亞盛醫藥
Ascentage Pharma

ASCENTAGE PHARMA GROUP INTERNATIONAL
亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6855)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The Board is pleased to announce the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2022 increased to RMB209.7 million, as compared to RMB27.9 million for the year ended December 31, 2021, representing an increase of RMB181.8 million, or 651.6%. For the year ended December 31, 2022, the revenue was generated from the sales of pharmaceutical products, commercialization license fee income of patented IP and service income from customers.

- Other income and gains decreased by RMB101.1 million, or 60.1%, from RMB168.1 million for the year ended December 31, 2021 to RMB67.0 million for the year ended December 31, 2022, primarily attributable to (i) the decrease in government grants related to income to RMB33.6 million for the year ended December 31, 2022, as compared with RMB63.3 million for the year ended December 31, 2021; and (ii) the decrease in fair value gain on derivative financial instruments to RMB19.4 million for the year ended December 31, 2022, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with RMB81.6 million for the year ended December 31, 2021.

- Selling and distribution expenses increased significantly by RMB109.7 million or 230.0% to RMB157.4 million for the year ended December 31, 2022, as compared to RMB47.7 million for the year ended December 31, 2021. The increase was attributable to the increase in selling and distribution expenses incurred by the sales team in the commercialization of Olverembatinib.

- Research and development expenses decreased by RMB23.4 million, or 3.1%, to RMB743.1 million for the year ended December 31, 2022, as compared to RMB766.5 million for the year ended December 31, 2021. The small decrease was attributed to the decline in IP expenses and share option and RSU expenses of R&D staff. The research and development expenses was kept in the same level overall as last year.

- Administrative expenses increased by RMB27.1 million, or 18.9%, to RMB170.6 million for the year ended December 31, 2022, as compared to RMB143.5 million for the year ended December 31, 2021, primarily due to the increased operation and depreciation expenses of the Suzhou facility.

- For the year ended December 31, 2022, the Group reported other expenses of RMB17.7 million, as compared to other expenses of RMB50.4 million for the year ended December 31, 2021, which represented a decrease of RMB32.7 million, or 64.9%. The decrease was primarily attributable to: (i) the decrease of fair value loss on financial assets at FVTPL from RMB26.9 million for the year ended December 31, 2021 to RMB9.8 million for the year ended December 31, 2022; and (ii) the decrease of fair value loss on long-term payables from RMB17.9 million for the year ended December 31, 2021 to no fair value loss on long-term payables in other expenses for the year ended December 31, 2022.

- As a result of the foregoing, loss for the year ended December 31, 2022 increased by RMB100.5 million, or 12.8%, to RMB882.9 million, as compared to RMB782.4 million for the year ended December 31, 2021.

BUSINESS HIGHLIGHTS

- During the reporting period, our core product olverembatinib (HQP1351), a third generation BCR-ABL inhibitor, has realized an accumulated invoiced sales revenue amount of RMB182.4 million (inclusive of value added tax) since its launch in November 2021. In terms of global development and commercialization, olverembatinib has been included into the China 2022 National Reimbursement Drug List (the "**NRDL**"). In addition, we have launched an innovative global Named Patient Program (NPP) with Tanner Pharma Group in 2022. This program will allow access to olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible.

- Olverembatinib was granted Priority Review Designation to a New Drug Application (NDA) in July 2022 since receiving conditional approval in China for the treatment of patients with tyrosine kinase inhibitor (TKI)-resistant chronic myelogenous leukemia in chronic phase (CML-CP) or chronic myelogenous leukemia in accelerated phase (CML-AP) harboring T315I mutation. This application will support the full approval of olverembatinib in patients with CML-CP who are resistant and/or intolerant to first-and second-generation TKIs and will accelerate the use of olverembatinib in a broader range of patient population with chronic myeloid leukemia (CML) in China.

- Several clinical results of olverembatinib have also been presented in various international conferences in 2022. For the fifth consecutive year, the clinical data of olverembatinib were selected for Oral Presentations at the ASH Annual Meeting in 2022 (taking up 3 out of the 6 Oral Presentations at the special session on CML this year). These results showed the drug's potential for changing the treatment paradigm in CML globally. In April 2022, olverembatinib was included in the 2022 edition of Chinese Society of Clinical Oncology (CSCO) Guidelines on Hematological Malignancies and China Anti-Cancer Association's (CACA) Guidelines for Holistic Integrative Management of Cancer for the diagnosis and treatment of patients with TKI-resistant CML harboring T315I mutation and philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL). Additionally, promising interim clinical data from a Phase I study of olverembatinib for the treatment of patients with gastrointestinal stromal tumor (GIST) in China was presented at the 2022 American Society of Clinical Oncology (ASCO) annual meeting in June 2022.

- Clinical data of another core clinical asset lisaftoclax (APG-2575) (Bcl-2 inhibitor) in patients with hematological malignances and solid tumors has also been presented in various international conferences in 2022. The first dataset of lisaftoclax plus a BTK inhibitor was announced in an Oral Presentation at the ASH Annual Meeting in 2022. With an ORR of 98%, these data showed impressive clinical utility in R/R CLL/SLL. At the annual ASCO meeting in June 2022, we presented monotherapy results of lisaftoclax (APG-2575) from a Phase Ib/II study in patients with relapsed/refractory chronic lymphocytic leukemia or small lymphocytic lymphoma (r/r CLL/SLL) in China. In addition, safety and tolerability data of lisaftoclax (APG-2575) when administered alone or in combination with a cyclin-dependent kinase 4 and 6 (CDK4/6) inhibitor from a Phase Ib/II study in patients with ER+ breast cancer or advanced solid tumors were also presented at the ASCO meeting. Preliminary results of a Phase I study of lisaftoclax (APG-2575) in China in patients with r/r non-Hodgkin lymphomas (NHLs) was presented at the European Hematology Association Hybrid (EHA) Congress in June 2022. In addition, we are actively conducting the pivotal Phase II study of lisaftoclax (APG-2575) for the treatment of r/r CLL/SLL in China.

- In March 2022, alrizomadlin (APG-115) was granted a Rare Pediatric Disease (RPD) designation by the FDA, for the treatment of neuroblastoma. At the ASCO annual meeting in June 2022, we reported the updated promising result of Phase II study of alrizomadlin (APG-115) plus pembrolizumab in adults and children with various solid tumors.

- Another one of Ascentage Pharma's high-potential assets, the EED inhibitor APG-5918, was cleared to enter a clinical study in advanced solid tumors and hematologic malignancies in both China and the US. Meanwhile, the clinical trial of APG-5918 in anemia diseases was also approved in China, potentially providing a new therapeutic area for the drug.

- As of the date of this announcement, Ascentage Pharma has obtained 2 Fast Track Designations, 2 Rare Pediatric Disease (RPD) designations and a total of 17 Orphan Drug Designations (ODDs) from the US Food and Drug Administration (FDA) and the European Commission (EC), continuing to set the record for the number of ODDs granted to a Chinese biopharmaceutical company.

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

OVERVIEW

We are a global biopharmaceutical company developing novel therapies for cancers, CHB (chronic hepatitis B), and age-related diseases. Ascentage Pharma has its own proprietary platform for developing therapeutics that restore apoptosis in cancer cells and modulate immunomodulatory functions of the host stroma for a comprehensive therapeutic strategy.

Leveraging our technical expertise in structure-based drug design and our innovative drug discovery engine, we have developed a robust pipeline of nine clinical stage small molecule drug candidates, including novel, highly potent Bcl-2, and dual Bcl-2/Bcl-xL inhibitors, aimed at IAP and MDM2-p53 pathways, as well as a next-generation multi-kinase inhibitor targeting FAK/ALK/ROS1 mutations for the treatment of cancer. Ascentage Pharma is also, as at the date of this announcement, the only company in the world with active clinical programs targeting all three known classes of key apoptosis regulators. The Company is conducting more than 40 Phase I/II clinical trials in China, the United States, Australia and Europe. Our core product, olverembatinib, has been approved for marketing in China and has entered the commercialization stage.

Leveraging its robust research and development capabilities, Ascentage Pharma has built a portfolio of global intellectual property rights and entered into global partnerships with numerous leading biotechnology and pharmaceutical companies and research institutes such as MD Anderson Cancer Center, Mayo Clinic, Dana-Farber Cancer Institute, Merck & Co., AstraZeneca and Pfizer, and UNITY Biotechnology Inc.. The Company has built a global and talented team with experience in the research and development of innovative drugs and is creating high-quality commercial manufacturing and sales and marketing teams. Ascentage Pharma aims to continuously strengthen its research and development capabilities and accelerate the clinical development progress of its product pipeline to fulfil its mission of "addressing unmet clinical needs of patients in China and around the world" for the benefit of more patients.

Product Pipeline

We have a pipeline of nine clinical stage small molecule drug candidates. The following table summarizes our pipeline and the development status of each candidate as of December 31, 2022:

Compounds	Target	Indications	Preclinical	PhI	PhII	Registration Trial	NDA Approval	Trial Region	Rights Region
HQP1351	BCR-ABL/KIT	Resistant CML					耐立克		
		Resistant CML, Ph+ ALL							
		GIST							
		Ph+ ALL							
APG-2575	Bcl-2 Selective	r/r CLL/SLL (China)							
		r/r CLL/SLL (Global)							
		WM							
		AML							
		MDS							
		MM							
		T-PLL							
		MCL							
		ER+/HER2 - BC and Solid Tumors							
APG-115	MDM2 - p53	Melanoma and Solid Tumors(IO Combo)							
		ACC							
		AML,MDS							
APG-1387	IAP/XIAP	Solid tumors(IO Combo)							
		PDAC+ Chemo							
		CHB							
APG-1252	Bcl-2/Bcl-xL	NSCLC+ TKI							
		SCLC+ Chemo							
		NET							
		NHL							
APG-2449	FAK/ALK/ROS1	NSCLC/ Solid tumors							
APG-5918	EED Selective	Tumors/Hemoglobinopathy							
APG-265	PROTACs MDM2	Tumors							
UBX1967/1325	Bcl Family	DME							

● POC ● POC in progress

BUSINESS REVIEW

During the Reporting Period, we have made significant progress with respect to our product pipeline:

Core Product Candidate

HQP1351 (Olverembatinib)

Our Core Product, olverembatinib, is a third generation BCR-ABL inhibitor targeting BCR-ABL mutants, including those with the T315I mutation. Olverembatinib is the first marketed third generation BCR-ABL inhibitor and is the only drug approved for treating CML patients with T315I mutation in China. Olverembatinib received support from National Major New Drug Discovery and Manufacturing Program. Additionally, olverembatinib is a potentially best-in-class drug globally that addresses important unmet medical needs in patients with CML harbouring T315I-mutations as well as compound mutations. The approval marks a major milestone of Ascentage Pharma transforming into a commercial-stage company. In January 2023, olverembatinib has been included into the China 2022 National Reimbursement Drug List (the "**NRDL**"). The inclusion will bolster the accessibility of olverembatinib.

