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## **JACOBIO PHARMACEUTICALS GROUP CO., LTD.**

**加科思藥業集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1167)**

### **SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT**

#### **THE LEASE AGREEMENT**

The Board announces that the Company, through its indirect wholly-owned subsidiary, Beijing Jacobio as the tenant, entered into the Lease Agreement on October 19, 2021 and subsequently entered into the Supplementary Agreements on August 31, 2022 and November 18, 2022, respectively, with Yizhuang Shengyuan as the landlord in relation to the lease of the Premises (as defined below) (the “**Lease**”).

#### **IMPLICATION UNDER THE LISTING RULES**

Pursuant to IFRS 16, as a result of entering into the Lease Agreement and the Supplementary Agreements, the Group has recognized additions to right-of-use assets in the consolidated financial statements of the Group in respect of the Premises from the commencement of the Term (as defined below). As such, the transactions should be regarded as acquisitions of assets by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Based on the estimation of the Company, the value of the right-of-use assets in respect of the Premises, after the relevant addition adjustments, amounts to approximately RMB148.8 million in aggregate for the lease term of ten years.

The value of the right-of-use assets represents the best estimate of the present value of aggregated lease payments with the Lease in accordance with the accounting treatment under IFRS 16.

Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% and below 25%, the Lease Agreement constituted a discloseable transaction of the Company, and is therefore subject to the notification and announcement requirement but exempt from Shareholders’ approval requirement pursuant to Chapter 14 of the Listing Rules.

The Company should have complied with the relevant reporting and announcement requirements under Rule 14.34 of the Listing Rules in respect of the Lease as and when such obligations arose. Regrettably, the Company acknowledges that such compliance with the Listing Rules has been delayed due to its unintentional and inadvertent oversight. To prevent similar non-compliance in the future, the Company has implemented certain remedial actions with immediate effect.

## BACKGROUND

The Board hereby announces that the Company, through its indirect wholly-owned subsidiary, Beijing Jacobio as the tenant, entered into the Lease Agreement on October 19, 2021 and subsequently entered into the Supplementary Agreements on August 31, 2022 and November 18, 2022, respectively, with Yizhuang Shengyuan as the landlord in relation to the lease of the Premises.

## THE LEASE AGREEMENT

A summary of the principal terms of the Lease Agreement (as supplemented by the Supplementary Agreements) is set forth below:

**Date** October 19, 2021

**Parties** (i) Beijing Jacobio, as the tenant; and  
(ii) Yizhuang Shengyuan, as the landlord.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yizhuang Shengyuan and its ultimate beneficial owners are Independent Third Parties. For further information on each party, please refer to the sections headed "Information of the Parties to the Lease Agreement" below in this announcement.

**Premises** Building No.1 and Building No.8 with an aggregate rentable area of approximately 22,424.18 sq.m, at No.105, Jing Hai San Road, Beijing Economic and Technological Development Zone, Beijing, the PRC (the "**Premises**").

**Term** For a fixed term of ten (10) calendar years commencing from September 1, 2022 to August 31, 2032 (the "**Term**").

**Uses** For office and manufacture use and R&D laboratory.

**Security Deposit** A security deposit of approximately RMB4.04 million (the "**Lease Security Deposit**") shall be payable by Beijing Jacobio to Yizhuang Shengyuan for securing the performance of Beijing Jacobio's obligations under the Lease Agreement. The Lease Security Deposit will be refunded after the lapse of the Term or the termination of the Lease Agreement.

A security deposit of RMB2.06 million (the "**Property Management Security Deposit**") shall be provided by Beijing Jacobio in the way of a letter of credit issued by a commercial bank in the PRC (the "**Letter of Credit**") to Yizhuang Shengyuan for securing the performance of Beijing Jacobio's obligations to pay the Property Management Fee under the Lease Agreement. The Letter of Credit shall have the same term as the Lease.

<b>Rent Free Period</b>	Six months' rent free period from September 1, 2022 to February 28, 2023, during which Beijing Jacobio shall not be required to pay any monthly rent.
<b>Total Rent Payable</b>	<p>The base rent shall be payable in accordance with the terms of the Lease Agreement (the "<b>Base Rent</b>"). The amount of Base Rent payable for the period commencing from March 1, 2023 to August 31, 2032 shall be approximately RMB155.5 million (including value-added tax).</p> <p>The Base Rent shall be payable by Beijing Jacobio on a quarterly basis and is expected to be satisfied by the internal resources of the Group.</p>
<b>Property Management Fee</b>	<p>Beijing Jacobio shall be responsible for property management fees, which is RMB0.5 per sq.m. per day in relation to the Premises payable to Yizhuang Shengyuan subject to the terms and conditions of the Lease Agreement (the "<b>Property Management Fees</b>").</p> <p>The Property Management Fees shall be payable with the Base Rent by Beijing Jacobio on a quarterly basis and are expected to be satisfied by the internal resources of the Group.</p>

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

To cater and for the purposes of preparing the R&D and commercialization of the Group's core product candidates, especially JAB-21822 (Glecirasib, KRAS G12C inhibitor), the Group has decided to rent additional space for the purposes of office and manufacture use and R&D laboratory. The Premises will provide the Group with supplemental office area, laboratory area and in-house GMP-compliant manufacturing facilities to expand the Group's manufacturing capabilities. The terms (including the Base Rent) of the Lease Agreement were determined after arm's length negotiations with reference to the prevailing market rent for comparable premises in the vicinity. As such, the Board considers that the Lease Agreement was entered into on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **RIGHT-OF-USE ASSETS**

Pursuant to IFRS 16, the tenancy of the Premises will be recognized as right-of-use assets for an amount of approximately RMB148.8 million on the date of the commencement of the Term, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement.

