"	the annual general meeting of the Company to be held on May 25, 2021
"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
"Articles of Association"	articles of association of the Company
"Aurora A"	Aurora A kinase, one of the key regulators of mitosis progression
"Beijing Jacobio"	Jacobio Pharmaceuticals Co., Ltd. (北京加科思新藥研發有限公司), a limited liability company incorporated under the laws of PRC on July 17, 2015, being an indirect wholly-owned subsidiary of our Company
"BET"	bromodomain and extra-terminal; BET proteins interact with acetylated lysine residues in histone to regulate gene expression, and promote aberrant expression of many oncogenes such as MYC, CCND1, and BCL2L1
"BID"	"bis in die", Latin for twice daily
"Board"	The board of Directors
"BRAF"	B-Raf proto-oncogene, a gene that encodes a protein called B-Raf
"CD73"	ecto-5'-nucleotidase, a surface-expressed enzyme that hydrolyzes AMP into adenosine. CD73 is an immunosuppressive molecule that can be therapeutically targeted to restore effector T-cell function
"China" or "PRC"	the People's Republic of China
"Company" or "our Company"	JACOBIO PHARMACEUTICALS GROUP CO., LTD. (加科思藥業集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 1, 2018, which was formerly known as JACOBIO (CAY) PHARMACEUTICALS CO., LTD., the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1167)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Huang and Happy Today Holding Limited
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which for purposes of this annual report, refers to JAB-3068
"Corporate Governance Code"or "CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CRPC"	castration-resistant prostate cancer
"Directors"	director(s) of the Company

Definitions and Glossary

"Dr. Hu"	Dr. Shaojing Hu (胡邵京), our executive Director, President of Research and Development and one of our Controlling Shareholders upon Listing
"Dr. Hu's SPV"	Emmanuelhupharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Dr. Shaojing Hu
"Dr. Wang"	Dr. Yinxiang Wang (王印祥), our executive Director, Chief Executive Officer, Chairman of our Board and one of our Controlling Shareholders upon Listing
"Dr. Wang's SPV 1"	Yakovpharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Dr. Yinxiang Wang
"Dr. Wang's SPV 2"	Johwpharma Ltd, a limited liability company incorporated under the laws of the BVI which is indirectly wholly owned by Dr. Yinxiang Wang and Ms. Zhu Shen, the spouse of Dr. Wang
"EGFR"	epidermal growth factor receptor
"ESCC"	esophageal squamous cell carcinoma, a high-mortality cancer with complex etiology and progression involving both genetic and environmental factors
"FPI"	First-Patient-In
"G12C/D/V"	specific variations in the KRAS protein
"Global Offering	the offer of Shares for subscription as described in the Prospectus
"GLP-tox"	GLP-compliant toxicity study
"GMP"	good manufacturing practice
"GMP API"	GMP-compliant active pharmaceutical ingredients
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"GTPases"	a large family of hydrolase enzymes that bind to the nucleotide guanosine triphosphate (GTP) and hydrolyze it to guanosine diphosphate (GDP)
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China

Definitions and Glossary

"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
"Listing"	the listing of the Company on the main board of the Stock Exchange on December 21, 2020
"Listing Date"	December 21, 2020, being the date on which the Offer Shares were listed and dealings in the Offer Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"MEK"	mitogen-activated protein kinase kinase (also known as MAPKK), a kinase enzyme which phosphorylates MAPK
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Ms. Hu"	Ms. Yunyan Hu (胡雲雁), our executive Director, President of Research and Development and one of our Controlling Shareholders upon Listing
"Ms. Hu's SPV"	Hmed Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Ms. Yunyan Hu
"Ms. Wang"	Ms. Xiaojie Wang (王曉潔), our executive Director, President of Administration and one of our Controlling Shareholders upon Listing
"Ms. Wang's SPV"	Risepharma Ltd, a limited liability company incorporated under the laws of the BVI which is wholly owned by Ms. Xiaojie Wang
"NF1"	a gene located on chromosome 17, which produces a protein called neurofibromin that helps regulate cell growth. The mutated NF1 gene causes a loss of neurofibromin, which allows uncontrolled cells grow

Definitions and Glossary

"NMC"	a rare type of cancer that forms in the respiratory tract and other places along the middle of the body, from the head to the abdomen
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NSCLC"	non-small cell lung cancer
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell-mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-(L)1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"Phase I"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase Ib/IIa"	Phase Ib/IIa is the study that tests the safety, side effects, and best dose of a new treatment. It is conducted in target patient popular with selected dose levels. Phase Ib/IIa study also investigates how well a certain type of disease responds to a treatment. In the phase IIa part of the study, patients usually receive multiple dose levels and often include the highest dose of treatment that did not cause harmful side effects in the phase Ia part of the study. Positive results will be further confirmed in a Phase IIb or Phase III study
"Phase II"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Prospectus"	the prospectus of the Company dated December 9, 2020 being issued in connection with the Listing
"QD"	once daily
"RAS"	a low-molecular-weight GDP/GTP-binding guanine triphosphatase, which is a prototypical member of the small-GTPase superfamily
"Register of Members"	the register of members of the Company

Definitions and Glossary

"Renmenbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with a nominal value of US$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA"	U.S. Food and Drug Administration