Previously, olverembatinib was accepted by CDE under the NMPA with Priority Review status and it was also granted a Breakthrough Therapy Designation by CDE. It was granted ODD by FDA for the treatment of CML, acute myelogenous leukemia (AML), acute lymphoblastic leukemia (ALL), (Gastrointestinal Stromal Tumor) GIST, and a Fast-Track Designation for the treatment of CML in patients with certain genetic markers who have failed to respond to treatments with existing TKIs. It was also granted Orphan Designation by the European Commission for the Treatment of Chronic Myeloid Leukemia.

The current progress of olverembatinib is as follows:

- In January 2023, olverembatinib has been included into the 2022 NRDL, for the indication of T315I-mutant chronic-phase chronic myeloid leukemia (CML-CP) and accelerated-phase CML (CML-AP). The breakthrough in relation to the inclusion in the NRDL will bolster the accessibility of olverembatinib, allowing more CML patients to easily and affordably access olverembatinib.

- In December 2022, three study reports, including the 5-year follow-up data of phase-I study in China, the updated results from two phase II pivotal studies in China and the study report of phase-1b study in US were presented at the 64th American Society of Hematology (ASH) Annual Meeting and Exposition. This is the fifth consecutive year where olverembatinib was selected for oral presentation at the 64th ASH Annual Meeting.

- In September 2022, we received an ODD by FDA for the treatment of (Gastrointestinal Stromal Tumor) GIST.

- In July 2022, the China CDE accepted and granted Priority Review Designation to an NDA for olverembatinib for the treatment of patients with CMP-CP who are resistant/intolerant to 1st and 2nd generation TKIs.

- In July 2022, olverembatinib gained clinical trial approval for a Phase Ib clinical study in Canada for patients with CML and Ph+ALL.

- In July 2022, an innovative Global Named Patient Program (NPP) with Tanner Pharma Group was launched. This program allows access to olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible.

- In June 2022, the positive clinical data of olverembatinib was presented at the 2022 ASCO annual meeting for the first time. Promising antitumor activity of olverembatinib was seen in patients with r/r GIST, especially in patients with succinate dehydrogenase- (SDH-) deficient GIST. In a Phase I study for the treatment of patients with GIST in China, olverembatinib demonstrated a favorable safety profile and promising efficacy data in certain subtypes.

- In April 2022, olverembatinib was included in the 2022 edition of Chinese Society of Clinical Oncology (CSCO) Guidelines for Hematological Malignancies for the diagnosis and treatment of patients with TKI-resistant CML harboring T315I mutation and Ph+ ALL. It has also been included in China Anti-Cancer Association's (CACA) Guidelines for Holistic Integrative Management of Cancer for the treatment of patients with TKI-resistant CML harboring the T315I mutation and patients with CML intolerant/resistant to at least two TKIs.

- In March 2022, we received an ODD by FDA for the treatment of acute lymphocytic leukemia (ALL).

- In addition, a Phase Ib bridging clinical trial with olverembatinib for treatment of patients with CML and Ph + ALL who are TKI resistant or not is being conducted in the United States.

- A new preclinical study conducted by researchers from Fred Hutchinson Cancer Center, Seattle, Washington, suggested best-in-class potential of olverembatinib in inhibiting severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) omicron-mediated cytokine release. Results from this study were published in the internationally renowned journal EMBO Molecular Medicine.

The expected progress of Olverembatinib in 2023 is as follows:

- In year 2023, we will continue to explore a wider range of new indications in addition to the approved indications, including Ph+ ALL.

- Also, we aim to actively communicate with FDA about the initiation of the global pivotal registration study.

- In addition, we are expected to receive the approval by CDE of an NDA for olverembatinib for the treatment of patients with CMP-CP who are resistant/intolerant to 1st and 2nd generation TKIs in 2023.

Key Product Candidates

Lisaftoclax (APG-2575)

Lisaftoclax (APG-2575) is a novel, oral Bcl-2 inhibitor developed to treat a variety of hematologic malignancies and solid tumors by selectively blocking Bcl-2 to restore the normal apoptosis process in cancer cells. Lisaftoclax (APG-2575) is the first domestic Bcl-2 selective inhibitor to enter clinical trials in China. Lisaftoclax (APG-2575) is also the second Bcl-2 selective inhibitor entering pivotal registration clinical trial globally. Currently, lisaftoclax (APG-2575) has received clearances and approvals for 19 Phase Ib/II clinical studies in China, the United States, Australia and Europe, with indications including chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma (NHL), acute myeloid leukemia (AML), multiple myeloma (MM), Waldenstrom macroglobulinemia (WM) and solid tumors. More than 500 patients have been treated so far with lisaftoclax (APG-2575), including more than 250 patients with CLL/SLL. Furthermore, FDA has granted five ODDs to lisaftoclax (APG-2575) for treatment of patients with follicular lymphoma (FL), WM, CLL, MM), and acute myeloid leukemia (AML).

The current progress of APG-2575 is as follows:

- In December 2022, the initial results from a global Phase II study of APG-2575 in combination with BTKi in patients with R/R CLL/SLL was selected for an oral presentation at the 64th ASH Annual Meeting and Exposition. In particular, the combination therapy showed significant objective response rates (ORRs) of 98% with APG-2575 plus acalabrutinib in patients with R/R CLL/SLL.

- In December 2022, we received IND approval for a study of lisaftoclax (APG-2575) in combination with alrizomadlin (APG-115) in patients with AML, MPAL MDS or CMML.

- In June 2022, we released the updated results from a Phase Ib/II study of lisaftoclax (APG-2575) in patients with r/r CLL/SLL at the 2022 ASCO Meeting.

- In June 2022, at the 2022 ASCO Meeting we presented data from the Phase Ib/II study of lisaftoclax's (APG-2575) which showed the safety and tolerability when administered alone or combined with a cyclin-dependent kinase 4/6 (CDK4/6) inhibitor in patients with estrogen receptor-positive (ER+) breast cancer or advanced solid tumors.

- In June 2022, we released results from a Phase I study of lisaftoclax (APG-2575) in Chinese patients with relapsed/refractory non-Hodgkin lymphoma (r/r NHL) at the 2022 European Hematology Association Hybrid Congress (EHA 2022). Lisaftoclax (APG-2575) demonstrated preliminary efficacy in CLL/SLL and promising data was also observed in NHL patients.

- In March 2022, the first patient was dosed for the ongoing pivotal Phase II study of lisaftoclax (APG-2575) for the treatment of r/r CLL/SLL in China.

- The Phase Ib/II studies of lisaftoclax (APG-2575) as a single agent or in combinations for the treatment of patients with AML/MDS are ongoing in China.

- A Phase Ib/II study of lisaftoclax (APG-2575) in combination for the treatment of mantle cell lymphoma (MCL) has received IND clearance in June 2022.

- The Phase Ib/II study of lisaftoclax (APG-2575) in combination for the treatment of patients with MM is ongoing in China.

- The Phase Ib/II study of lisaftoclax (APG-2575) in combination for the treatment of patients with MM is ongoing in the United States.

- A Phase Ib/II study of lisaftoclax (APG-2575) both as a single agent and in combinations for the treatment of patients with WM is ongoing in the United States and Australia.

The expected progress of lisaftoclax (APG-2575) in year 2023 is as follows:

- We expect to complete the enrollment for the pivotal Phase II study in 2023 and submit the NDA in the first half of 2024.

- We will consult with FDA and CDE on the proposed global pivotal registration Phase II study and initiate more pivotal registration studies in China and the United States.

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Alrizomadlin (APG-115)

Alrizomadlin (APG-115) is an orally bioavailable, highly selective, small molecule inhibitor of the MDM2-p53 PPIs (protein-protein interactions). Alrizomadlin (APG-115) was designed to restore the activation of p53 tumor suppressor activity by blocking the MDM2-p53 interaction. It is undergoing multiple clinical studies in China, United States, and Australia as a single agent or in combination with immunotherapy or chemotherapy in treating solid tumors as well as hematological malignancies.

The FDA has granted six Orphan Drug Designations (ODD) for alrizomadlin (APG-115) for the treatment of soft tissue sarcoma, gastric cancer (GC), acute myeloid leukemia (AML), retinoblastoma, stage IIB-IV melanoma and neuroblastoma. In addition, alrizomadlin (APG-115) has been granted two rare pediatric designations by the FDA, for the treatment of neuroblastoma and retinoblastoma.

We are currently enrolling patients in several clinical studies of alrizomadlin (APG-115) in the United States and Australia:

- A Phase Ib/II study of alrizomadlin (APG-115) monotherapy in patients with unresectable or metastatic melanomas and MPNST (in collaboration with Merck & Co.).

- A Phase Ib/II study of alrizomadlin (APG-115) alone or in combination with Azacytidine in patients with Relapse/Refractory AML, CMML or Myelodysplastic syndromes (MDS).

- An investigator-initiated trial (IIT) of alrizomadlin (APG-115) monotherapy in a Phase II study for treatment of salivary gland cancer.