## **INFORMATION OF THE PARTIES TO THE LEASE AGREEMENT**

### **Beijing Jacobio**

Beijing Jacobio is a limited liability company established under the laws of the PRC on July 17, 2015, being an indirect wholly-owned subsidiary of the Company. It is principally engaged in the in-house discovery and development of innovative oncology therapies.

## **Yizhuang Shengyuan**

Yizhuang Shengyuan is a limited liability company established under the laws of the PRC on April 2, 2014. It is wholly-owned by Beijing Yizhuang Investment Holdings Limited (北京亦莊投資控股有限公司) and a state-owned investment company with the mission to help Beijing achieve high-quality economic and social development.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, Yizhuang Shengyuan and its ultimate beneficial owners are Independent Third Parties.

### **LISTING RULES IMPLICATIONS**

Pursuant to IFRS 16, as a result of entering into the Lease Agreements, the Group should recognize additions to right-of-use assets in the consolidated financial statements of the Group in respect of the Premises. As such, the transactions should be regarded as acquisitions of assets by the Group under the definition of the transaction set out in Rule 14.04(1)(a) of the Listing Rules. Based on the estimation of the Company, the value of the right-of-use assets in respect of the Premises, after the relevant addition adjustments, shall amount to approximately RMB148.8 million in aggregate for the lease term of ten years.

The value of the right-of-use assets represents the best estimate of the present value of aggregated lease payments with the lease in accordance with the accounting treatment under IFRS 16.

Since the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% and below 25%, the Lease Agreement constituted a discloseable transaction of the Company, and is therefore subject to the notification and announcement requirement but exempt from Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

The Company should have complied with the relevant reporting and announcement requirements under Rule 14.34 of the Listing Rules in respect of the Lease as and when such obligations arose. Regrettably, the Company acknowledges that such compliance with the Listing Rules has been delayed due to its unintentional and inadvertent oversight. To prevent similar non-compliance in the future, the Company has implemented certain remedial actions with immediate effect.

### **REMEDIAL ACTIONS**

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the delay in compliance with the Listing Rules was inadvertent and unintentional. The Company has no intention to withhold any information relating to the Lease from disclosure to the public. To prevent similar incidents from occurring in the future, the Company has implemented the remedial actions with immediate effect in accordance with the following table:

<b>Remedial Action</b>	<b>Timetable</b>
Comprehensive review and self-examination in preparation for the 2022 annual report	April 2023
Detailed guidelines relating to notifiable and connected transactions under the Listing Rules	April 2023

## Remedial Action

Regular training on notifiable and connected transactions under the Listing Rules

## Timetable

A training session on the compliance requirements of the Listing Rules (in particular, Chapters 13, 14 and 14A) will be held in August 2023. Furthermore, the Company's legal advisers will provide such training to the responsible staff, senior management and Directors on the compliance requirements of the Listing Rules in March and August every year.

The Company has appointed Ms. Wang Xiaojie (“**Ms. Wang**”), an executive Director and the president of administration of the Company, and Ms. Xue Qing (“**Ms. Xue**”), the finance director of the Company, to closely monitor potential notifiable transactions and connected transactions. The Company's finance team, internal audit team, and other business departments will closely monitor any transactions that may trigger disclosure requirements under the Listing Rules. In particular, prior to entering into any relevant potential notifiable and/or connected transactions in the future, the business departments will notify the finance team to perform size test analysis accordingly. Where the disclosure threshold is met, the finance team will notify the relevant departments to review the relevant agreement and report to Ms. Wang and Ms. Xue, who will further review the results and nature of the agreement before presenting them to the Board for approval and to entering into such agreement.

With immediate effect

The internal audit team will closely monitor the effectiveness and adequacy of internal control measures of the Group and will report their review results and findings to the Board on a quarterly basis. The Board will examine the report and make recommendations.

Ongoing

On an ongoing basis, the Company will work more closely with its legal advisers and compliance adviser on compliance issues and shall, as and when appropriate and necessary, consult other professional advisers before entering into any potential notifiable or connected transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of the proposed transaction.

Going forward, the Company will continue to comply with the management procedures of notifiable and connected transactions and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

## DEFINITIONS

In this announcement, the following terms have the following meanings:

“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 the Company
“Board”	the board of Directors
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“GMP”	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standard(s) issued by the International Accounting Standards Board from time to time
“Independent Third Party(ies)”	a party(ies) independent of the Company and its connected person(s)
“Lease Agreement”	the lease agreement dated October 19, 2021 entered into between Beijing Jacobio as the tenant and Yizhuang Shengyuan as the landlord in relation to the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	shareholder(s) of the Company
“sq.m”	Square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Supplementary Agreements”	two supplementary agreements dated August 31, 2022 and November 18, 2022, respectively, entered into between Beijing Jacobio as the tenant and Yizhuang Shengyuan as the landlord in relation to the amendments and supplements to certain terms of the Lease Agreement
“Yizhuang Shengyuan”	Beijing Yizhuang Shengyuan Investment and Development Group Co., Ltd.* (北京亦莊盛元投資開發集團有限公司), a company incorporated in the PRC, being the landlord under the Lease Agreement
“%”	per cent

\* *English names of the PRC established companies in this announcement are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names prevail.*

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

Hong Kong, April 25, 2023

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