In addition, CDE has granted approval for the following clinical trials of APG-115 in China:

- A Phase Ib/II clinical study of alrizomadlin (APG-115) in combination with anti-PD-1 antibody (JS001), for the treatment of patients with advanced liposarcoma (LPS) or other advanced solid tumors.

- A Phase Ib study of alrizomadlin (APG-115) single agent or in combination with azacytidine or cytarabine in patients with r/r AML and relapse/progressed high/very high risk MDS.

The congress presentations for the APG-115 program in 2022 are listed below:

- In December 2022, the preclinical study demonstrated that combination of alrizomadlin with pomalidomide has synergistic antitumor effects in multiple myeloma cells and tissues harboring TP53WT. The results were published as a poster presentation at the 64th ASH Annual Meeting.

- In June 2022, the latest result of Phase II study of alrizomadlin (APG-115) plus pembrolizumab in adults and children with various solid tumors were presented at the American Society of Clinical Oncology (ASCO) annual meeting. The results showed that the therapy was well tolerated and demonstrated antitumor activity in multiple solid tumor types and may restore antitumor effects in cancer patients who are resistant or intolerant to prior immune-oncologic (I-O) therapies.

- In April 2022, we presented the results of preclinical studies showing that combination of alrizomadlin (APG-115) and lisaftoclax (APG-2575) could overcome drug resistance conferred by Bcl-2 mutations at the American Association of Cancer Research (AACR) annual meeting.

- The salivary cancer IIT interim results were presented at the 34th EORTC-NCI-AACR Symposium in Molecular Targets and Cancer Therapeutics in 2022.

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Pelcitoclax (APG-1252)

Pelcitoclax (APG-1252) is a novel, highly potent, and small molecule drug designed to restore apoptosis through dual inhibition of the Bcl-2 and Bcl-xL proteins for the treatment of small cell lung cancer (SCLC), non-small-cell lung cancer (NSCLC), neuroendocrine tumor (NET), and non-hodgkin's lymphoma (NHL). It was granted an ODD by FDA for the treatment of SCLC.

As of December 31, 2022, a total of 202 patients have been treated with pelcitoclax (APG-1252) as a monotherapy or in combination with other anti-tumor agents. Three phase I dose-escalation/ dose expansion trials in patients with SCLC and other advanced solid tumors were conducted in the United States, Australia and China, respectively. Pelcitoclax (APG-1252) was well tolerated with either weekly or biweekly intermittent dosing schedules. Preliminary anti-tumor activity was observed as a single agent in heavily pretreated patients.

Pelcitoclax (APG-1252) is currently under investigation in a variety of combination trials, including:

- A Phase Ib study of pelcitoclax (APG-1252) plus osimertinib in patients with EGFR mutant NSCLC in China;

- A Phase Ib study of pelcitoclax (APG-1252) as a monotherapy in neuroendocrine tumors from pancreas or other parts of the gastrointestinal tract in China; and

- A Phase Ib/II study of pelcitoclax (APG-1252) as a single agent or in combination with other therapeutic agents in patients with r/r NHL in China.

The current progress of pelcitoclax (APG-1252) is as follows:

- In June 2022, the updated study results of pelcitoclax (APG-1252) in combination with osimertinib in patients with EGFR-mutant NSCLC was presented at ASCO. Pelcitoclax (APG-1252) plus osimertinib was well tolerated and showed comparable response rate versus osimertinib alone in third generation TKI-naïve patients. The median PFS has not been reached. In particular, encouraging activity was observed in certain biomarker defined patient population.

- The data of pelcitoclax (APG-1252) in combination with paclitaxel in patients with r/r SCLC was released at ASCO. Among 20 efficacy evaluable patients, 5 patients experienced partial responses with median duration of response (DoR) of 83 days.

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Other Clinical or IND-stage Candidates

APG-1387

APG-1387 is a novel, small molecule inhibitor of IAPs and it is the first IAP-targeting drug to enter clinical trials in China. It was developed for the treatment of advanced solid tumors and chronic HBV infection.

As of December 31, 2022, a total of 251 patients were enrolled and treated with APG-1387.

The current progress of APG-1387 is as follows:

For the two HBV studies:

- We have released results from a Phase I study of the investigational inhibitor of apoptosis protein (IAP) antagonist APG-1387 in Chinese patients with chronic hepatitis B (CHB), in an oral presentation at the 73rd American Association for the Study of Liver Diseases Annual Meeting (AASLD 2022) in November 2022. This study reported favorable safety and preliminary efficacy of an IAP antagonist for the treatment of patients with CHB.

- We have already completed a phase I study of APG-1387 monotherapy in treatment – naïve CHB patients.

- Phase II clinical trial of APG-1387 combined with entecavir in the treatment of CHB patients is under progress. The Phase I safety assessment has been completed. Based on the well-tolerated safety data, and the study entered Phase II, which is the efficacy evaluation of APG-1387 in combination with entecavir compared to entecavir monotherapy.

The other APG-1387 studies are as follows:

- A phase I clinical trial for the combination of APG-1387 and pembrolizumab (an anti-PD-1 monoclonal antibody) in the treatment of solid tumors is currently being conducted in the United States. The patient enrollment was completed.

- In China, a phase Ib/II clinical trial of APG-1387 in combination with toripalimab (拓益) (another anti-PD-1 monoclonal antibody) in solid tumors are currently being conducted. The phase Ib patient enrollment has been completed and the trial has entered into phase II and nasopharyngeal carcinoma (NPC) cohort is open. Among 4 efficacy-evaluable patients in PD-1 naïve NPC, three achieved objective response, including 1 CR and 2 PRs, per Ricist 1.1.

- A Phase I/II study to investigate the combination of APG-1387 with chemotherapy, nab-paclitaxel and gemcitabine for the treatment of advanced pancreatic cancer is ongoing. Among 3 AG-naïve patients, 2 achieved confirmed partial response.

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APG-2449

APG-2449 is a novel, orally active, small molecule focal adhesion kinase (FAK)/anaplastic lymphoma kinase (ALK) and the receptor tyrosine kinase C-ros oncogene 1 (ROS1) triple ligase kinase inhibitor (TKI) designed and developed by Ascentage Pharma. It is the first third-generation ALK inhibitor being developed in China. Mechanistically, APG-2449 dose-dependently inhibited the expression of phosphorylated ALK protein (P-ALK) and its downstream proteins in Ba/F3 cells harboring ALK WT or EML4-ALK L1196M mutation and hence inhibited the proliferation of tumor cells by the ALK pathway. Emerging clinical data demonstrated there is an efficacy signal in patients who failed the second-generation ALK TKI treatment.

The current progress of APG-2449 is as follows:

- In June 2022, the Phase I study results were published as a poster presentation at ASCO 2022. The preliminary result showed that APG-2449 has a favorable safety profile and anti-cancer activity was observed in patients who failed second-generation TKIs treatment and in TKI-naïve patients. Biomarker data indicated FAK target engagement and demonstrated immunomodulatory effects of APG-2449. Based on these preliminary efficacy results, Ascentage Pharma continued enrolling patient in both cohorts to generate more efficacy data. We started discussions with regulatory authority in 2022 for the next development plan and communication with CDE will continue once more efficacy data from current ongoing phase I expansion cohorts are available in 2023.

- Based on a preclinical study result which demonstrated anti-cancer effects of APG-2449 in the combination with chemotherapy in ovarian cancer, we took steps to assess APG-2449 in a clinical trial which will start in 2023.

- In April 2022, the preclinical study presented at AACR 2022 demonstrated that FAK inhibitor APG-2449 and CDK4/6 inhibitor palbociclib synergistically suppress mesothelioma tumor growth via autophagy induction.

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APG-5918

APG-5918 is a potent, orally available, and highly selective EED inhibitor with a best-in-class potential. APG-5918 exerted potent antiproliferative activity in cancer cell lines and impressive antitumor activity in xenograft tumor models of both hematological malignancies and solid tumors carrying specific mutations. In addition, APG-5918 demonstrated potential for treating beta hemoglobinopathy, including sickle cell disease and ß-thalassemia. APG-5918 showed overall favorable drug metabolism and pharmacokinetics (DMPK) and toxicological profiles (TOX profiles).

The current progress of APG-5918 is as follows:

- In January 2023, APG-5918 obtained approval from CDE to enter the clinical study in patients with anemia related indications.

- In November 2022, APG-5918 obtained approval from CDE to enter a Phase I study in patients with advanced solid tumors or hematologic malignancies. APG-5918 is the first domestically developed novel EED inhibitor entering clinical development in China.

- In June 2022, APG-5918 obtained IND clearance by the FDA and we launched first-in-human study that will assess the safety, pharmacokinetics, and preliminary efficacy of APG-5918 in patients with advanced solid tumors or hematologic malignancies. In November 2022, we completed the first patient enrollment.

- In April 2022, we have released the preclinical data that demonstrates potential for APG-5918 in cancer therapy was reported at AACR Annual Meeting 2022. APG-5918 demonstrated strong PD/PK correlation in mice bearing KARPAS-422 xenograft and other PDX tumors. The results suggested potential utility of APG-5918 in cancer therapy and we intend to perform further clinical investigation.

Lead Pre-clinical Asset

PROTACs MDM2 protein degrader

The Company is investigating an MDM2 protein degrader developed by the Proteolysis-Targeting Chimeras (PROTACs) technology. The clinical candidate APG-265 efficiently degraded MDM2 at a nanomolar concentration and has demonstrated potent antitumor activity in xenograft tumor models.

Discovery programs

Bcl-2 selective inhibitor

The Company has developed a new class of highly potent and selective Bcl-2 inhibitors. Several compounds have demonstrated potent in vitro activity against both wild-type and mutant Bcl-2 cancer cells. These compounds have also demonstrated excellent oral pharmacokinetics and robust antitumor activity in animal models.

RESEARCH AND DEVELOPMENT

We have a proven track record of researching, developing and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and through collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board (SAB), chaired by Dr. Wang, our co-founder and non-executive director. Members of our scientific advisory board are physician scientists with expertise in cancer research and drug development. They are not our employees but will from time to time provide us with assistance and guide our clinical development programs through regularly scheduled SAB meetings.

For the years ended December 31, 2021 and 2022, our research and development expenses were RMB766.5 million and RMB743.1 million, respectively.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are fundamental to our business. Through our robust research and development, we have strategically developed a global intellectual property portfolio with exclusive licenses to issued patents or patent applications worldwide with respect to our product candidates. As of December 31, 2022, we had 235 issued patents and more than 600 patent applications globally, among which, about 171 patents were issued outside of China.

COMMERCIALIZATION

We attach great importance building Ascentage Pharma's commercialization capability, including developing commercialization strategies and feasible commercialization infrastructure.

As of December 31, 2022, our core product olverembatinib achieved RMB182.4 million invoiced sales revenue since its launch (inclusive of value added tax). We have established a fully functional commercialization team consisting of approximately 100 staff. Despite the global pandemic, our team together with Innovent Biologics, Inc. (1801.HK) (hereinafter referred to as "**Innovent Biologics**") had covered 117 distributors to deliver olverembatinib to 177 direct to pharmacy (DTP) pharmacies, over 800 hospitals. Ascentage Pharma's commercial team had made great progress in getting olverembatinib covered by Huimin Medical Insurance. As of December 31, 2022, olverembatinib has been listed in 230 cities and covered by Huimin Medical Insurance in 29 provinces. There are many olverembatinib treated patients which have already benefited from coverage by Huimin Medical Insurance.

Ascentage Pharma's commercial team worked hard during the global pandemic in 2022, organizing a variety of online and offline promotional activities. They also educated the health care professionals (HCP) of olverembatinib's outstanding clinical benefits, which dramatically increased the brand awareness of olverembatinib among HCPs and patients.

Furthermore, in January 2023, olverembatinib has been successfully included in the 2022 NRDL, for the indication of T315I-mutant chronic-phase chronic myeloid leukemia (CML-CP) and accelerated-phase CML (CML-AP). The new version of the NRDL took effect on March 1, 2023. The inclusion will bolster the accessibility of olverembatinib, allowing more CML patients to easily and affordably access. We will collaborate with Innovent Biologics to accelerate the target hospital listings and medical insurance pharmacies. It will increase the usage of olverembatinib in broader patient types, especially after subsequent indications are approved and increase coverage into lower-tier cities and hospitals.

BUSINESS DEVELOPMENT

In addition to our strong in-house research and development team, we have established global collaboration relationships with leading biotechnology and pharmaceutical companies and academic institutions.

In July 2022, Ascentage Pharma and Tanner Pharma Group have jointly launched an innovative Named Patient Program (NPP) for olverembatinib. This collaboration will allow access to Ascentage Pharma's novel drug candidate, olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible.

MANUFACTURING

We have established our own Suzhou facility as the headquarters of Ascentage Pharma, which is a China-based global R&D center and manufacturing facility. The R&D center was put into use in the second half of 2021.

The manufacturing section of the Suzhou facility is more than 20,000 square meters, and the manufacturing capacity for both oral solid tablets and capsules is up to 250 million dosage units per year. We also maintain the manufacturing capability for injectable drug products including lyophilized formulation at the Suzhou facility. In the fourth quarter of 2022, the Company was issued a Drug Manufacturing License (Certificate A). This license will allow us to produce innovative drugs with global patents and global market potential in Suzhou and supply the drugs to the global market. Ascentage Pharma's global manufacturing base is enabling further transformation from a biotech company to a biopharma company.

In addition, we leased a facility with a size of approximately 4,500 square meters for R&D and manufacturing in China Medical City, Taizhou, Jiangsu Province, China, where we produce and supply pre-clinical test articles and clinical trial materials for some of our drug candidates.

EXPECTED COVID-19 IMPACT

As global economies recover from the duration of the COVID-19 pandemic, Ascentage Pharma expects a lessening of the negative impact on its global operations, including clinical trial recruitment and participation, regulatory interactions, drug supply and manufacturing and R&D facility construction.

Our financial and liquidity positions maintained a normal status during 2022 despite the impact of COVID-19.

We continue to operate our clinical trials in compliance with applicable regulatory guidelines concerning the COVID-19 pandemic to minimize delays and disruptions which may have an impact on our ability to deliver our clinical and regulatory goals in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
REVENUE	*4*	**209,711**	27,910
Cost of sales		**(21,998)**	(3,328)
Gross profit		**187,713**	24,582
Other income and gains	*4*	**66,972**	168,056
Selling and distribution expenses		**(157,421)**	(47,748)
Administrative expenses		**(170,595)**	(143,513)
Research and development expenses		**(743,104)**	(766,491)
Other expenses		**(17,674)**	(50,404)
Finance costs		**(52,785)**	(16,731)
Share of losses of a joint venture		**(278)**	–
LOSS BEFORE TAX	*5*	**(887,172)**	(832,249)
Income tax credit	*6*	**4,248**	49,825
LOSS FOR THE YEAR		**(882,924)**	(782,424)
Attributable to:			
Owners of the parent		**(882,924)**	(782,424)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
– For loss for the year (RMB)		**(3.35)**	(3.07)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2022

	2022	2021
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(882,924)**	(782,424)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**25,832**	(15,890)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of non-foreign operations	**35,665**	(15,388)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**61,497**	(31,278)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(821,427)**	(813,702)
Attributable to:		
Owners of the parent	**(821,427)**	(813,702)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**602,086**	797,029
Investment properties		**355,425**	–
Right-of-use assets		**46,636**	47,339
Goodwill		**24,694**	24,694
Other intangible assets		**84,304**	60,411
Investment in a joint venture		**15,922**	16,200
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,609**	11,645
Deferred tax assets		**54,294**	51,648
Other non-current assets		**7,803**	45,814
Total non-current assets		**1,193,773**	1,054,780
CURRENT ASSETS			
Inventories		**9,448**	3,930
Trade receivables	*10*	**54,356**	53,968
Prepayments, other receivables and other assets		**80,444**	83,561
Cash and bank balances		**1,492,240**	1,743,821
Total current assets		**1,636,488**	1,885,280
CURRENT LIABILITIES			
Trade payables	*11*	**95,559**	70,861
Other payables and accruals		**240,034**	194,183
Contract liabilities		**24,354**	24,358
Interest-bearing bank and other borrowings		**518,383**	49,451
Derivative financial instruments		**2,822**	22,256
Total current liabilities		**881,152**	361,109
NET CURRENT ASSETS		**755,336**	1,524,171
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,949,109**	2,578,951

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**183,625**	207,979
Interest-bearing bank and other borrowings		**1,274,344**	1,034,839
Deferred tax liabilities		**12,151**	13,753
Long-term payables		**35,331**	52,343
Deferred income		**35,000**	35,300
Total non-current liabilities		**1,540,451**	1,344,214
Net assets		**408,658**	1,234,737
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**180**	178
Treasury shares		**(26,552)**	(3)
Capital and reserves		**435,030**	1,234,562
Total equity		**408,658**	1,234,737

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on November 17, 2017. The registered office of the Company is located at the office of Walkers Corporate Limited, with the registered address of 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company became the holding company of the subsidiaries now comprising the Group upon completion of the reorganization in July 2018. The Group is principally engaged in developing novel small-scale therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases.

In the opinion of the directors, the ultimate controlling shareholders of the Company are Dr. Yang Dajun ("**Dr. Yang**"), Dr. Guo Edward Ming ("**Dr. Guo**"), Dr. Wang Shaomeng ("**Dr. Wang**"), Dr. Zhai Yifan ("**Dr. Zhai**"), Ascentage Limited, a company incorporated in the BVI with limited liability which is owned by Dr. Yang, Dr. Guo and Dr. Wang and HealthQuest Pharma Limited, a company incorporated in the BVI with limited liability and wholly owned by Dr. Zhai.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since October 28, 2019.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting standards, International Accounting Standards ("**IASs**") and interpretations) approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

These have been prepared under the historical cost convention, except for financial assets at FVTPL and derivative financial instruments which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from January 1, 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the financial statements:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after January 1, 2023

2 Effective for annual periods beginning on or after January 1, 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after January 1, 2024.

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the development and sales of novel small-scale therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Mainland China	**209,707**	14,965
United States	**4**	12,945
	209,711	27,910

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Mainland China	**1,133,439**	990,266
United States	**3,393**	965
Others	**38**	256
	1,136,870	991,487

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from customers amounting to over 10% of the total revenue of the Group in the reporting period is as follows:

	Year ended December 31, 2022 *RMB'000*
Customer A	**155,506**

	2021 *RMB'000*
Customer A	12,945
Customer B	9,522
	22,467

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Types of goods or services		
Sales of pharmaceutical products	**174,931**	5,443
License fee income	**24,358**	22,467
Service income	**10,422**	–
	209,711	27,910
Timing of revenue recognition		
At a point in time		
Sales of pharmaceutical products	**174,931**	5,443
Promotion service income	**7,252**	–
Patented IP license fee income	**–**	12,902
Over time		
Commercialization license fee income	**24,354**	9,522
Consultation service income	**3,170**	–
Compounds Library license fee income	**4**	43
	209,711	27,910

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Commercialization license fee income	**24,354**	–
Compounds Library license fee income	**4**	43
	24,358	43

Other income and gains

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Government grants related to income	**33,597**	63,335
Fair value gain on derivative financial instruments	**19,434**	81,597
Bank interest income	**9,727**	7,106
Gain on disposal of items of property, plant and equipment	**2,068**	–
Foreign exchange gain, net	**–**	9,912
Gain on disposal of financial assets at FVTPL	**–**	5,972
Others	**2,146**	134
	66,972	168,056

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold	**18,926**	747
Cost of services provided	**3,072**	2,581
Depreciation of property, plant and equipment**	**38,194**	10,775
Depreciation of investment property**	**1,444**	–
Depreciation of right-of-use assets**	**13,495**	10,343
Amortization of intangible assets**	**9,782**	7,208
Research and development costs	**743,104**	766,491
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**360,838**	339,988
Equity-settled share-based payments**	**22,105**	46,971
Pension scheme contributions (defined contribution scheme)*	**28,659**	21,933
	411,602	408,892
Fair value (gains)/losses, net:		
Derivative financial instruments	**(19,434)**	(81,597)
Financial assets at FVTPL	**9,765**	26,859
Long-term payables	**–**	17,916
(Gain)/loss on disposal of items of property, plant and equipment	**(2,068)**	34
Gain on disposal of items of lease	**(205)**	–
Lease payments not included in the measurement of lease liabilities	**124**	251
Government grants related to income	**(33,597)**	(63,335)
Bank interest income	**(9,727)**	(7,106)
Gain on disposal of financial assets at FVTPL	**–**	(5,972)
Auditors' remuneration	**2,510**	2,580
Donations	**3,118**	5,203
Foreign exchange loss/(gain), net	**2,638**	(9,912)

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The depreciation of property, plant and equipment, the depreciation of investment property, the depreciation of right-of-use assets, the amortization of intangible assets and the equity-settled share-based payment expenses for the period are included in "Cost of Sales", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

6. INCOME TAX CREDIT

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax ("**CIT**") at a rate of 25% on the taxable income, except for a certain high and new technology enterprise of the Group in Mainland China, which is taxed at a preferential rate of 15% (2021: Nil). No provision for CIT has been made as the Group had no taxable profits in Mainland China during the reporting period.

United States

Pursuant to the tax law and regulations in the United States, the subsidiary operating in the United States is subject to income tax at a rate of 21% (2021: 21%). No provision for income tax has been made as the Group had no assessable profit earned in the United States during the reporting period.

Pursuant to the tax law and regulations in the United States, a subsidiary operating outside the United States is subject to a withholding tax rate of 30% for income earned or derived from the United States.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Current	**–**	3,425
Deferred	**(4,248)**	(53,250)
Total income tax credit for the year	**(4,248)**	(49,825)

7. DIVIDENDS

The board of directors resolved not to declare any final dividend for the year ended December 31, 2022 (2021: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 263,668,827 (2021: 254,615,322) in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2022 and 2021 in respect of a dilution as the impact of the options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(882,924)**	(782,424)

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**263,668,827**	254,615,322

9. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2022, the buildings with a net carrying amount of approximately RMB454,131,000 (2021: RMB406,945,000) and the construction in progress with a net carrying amount of approximately RMB17,833,000 (2021: RMB362,859,000) were pledged to secure general banking loans of the Group. The amount of borrowing costs capitalized at December 31, 2022 was approximately RMB14,607,000 (2021: RMB20,903,000). The amount of borrowing costs eligible for capitalization was determined by the interest rate of a specific borrowing, which fell in the range from 4.45% to 4.8% for the year ended December 31, 2022.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

For the trade receivables generated from the sales of pharmaceutical products, to which the customers have similar loss patterns, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. As at December 31, 2022, trade receivables generated from the sales of pharmaceutical products were expected to be recovered on time.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**30,043**	53,968
1 to 3 months	**24,313**	–
	54,356	53,968

11. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**64,859**	44,273
1 to 3 months	**3,327**	6,159
3 to 6 months	**27,373**	16,757
6 to 12 months	**–**	3,672
	95,559	70,861

The trade payables are non-interest-bearing and are normally settled in less than six months.

12. SHARE CAPITAL

During the year ended December 31, 2022, the Company issued ordinary shares with respect to the share options granted under the pre-IPO share option scheme which were exercised by certain grantees of the Company before December 31, 2022 to such grantees. In connection with the exercised share options, 2,213,404 new shares of the Company were issued with weighted average exercise price of HK$0.01, and an amount of RMB1,535 was credited as share capital.

In June 2022, the Company issued ordinary shares with respect to the restricted share units granted under the 2021 RSU Scheme which were exercised by certain selected persons before December 31, 2022 to such selected persons. In connection with the exercised restricted share units, 91,933 new shares of the Company were issued, and an amount of RMB62 was credited as share capital.

FINANCIAL REVIEW

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue	**209,711**	27,910
Other income and gains	**66,972**	168,056
Selling and distribution expenses	**(157,421)**	(47,748)
Research and development expenses	**(743,104)**	(766,491)
Administrative expenses	**(170,595)**	(143,513)
Finance costs	**(52,785)**	(16,731)
Other expenses	**(17,674)**	(50,404)
Loss for the year	**(882,924)**	(782,424)
Total comprehensive loss for the year	**(821,427)**	(813,702)

1. Overview

For the year ended December 31, 2022, the Group recorded revenue of RMB209.7 million, as compared with RMB27.9 million for the year ended December 31, 2021, and a total comprehensive loss of RMB821.4 million, as compared with RMB813.7 million for the year ended December 31, 2021. The loss of the Group was RMB882.9 million for the year ended December 31, 2022, as compared with RMB782.4 million for the year ended December 31, 2021. The selling and distribution expenses of the Group was RMB157.4 million for the year ended December 31, 2022, as compared with RMB47.7 million for the year ended December 31, 2021, the significant increase is attributable to the increase in selling and distribution expenses incurred by the sales team in the commercialization of Olverembatinib. The research and development expenses of the Group was RMB743.1 million for the year ended December 31, 2022, as compared with RMB766.5 million for the year ended December 31, 2021. The administrative expenses of the Group was RMB170.6 million for the year ended December 31, 2022 as compared with RMB143.5 million for the year ended December 31, 2021.

2. Revenue

For the year ended December 31, 2022, the Group generated revenue of RMB209.7 million from the sales of pharmaceutical products, commercialization license fee income from Innovent Suzhou and service income, as compared to RMB27.9 million for the year ended December 31, 2021, representing an increase of RMB181.8 million, or 651.6%, since we have commercialized our core product Olverembatinib. Meanwhile, our cost of sales grew from RMB3.3 million to RMB22.0 million, in pace with the growth in revenue, representing an increase of 566.7%. We also entered into the strategic collaboration with Innovent and the license fee income from Innovent will be amortized over the co-commercialization period.

3. Other Income and Gains

The Group's other income and gains primarily consists of (i) government grants related to income; (ii) fair value gain on derivative financial instruments; (iii) interest income on term deposit at banks; and (iv) gain on disposal of items of property, plant and equipment. Government grants related to income mainly represent the subsidies received from local governments for the purpose of compensation for expenses arising from research activities and clinical trials, and awards for new drugs development. These government grants related to income were recognized in profit or loss when related costs were subsequently incurred and upon receipt of the acknowledgment of compliance from the government.

For the year ended December 31, 2022, other income and gains of the Group decreased by RMB101.1 million, or 60.1% to RMB67.0 million, from RMB168.1 million for the year ended December 31, 2021, primarily due to (i) the decrease in government grants related to income to RMB33.6 million for the year ended December 31, 2022, as compared with RMB63.3 million for the year ended December 31, 2021; and (ii) the decrease in fair value gain on derivative financial instruments to RMB19.4 million for the year ended December 31, 2022, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with RMB81.6 million for the year ended December 31, 2021.

4. Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consists of staff costs and travel and meeting expenses.

For the year ended December 31, 2022, the selling and distribution expenses of the Group increased significantly by RMB109.7 million or 230.0% to RMB157.4 million, as compared to RMB47.7 million for the year ended December 31, 2021. The increase was attributable to the increase in selling and distribution expenses incurred by the sales team in the commercialization of Olverembatinib.

5. Research and Development Expenses

The Group's research and development expenses primarily consists of internal research and development expenses, external research and development expenses, staff costs, IP expenses, materials, depreciation and amortization and share option and RSU expenses of research and development staff.

For the year ended December 31, 2022, the research and development expenses of the Group decreased by RMB23.4 million, or 3.1% to RMB743.1 million from RMB766.5 million for the year ended December 31, 2021. The small decrease was attributable to the decline in IP expenses and share option and RSU expenses of R&D staff . The research and development expenses was kept in the same level overall as last year.

The following table sets forth the components of our research and development expenses by nature for the periods indicated.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Internal research and development expenses	**186,761**	174,134
External research and development expenses	**82,107**	107,635
Staff costs	**299,002**	290,347
IP expenses	**5,016**	15,265
Materials	**90,531**	91,523
Depreciation and amortization	**20,664**	14,633
Share option and RSU expenses of R&D staff	**15,762**	33,790
Others	**43,261**	39,164
Total	**743,104**	766,491

6. Administrative Expenses

For the year ended December 31, 2022, the administrative expenses of the Group increased by RMB27.1 million, or 18.9% to RMB170.6 million from RMB143.5 million for the year ended December 31, 2021. The increase was primarily attributable to the increased operation and depreciation expenses of the Suzhou facility. The following table sets forth the components of our administrative expenses for the periods indicated.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Share option and RSU expenses	**4,895**	12,120
Staff costs	**68,583**	67,887
Depreciation and amortization	**35,321**	13,365
Others	**61,796**	50,141
Total	**170,595**	143,513

7. Finance Costs

Finance costs represented mainly interest expenses from bank borrowings and lease liabilities.

For the year ended December 31, 2022, the finance costs of the Group increased by RMB36.1 million, or 216.2% to RMB52.8 million from RMB16.7 million for the year ended December 31, 2021. The increase was primarily attributable to additional interest incurred in relation to bank borrowings.

8. Other Expenses

The Group's other expenses mainly consisted of (i) realized and unrealized losses from foreign exchange; (ii) fair value loss on financial assets at FVTPL; and (iii) donations.

For the year ended December 31, 2022, the Group reported other expenses of RMB17.7 million, as compared to other expenses of RMB50.4 million for the year ended December 31, 2021, which represented a decrease of RMB32.7 million, or 64.9%. The decrease was primarily attributable to: (i) the decrease of fair value loss on financial assets at FVTPL from RMB26.9 million for the year ended December 31, 2021 to RMB9.8 million for the year ended December 31, 2022; and (ii) the decrease of fair value loss on long-term payables from RMB17.9 million for the year ended December 31, 2021 to no fair value loss on long-term payables in other expenses for the year ended December 31, 2022.

The loss on fair value of the financial assets at FVTPL was a non-cash adjustment that represented the change in fair value arising from the common stock of Unity held by the Group.

The loss on fair value of the long-term payables was a non-cash adjustment that represented the change in fair value of contingent consideration payable in relation to the acquisition of Healthquest Pharma in December 2016. The measurement of long-term payables changed from fair value to amortized cost since Olverembatinib has been approved for commercialization by the China National Medical Products Administration.

9. Loss for the Reporting Period

As a result of the foregoing, the loss of the Company increased by RMB100.5 million, or 12.8%, to RMB882.9 million for the year ended December 31, 2022 from RMB782.4 million for the year ended December 31, 2021.

10. Cash Flows

For the year ended December 31, 2022, net cash outflows used in operating activities of the Group amounted to RMB653.9 million, as compared to that of RMB604.7 million for the year ended December 31, 2021, the increase was mainly due to the expansion of commercialization of Olverembatinib.

For the year ended December 31, 2022, net cash outflows used in investing activities of the Group amounted to RMB384.6 million, which mainly consisted of (i) the net increase in property, plant and equipment and other intangible assets of RMB234.6 million; and (ii) payment of contingent consideration in relation to our acquisition of Healthquest Pharma in December 2016 of RMB20.0 million and increase in time deposits with original maturity of more than three months of RMB130.0 million. For the year ended December 31, 2021, net cash outflow from investing activities amounted to RMB466.5 million, which mainly consisted of (i) the net increase in property, plant and equipment and other intangible assets of RMB436.3 million; and (ii) payment of contingent consideration in relation to our acquisition of Healthquest Pharma in December 2016 of RMB20.0 million and investment in joint venture of RMB16.2 million (which is not material with respect to the Group).

For the year ended December 31, 2022, net cash inflows from financing activities of the Group amounted to RMB619.3 million, which mainly consisted of net borrowings of RMB709.1 million from banks. For the year ended December 31, 2021, net cash inflows from financing activities amounted to RMB1,781.4 million, which mainly consisted of net proceeds of RMB961.1 million* from issuance of shares through the 2021 Placing, net proceeds of RMB323.5 million from the subscription of Shares by Innovent and net borrowings of RMB548.5 million from banks.

* representing proceeds from issue of shares minus cash payment of share issue expenses recorded as a deduction of share premium for the year ended December 31, 2021.

11. Key Financial Ratios

The following table sets forth the key financial ratios for the years indicated:

	As at December 31,	
	2022	2021
Current ratio[(1)]	**1.9**	5.2
Quick ratio[(2)]	**1.8**	5.2
Gearing ratio[(3)]	**73.5%**	N/A[(4)]

Notes:

(1) Current ratio is calculated using current assets divided by current liabilities as at the same date.

(2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as at the same date.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total Equity and multiplied by 100%.

(4) As at December 31, 2021, the Group's cash and bank balances exceeded the interest-bearing borrowings. As such, no gearing ratio as at December 31, 2021 was presented.

12. Significant Investments

During the Reporting Period, there were no significant investments held by the Group.

13. Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our cash and bank balances, other receivables and other assets, other investments classified as financial assets measured at FVTPL, derivative financial instrument and trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures for the year ended December 31, 2022.

15. Bank Loans and Other Borrowings

As at December 31, 2022, we had bank loans of RMB1,775.5 million denominated in RMB and lease liabilities of RMB17.2 million.

As at December 31, 2022, RMB565.8 million of the Group's borrowings were at fixed interest rates.

	Effective interest rate per annum (%)	**Maturity**	***RMB'000***
Current			
Short-term borrowing	3.90-4.30	2023	139,900
Current portion of long term bank loans – unsecured	4.25-4.75	2023	176,400
Current portion of long term bank loans – unsecured	1 year LPR+0 to 0.9	2023	184,005
Current portion of long-term bank loans – secured*	5 year – LPR+0.15	2023	10,000
Lease liabilities	4.00 – 4.35	2023	8,078
			518,383
Non-current			
Bank loans – unsecured	1 year LPR+0 to 0.9	2024 – 2027	464,190
Bank loans – unsecured	4.25-4.75	2024 – 2026	249,500
Bank loans – secured*	5 year – LPR+0.15	2024 – 2030	551,510
Lease liabilities	4.00-4.35	2024 – 2026	9,144
			1,274,344
			1,792,727

Note: LPR represents the Loan Prime Rate.

* The bank loans amounting to RMB561,510,000 were secured by the pledge of the Group's right-of-use assets with a carrying amount of RMB28,728,000 (2021: RMB29,858,000), construction in progress with a carrying amount of approximately RMB17,833,000 (2021: RMB362,859,000), buildings with a net carrying amount of approximately RMB454,131,000 (2021: RMB406,945,000) and investment property with a carrying amount of RMB355,425,000 (2021: Nil) as at December 31, 2022. Such loans were also guaranteed by one of the Group's subsidiary.

The unsecured bank loans amounting to RMB257,120,000 (2021: RMB78,250,000) were guaranteed by two of the Group's subsidiaries as at December 31, 2022.

The following table sets forth the maturity analysis of the Group's interest-bearing bank and other borrowings:

	2022	2021
	RMB'000	*RMB'000*
Analysed into:		
Within one year	**518,383**	49,451
In the second year	**384,479**	328,674
In the third to fifth years, inclusive	**788,355**	568,373
Beyond five years	**101,510**	137,792
	1,792,727	1,084,290

16. Charges on Group Assets

As at December 31, 2022, the Group had pledged the Group's right-of-use assets with a carrying amount of approximately RMB28.7 million, the construction in progress with a carrying amount of approximately RMB17.8 million, the buildings with a carrying amount of approximately RMB454.1 million and investment property with a carrying amount of RMB355.4 million to bank facilities.

17. Contingent Liabilities

As at December 31, 2022, the Group did not have any material contingent liabilities.

18. Liquidity and Financial Resources

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in U.S. dollars, Hong Kong dollars and RMB) in short term deposits with authorized institutions in Hong Kong and China.

As at December 31, 2022, the Group's cash and bank balances decreased to RMB1,492.2 million from RMB1,743.8 million as at December 31, 2021.

As at December 31, 2022, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at December 31, 2022, the Group had not used any financial instruments for hedging purposes.

As at December 31, 2022, the current assets of the Group were RMB1,636.5 million, including cash and bank balances of RMB1,492.2 million, inventory balances of RMB9.4 million, trade receivable balances of RMB54.4 million and prepayments, other receivables and other current assets of RMB80.4 million. As at December 31, 2022, the current liabilities of the Group were RMB881.2 million, including trade payables of RMB95.6 million, other payables and accruals of RMB240.0 million, derivative financial instruments of RMB2.8 million, borrowings of RMB518.4 million and contract liabilities of RMB24.4 million. As at December 31, 2022, the non-current liabilities of the Group were RMB1,540.5 million, including long term borrowings of RMB1,274.3 million, contract liabilities of RMB183.6 million, long term payables and deferred income of RMB70.3 million and deferred tax liability of RMB12.2 million.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at December 31, 2022 by function:

Function	**Number**	**%**
Research and Development	392	67.6
Commercial	113	19.5
Administrative and others	75	12.9
Total	**580**	**100.0**

As at December 31, 2022, we had 580 full-time employees, including a total of 51 employees with M.D. or Ph.D. degrees. Of these, 392 are engaged in full-time research and development and laboratory operations and 188 are engaged in full-time general and administrative and commercial functions, and business development function. Our research and development personnel includes 39 employees with M.D. or Ph.D. degrees, and many of them have experience working in research institutions and hospitals and in the FDA drug approval process.

Our senior management team has extensive experience and expertise in the biotechnology industry and has been contributive in driving the success of our business. As at December 31, 2022, we had 157 senior employees who have an average of 15 to 20 years of experience in relevant fields.

We have also enjoyed more than 80% retention rate of employee over the last two years, which facilitates the growth of our institutional knowledge base. We are actively recruiting talents globally by offering a collaborative work environment, competitive compensation, effective incentive plans, and the opportunity to work on cutting-edge science projects.

Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, 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 PRC-based employees. For the years ended December 31, 2021 and 2022, employee benefit expense amounted to RMB388.2 million and RMB427.6 million, respectively.

The Company has also adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the 2018 RSU Scheme, the 2021 RSU Scheme and the 2022 RSU Scheme.

During the Reporting Period, the Company granted 1,634,426 RSUs under the 2022 RSU Scheme, representing 1,634,426 Shares to 80 Selected Persons, who are employees of the Group, among which 100,000 RSUs, representing 100,000 Shares, were granted to Dr. Zhai, who is the chief medical officer and a substantial shareholder of the Company. Dr. Zhai, being a substantial shareholder of the Company and the spouse of Dr. Yang (an executive Director and the chief executive officer of the Company), is a connected person of the Company under Chapter 14A of the Listing Rules. Based on the closing price of HK$20.15 as quoted on the Stock Exchange on June 23, 2022 (being the date of the abovementioned grant of RSUs to Dr. Zhai), the aggregate market value of the underlying Shares in relation to the RSUs granted to Dr. Zhai amounts to HK$2,015,000. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the abovementioned aggregate market value are less than 0.1%, the abovementioned grant of RSUs to Dr. Zhai constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

For further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2018 RSU Scheme, please refer to the section headed "Statutory and General Information – D. Employee Incentive Schemes" in Appendix IV to the Prospectus. For further details of the 2021 RSU Scheme and the grant of RSUs thereunder, please refer to the relevant announcements of the Company dated February 2, 2021, May 21, 2021, June 18, 2021, June 25, 2021, July 14, 2021 and July 23, 2021, as well as the circular of the Company dated August 31, 2021. For further details of the 2022 RSU Scheme and the grant of RSUs thereunder, please refer to the relevant announcements of the Company dated June 23, 2022, July 14, 2022, October 21, 2022, October 25, 2022, October 26, 2022, October 27, 2022, October 28, 2022 and October 31, 2022. Further disclosure in connection with the abovementioned share schemes as required under the relevant provisions of chapter 17 of the Listing Rules will be made in the 2022 annual report to be published by the Company.

FUTURE AND OUTLOOK

Leveraging our extensive experience in the global biotechnology industry, we will continue to accelerate our development of eight drug candidates in our highly differentiated novel clinical pipeline to next phases and apply for NDAs across the globe.

We will invest more resources to support our key product development through accelerating clinical trial sites development, boosting clinical trial recruitment and strengthening material communications with competent authorities. Meanwhile, we also expect to report significant near-term milestones for several key products in global academic conferences on our encouraging preclinical or clinical data, so as to increase our influence and seek global collaboration opportunities.

We intend to become a fully integrated globally biopharmaceutical company with a comprehensive set of capabilities focusing on business development and commercialization beyond our core competency in research and development. In anticipation of the potential commercialization of our drug candidates, we plan to capture additional commercialization opportunities in global pharmaceutical markets through actively pursuing strategic partnerships with global biotechnology and pharmaceutical companies for cooperation over our pipeline assets.

Additionally, we expect to expand our intellectual property portfolio by actively seeking patent rights for our product candidates. As of December 31, 2022, we had 235 issued patents and more than 600 patent applications globally, among which, about 171 patents were issued outside of China. We will further enhance our comprehensive and growing global intellectual property portfolio in the future.

Looking forward, we will constantly extend our capability to develop the innovative therapies with better efficacy and affordable costs for patients to address the unmet medical needs, improve patient health and bring benefits to the society globally. At the same time, we will constantly strive to consolidate our position as a leading biotechnology company and maintain good financial health to protect the interests of our Shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. Save for the deviation disclosed below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the Reporting Period.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer, and Dr. Yang currently performs these two roles. The Board believes that such arrangement will not impair the balance of power and authority between the Board and the management of the Company, because (a) decisions to be made by the Board require approval by at least a majority of the Directors and that the Board comprises four independent non-executive Directors, which represents at least one-third of the Board composition and satisfies the relevant requirement under the Listing Rules, and we believe that there is sufficient check and balance in the Board; (b) Dr. Yang and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; (c) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (d) strategic decisions and other key business, financial, and operational policies of the Group are formalized collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Model Code

We have also adopted our own code of conduct regarding securities transactions, namely the policy on management of securities transactions by directors (the "**Securities Transactions Code**"), which applies to all Directors on terms not less exacting than the required standard indicated by the Model Code.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code and the Securities Transaction Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code and the Securities Transactions Code by the senior management of the Group during the year under review.

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Use of Net Proceeds

Use of Net Proceeds from Global Offering

With the Shares of the Company listed on the Stock Exchange on October 28, 2019, the net proceeds from the Global Offering (including shares issued as a result of the full exercise of the over-allotment option) were approximately HK$369.8 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and as at December 31, 2022, the Company has fully utilized the net proceeds in accordance with such intended purposes.

The table below sets out the planned applications of the net proceeds from the Global Offering and the actual usage up to December 31, 2022.

Use of proceeds		**Planned allocation of Net Proceeds** *(HKD million)*	**Planned allocation of Net Proceeds** *(RMB million)*	**Utilized amount (as at the date of this announcement)** *(RMB million)*
Research and development to bring our Core Product, HQP1351, to commercialization	42%	155.2	138.2	138.2
Ongoing and planned clinical trials of APG-1252	13%	48.1	42.8	42.8
Ongoing and planned clinical trials of APG-2575	19%	70.3	62.5	62.5
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	62.5
Ongoing and planned clinical trials for the rest of the clinical programs of the Company, A PG-1387 and APG-2449	6%	22.2	19.7	19.7
Working capital and general corporate purposes	1%	3.7	3.3	3.3
Total	100.0%	369.8	329.1	329.1

Notes:

(1) The sum of the data may not add up to the total due to rounding.

(2) Net proceeds from the Global Offering were received in Hong Kong dollars and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the Global Offering.

Use of Net Proceeds From the 2020 Placing

The closing of the 2020 Placing of 15,000,000 Shares took place on July 15, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2020 Placing were approximately HK$689.5 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at December 31, 2022, the Company has fully utilized the net proceeds in accordance with such intended purposes.

The table below sets out the planned applications of the net proceeds from the 2020 Placing and the actual usage up to December 31, 2022.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2022)** *(RMB million)*
Clinical development for other pipeline products, such as APG-2575, APG-115, APG- 1387 and APG-1252	60%	413.5	345.0	345.0
Registration, trial production and marketing of the Core Product, HQP1351	20%	138.0	115.0	115.0
Ongoing and planned clinical trials of APG-2575	20%	138.0	115.0	115.0
Total	100%	689.5	575.0	575.0

Notes:

(1) The sum of the data may not add up to the total due to rounding.

(2) Net proceeds from the 2020 Placing were received in Hong Kong dollars and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2020 Placing.

Use of Net Proceeds From the 2021 Placing

On February 3, 2021, the Company entered into the 2021 Placing and subscription agreement with Ascentage Limited (the "**Vendor**") and J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited (the "**2021 Placing Agents**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agents, and the 2021 Placing Agents agreed to act as agents of the Vendor to procure not less than six placees (the "**2021 Placees**"), on a best effort basis, to purchase up to 26,500,000 shares of the Company (the "**Placing Shares**") at the price of HK$44.2 per 2021 Placing Share; and (ii) the Vendor agreed to subscribe for, and the Company agreed to issue to the Vendor up to 26,500,000 new shares of the Company (the "**Subscription Shares**") at the price of HK$44.2 per Subscription Share (the "**2021 Subscription**"). The closing of the 2021 Placing took place on February 8, 2021 and the closing of the 2021 Subscription took place on February 11, 2021. A total of 26,500,000 Placing Shares have been successfully placed by the 2021 Placing Agents to the 2021 Placees. A total of 26,500,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the AGM held on June 19, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2021 Placing were approximately HK$1,153.64 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and the Company will gradually utilize the remaining amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The table below sets out the planned applications of the net proceeds from the 2021 Placing and the actual usage up to December 31, 2022.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2022)** *(RMB million)*	**Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing**
Clinical development of the key product candidate, APG-2575	50%	576.8	480.6	430.6	June 30, 2023
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.2	172.2	June 30, 2023

Use of proceeds		Planned allocation of net proceeds *(HK$ million)*	Planned allocation of net proceeds *(RMB million)*	Utilized amount (as at December 31, 2022) *(RMB million)*	Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing
Clinical development for other pipeline products such as APG-115 (MDM2-p53 inhibitors currently in Phase Ib/II clinical trial), APG- 1387 (pan-IAP inhibitor currently in Phase Ib/II clinical trial) and APG- 1252 (Bcl-2/Bcl-xL dual inhibitor currently in Phase I clinical trial)	20%	230.7	192.2	172.2	June 30, 2023
General corporate purposes	10%	115.4	96.1	91.1	June 30, 2023
Total	100%	1,153.6	961.1	866.1	

Notes:

(1) The sum of the data may not add up to the total due to rounding.

(2) The expected timeline for utilizing the remaining balance of net proceeds is based on the best estimation of the market conditions made by the Group and it is subject to the research and development progress of the Group which may be affected by COVID-19.

(3) Net proceeds from the 2021 Placing were received in Hong Kong dollars and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2021 Placing.

Use of Net Proceeds From the Subscription of Shares by Innovent

Innovent has subscribed for 8,823,863 Shares at a total consideration of HK$388.25 million (being approximately US$50 million) and at the subscription price of HK$44.0 per Share. The completion of the subscription of Shares by Innovent took place on July 23, 2021. The net proceeds (after the deduction of all applicable costs and expenses) raised from the subscription of Shares by Innovent were approximately HK$388.06 million (being approximately US$49.98 million). There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 14, 2021 and the Company will gradually utilize the net proceeds in accordance with such intended purposes depending on actual business needs.

The table below sets out the planned applications of the net proceeds from the subscription of Shares by Innovent.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2022)** *(RMB million)*	**Expected timeline for utilizing the remaining balance of net proceeds from the subscription of Shares by Innovent**
Development and commercialization of the Company's Core Product, HQP1351	30%	116.42	97.10	10.00	June 30, 2023
Development of the Company's key product candidate, APG-2575	70%	271.64	226.40	23.50	June 30, 2023
Total	100%	388.06	323.50	33.50	

Notes:

(1) The sum of the data may not add up to the total due to rounding.

(2) The expected timeline for utilizing the remaining balance of net proceeds is based on the best estimation of the market conditions made by the Group and it is subject to the research and development progress of the Group which may be affected by COVID-19.

(3) Net proceeds from the subscription of Shares by Innovent were received in Hong Kong dollars and translated to RMB for application planning.

No equity fund raising activities were conducted by the Company during the year ended December 31, 2022.

2021 WARRANTS

On July 14, 2021, the Company entered into a warrant subscription deed, pursuant to which the Company issued to Innovent 6,787,587 unlisted warrants (the "**2021 Warrants**"), conferring the rights to subscribe for an aggregate of 6,787,587 Warrant Shares at the warrant exercise price of HK$57.20 per Warrant Share (subject to adjustment). The completion of the issuance of the 2021 Warrants took place on October 11, 2021. The Warrants and the Warrant Shares upon the exercise thereof will be issued under the specific mandate which was approved by the Shareholders at the extraordinary general meeting of the Company held on September 20, 2021.

Assuming all the 6,787,587 Warrants are exercised, the net proceeds (after deducting all applicable costs and expenses, including commission and levies) arising from the issuance of the 2021 Warrants are estimated to be approximately HK$388.06 million (being approximately US$49.98 million). Innovent is exempt from paying a nominal consideration for the Warrants. The net proceeds from the Warrant Subscription will be used for the development and commercialization of the product candidates in the Company's pipeline. As at the date of this announcement, no Warrants have been exercised. For further details on the 2021 Warrants, please refer to the relevant announcements of the Company dated July 14, 2021 and October 12, 2021, as well as the circular of the Company dated August 31, 2021.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Ye Changqing and Dr. Yin Zheng, and one non-executive Director Dr. Lu Simon Dazhong. Mr. Ye Changqing is the chairman of the Audit Committee.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee has also reviewed and considered that the annual financial results for the year ended December 31, 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement, as at the date of this announcement, there were no future plans regarding material investment or capital assets.

EVENTS AFTER THE REPORTING PERIOD

On January 18, 2023 (before trading hours), the Company, the Vendor, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited (the "**2022 Placing Agents**") entered into a placing and subscription agreement, pursuant to which (i) the Vendor has agreed to appoint the 2022 Placing Agents, and the 2022 Placing Agents have severally (not jointly nor jointly and severally) agreed to act as agents of the Vendor, to procure on a best effort basis not less than six placees to purchase up to 22,500,000 shares of the Company (the "**2022 Placing Shares**") at the price of HK$24.45 per 2022 Placing Share (the "**2022 Placing**"); and (ii) the Vendor has irrevocably agreed to subscribe for, and the Company has agreed to issue to the Vendor up to 22,500,000 new shares of the Company (the "**2022 Subscription Shares**") under the general mandate granted to the Directors at the AGM held on May 19, 2022 at the price of HK$24.45 per 2022 Subscription Share (the "**2022 Subscription**"). Closing of the 2022 Placing and the 2022 Subscription took place on January 20, 2023 and February 1, 2023, respectively. For further details of the 2022 Placing and the 2022 Subscription, please refer to the announcements of the Company dated January 18, 2023 and February 1, 2023.

In March 2023, the Company was also included by the Shanghai Stock Exchange in the "List of the First Batch of Newly Added Hong Kong Stock Connect Stocks Under the Shanghai-Hong Kong Stock Connect". This adjustment came into effect on March 13, 2023.

Save as disclosed above, subsequent to year ended December 31, 2022 and up to the date of this announcement, no important events affecting the Company has taken place that is required to be disclosed.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2022 (2021: nil).

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on May 18, 2023. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from May 15, 2023 to May 18, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on May 12, 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ascentagepharma.com).

The annual report for the year ended December 31, 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

Unless the context requires otherwise, the expressions used in this announcement shall have the meanings as follows:

"2018 RSU Scheme"	the restricted share unit scheme approved by the Board on July 6, 2018 (as amended from time to time)
"2020 Placing"	the placing of 15,000,000 Shares at a price of HK$46.80 each pursuant to the terms and conditions of the 2020 Placing Agreement
"2020 Placing Agreement"	the placing agreement entered into among the Company, Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited dated July 8, 2020 in relation to the 2020 Placing
"2021 Placing"	the placing and subscription of 26,500,000 Shares at a price of HK$44.20 each pursuant to the terms and conditions of the 2021 Placing Agreement
"2021 Placing Agreement"	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited dated February 3, 2021 in relation to the 2021 Placing
"2021 RSU Scheme"	the restricted share unit scheme approved by the Board on February 2, 2021 (as amended from time to time)
"2022 RSU Scheme"	the restricted share unit scheme approved by the Board on June 23, 2022 (as amended from time to time)
"AGM"	annual general meeting of the Company
"ALK"	anaplastic lymphoma kinase

"APG-115"	our novel, orally active small molecule MDM2-p53 inhibitor
"APG-1252"	our novel, highly potent, small molecule drug designed to restore apoptosis, or programmed cell death, through selective inhibition of the Bcl-2/Bcl-xL proteins
"APG-1387"	our novel, small molecule inhibitor of the IAP
"APG-2449"	our third-generation inhibitor of the FAK, ROS1 and ALK kinases
"APG-2575"	our novel, orally administered Bcl-2 inhibitor
"APG-265"	a MDM2 protein degrader
"APG-5918"	our potent, orally available, and selective EED inhibitor
"ASCO"	American Society of Clinical Oncology
"AstraZeneca"	AstraZeneca PLC, a UK-Swedish multinational pharmaceutical and biopharmaceutical company headquartered in the United Kingdom, an Independent Third Party
"Ba/F3"	murine interleukin-3 dependent pro-B cell line
"Bcl-2"	B-cell lymphoma 2
"Bcl-2/Bcl-xL"	B-cell lymphoma 2/B-cell lymphoma extra-large; a member of the Bcl-2 family proteins, and acts as an anti-apoptotic protein by preventing the release of mitochondrial contents such as cytochrome c, which leads to caspase activation and ultimately, programmed cell death
"BCR-ABL"	a fusion gene formed by the ABL gene from chromosome 9 joining to the BCR gene on chromosome 22, which is found in most patients with chronic myelogenous leukemia (CML), and in some patients with acute lymphoblastic leukemia (ALL) or acute myelogenous leukemia (AML)
"Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"CDE"	the center of drug evaluation of China
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"CLL"	chronic lymphocytic leukemia; a slowly progressing, liquid form of tumor that causes an excess of white blood cells in the bone marrow, blood, liver, and spleen

"CML"	chronic myeloid/myelogenous leukemia; a type of cancer that affects the blood and bone marrow
"CMML"	chronic myelomonocytic leukemia
"Company" or "Ascentage Pharma"	Ascentage Pharma Group International (亞盛醫藥集團), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules
"Directors"	the director(s) of the Company, including all executive, non – executive and independent non-executive directors
"DMPK"	Drug Metabolism and Pharmacokinetics
"Dr. Guo"	Dr. Guo Edward Ming, our chief operating officer and controlling shareholder
"Dr. Wang"	Dr. Wang Shaomeng, our non-executive director and controlling shareholder
"Dr. Yang"	Dr. Yang Dajun, our executive director, chairman, chief executive officer, controlling shareholder, and spouse of Dr. Zhai
"Dr. Zhai"	Dr. Zhai Yifan, our chief medical officer, controlling shareholder, and spouse of Dr. Yang
"EC"	the European Commission
"EED"	Embryonic Ectoderm Development
"EGFR"	epidermal growth factor receptor
"FAK"	focal adhesion kinase; an enzyme involved in cellular adhesion (how cells stick to each other and their surroundings) and spreading processes (how cells move around)
"FDA"	U.S. Food and Drug Administration
"Founders SPV"	Ascentage Limited, a company incorporated in BVI with limited liability which is owned by Dr. Yang (for himself and as settlor of the Yang Family Trust) as to 45.53%, Dr. Guo (for himself and as settlor of the Guo Family Trust) as to 27.69% and Dr. Wang (for himself and as settlor of the Wang Family Trust) as to 26.78%, a Substantial Shareholder
"FVTPL"	fair value through profit or loss
"Global Offering"	The Hong Kong public offering and the international offering as defined in the Prospectus

"Group", "we", "our" or "us"	the Company and its subsidiaries from time to time
"HBV"	hepatitis B virus
"Healthquest Pharma"	Guangzhou Healthquest Pharma Co., Ltd. (廣州順健生物醫藥科技有限公司), a limited liability company incorporated in the PRC on July 3, 2012, our indirectly wholly-owned subsidiary
"HK$" or "Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HQP1351"	formerly known as D824, or GZD824; our third-generation BCR – ABL inhibitor, which was designed to overcome drug resistance caused by BCR-ABL kinase mutants such as T315I mutants
"IAP"	inhibitors of apoptosis protein
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"Innovent"	Innovent Biologics, Inc. (信達生物製藥), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1801)
"Innovent Suzhou"	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a company with limited liability established under the laws of the PRC and controlled by Innovent
"IP"	intellectual property
"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 Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"MDM2"	Murine Double Minute 2
"MDS"	myelodysplastic syndrome; group of cancers in which immature blood cells in the bone marrow do not mature and therefore do not become healthy blood cells

"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"MPAL"	Mixed Phenotype Acute Leukemia
"MPNST"	Malignant Peripheral Nerve Sheath Tumor
"NASDAQ"	National Association of Securities Dealers Automated Quotations
"NDA"	New Drug Application
"NMPA"	National Medical Products Administration of the PRC, formerly known as the China National Drug Administration, or CNDA, and the China Food and Drug Administration, or CFDA
"NSCLC"	non-small cell lung cancer
"ODD"	Orphan Drug Designations
"PD-1"	Programmed cell death protein 1, a cell surface receptor that belongs to the immunoglobulin superfamily and is expressed on T cells and pro-B cells
"PFS"	progression-free survival
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved by the Board on September 28, 2019 as amended from time to time
"PPIs"	protein-protein interaction
"PRC" or "China" or "Mainland China"	the People's Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved by the Board on July 13, 2018 as amended from time to time
"Prospectus"	the prospectus of the Company dated October 16, 2019
"R&D"	research and development
"relapse/refractory" or "r/r"	disease or condition which become progressive after treatment (relapsed) or does not respond to the initial treatment (refractory)
"Reporting Period"	the one-year period from January 1, 2022 to December 31, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s)

"Shareholders"	holder(s) of the Share(s)
"Shares"	ordinary share(s) of US$0.0001 par value each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"T315I "	a type of mutation that sometimes results in the failure of tyrosine kinase inhibitor (TKI) treatment
"TKI"	tyrosine kinase inhibitor; a type of pharmaceutical drug that inhibits tyrosine kinases
"TOX"	Toxicology
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unity"	Unity Biotechnology, Inc., a company listed on NASDAQ
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Warrant Share(s)"	up to initially 6,787,587 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
"Warrants"	the 6,787,587 unlisted warrants, each conferring to Innovent the right to subscribe for one (1) new Share at the Warrant Exercise Price during the period commencing on the date of issuance of the Warrants and ending on the date that is 24 months after the date of issuance of the Warrants, in accordance with the terms and conditions of the warrant subscription deed entered into between the Company and Innovent on July 14, 2021
"Warrant Exercise Price"	the exercise price per Warrant (subject to adjustment) at which the holder of each Warrant may subscribe for a Warrant Share
"WT"	wild type
"%"	per cent

By order of the Board
Ascentage Pharma Group International
Dr. Yang Dajun
Chairman and Executive Director

Suzhou, the PRC, March 22, 2023

As at the date of this announcement, the Board comprises Dr. Yang Dajun as chairman and executive Director, Dr. Wang Shaomeng and Dr. Lu Simon Dazhong as non-executive Directors, and Mr. Ye Changqing, Dr. Yin Zheng, Mr. Ren Wei and Dr. David Sidransky as independent non-executive Directors.