Abbisko Cayman Limited
和譽開曼有限責任公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2256)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023 AND PROPOSED AMENDMENTS TO THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The board of directors (the "**Board**") of Abbisko Cayman Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2023 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2022.

BUSINESS HIGHLIGHTS

We have made significant progresses in many aspects in 2023 and as of March 12, 2024**.**

Further Advanced Our Clinical-Stage Assets

Pimicotinib (ABSK021)

- We are conducting a global Phase III clinical trial of the tenosynovial giant cell tumor ("**TGCT**") for pimicotinib in China, the U.S. and Europe concurrently. Pimicotinib was granted the breakthrough therapy designation ("**BTD**") from both National Medical Products Administration of the People's Republic of China ("**NMPA**") and U.S. Food and Drug Administration ("**U.S. FDA**") and the Priority Medicine designation ("**PRIME**") by the European Medicines Agency ("**EMA**") for the treatment of TGCT patients who are not amenable to surgery. It was also granted the fast track designation ("**FTD**") by the U.S. FDA for the treatment of TGCT patients.

- In July 2023, the first patient was dosed in "A Phase III, Randomized, Double-blind, Placebo – Controlled, Multicenter Study of ABSK021 to Assess the Efficacy and Safety in Patients with TGCT" in the U.S. Prior to this, pimicotinib completed the first patient dose in China in April, 2023.

- In September 2023, the EMA approved pimicotinib for a randomized, double-blind, placebo-controlled, multicenter Phase III clinical study in patients with TGCT. This is another important milestone after pimicotinib was approved for Phase III clinical trials in both China and the U.S. It is the first CSF-1R inhibitor developed in China entering global Phase III clinical trial.

- In November 2023, two important clinical updates of pimicotinib were presented at the 2023 Connective Tissue Oncology Society ("**CTOS**") Annual Meeting in Ireland. Upon 1-year follow-up, striking improvement in efficacy has been observed with pimicotinib treatment in TGCT patients compared to the 6-month data previously reported in CTOS of 2022, with the objective response rate ("**ORR**") of 87.5% in the 50 mg QD cohort and 66.7% in the 25 mg QD cohort by Independent Review Committee ("**IRC**") based on RECIST 1.1 criteria. With the extension of treatment duration, there was an observed augmentation in the number of patients experiencing sustained tumor shrinkage and favorable safety of pimicotinib with no apparent hepatotoxicity. Extended follow-up indicated that pimicotinib was well-tolerated, with a median treatment duration of 12.2 months and the maximum treatment duration being 17.5 months, 83.9% patients remained on treatment.

- In November 2023, the first patient was dosed in the study titled "A Multicenter, Open-Label Phase II Study To Evaluate The Efficacy And Safety Of ABSK021 In Combination With Chemotherapy With Or Without Toripalimab In Patients With Advanced Pancreatic Cancer" at the leading site Renji Hospital Affiliated to Shanghai Jiaotong University School of Medicine. This is another indication for pimicotinib after its approval for the treatment of advanced TGCT and chronic graft-versus-host disease ("**cGvHD**").

- In December 2023, pimicotinib was granted the FTD by the U.S. FDA for the treatment of TGCT patients that are not amenable to surgery.

- In January 2024, pimicotinib was granted orphan drug designation ("**ODD**") by the EMA for the treatment of inoperable TGCT. Following the successful ODD granted by the EMA, the product will benefit from incentives, including protocol assistance, fee reductions, procedural advantages for market authorization, market exclusivity and so on. In addition to the above-mentioned benefits within the European Union, member states may also offer specific stimuli for orphan drugs.

Irpagratinib (ABSK011)

- We are conducting a Phase II trial of irpagratinib in combination with the anti-PD-L1 antibody atezolizumab from F. Hoffmann-La Roche Ltd. and Roche China Holding Ltd. ("**Roche**") in late stage hepatocellular carcinoma ("**HCC**") patients with FGF19 overexpression in the Chinese mainland.

- In July 2023, irpagratinib's Phase II clinical trial application in combination with lenvatinib was accepted by Center for Drug Evaluation ("**CDE**"). This is a combination therapy clinical trial that is being conducted after the excellent initial results of irpagratinib in monotherapy for second-line treatment of liver cancer.

- In September 2023, we obtained approval from CDE to conduct clinical study of irpagratinib in combination with lenvatinib in advanced or unresectable HCC patients. This is the second irpagratinib combination study in HCC after atezolizumab combination study.

- In September 2023, irpagratinib's investigational new drug ("**IND**") was approved by the U.S. FDA. The approved study is "A Phase I, Open-Label Study of ABSK-011 to Assess Safety, Tolerability, and Pharmacokinetics in Patients with Advanced Solid Tumors". This is the first clinical trial of irpagratinib conducted by us outside of China.

- In October 2023, the updated Phase 1b data of irpagratinib for advanced HCC patients with FGF19 overexpression was presented at the European Society for Medical Oncology ("**ESMO**") Annual Meeting. The results demonstrated that irpagratinib was well tolerated in HCC patients. Also, the irpagratinib BID cohorts demonstrated a promising antitumor activity with an ORR of 40.7% in FGF19+HCC patients with prior therapies. The study is still ongoing, and the efficacy of BID cohorts warrants further investigation.

Fexagratinib (ABSK091, AZD4547)

- We are conducting a Phase II trial in the Chinese mainland for fexagratinib in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations. We dosed the first patient in November 2021. Patient enrollment is ongoing.

- The preliminary Phase II efficacy and safety results of fexagratinib were announced in patients with urothelial carcinoma harboring FGFR2 or FGFR3 alterations in the Chinese mainland in 2022.

- The preliminary efficacy results showed an ORR confirmed by IRC of 30.7% (4/13) in mUC patients with FGFR3 alteration (including mutations and/or fusions) and an IRC confirmed ORR of 44% (4/9) in patients with FGFR3 mutations, which is consistent with results from the prior BISCAY trial of fexagratinib in similar patient groups outside of China. The preliminary safety results showed that 80mg BID of fexagratinib was well-tolerated in Chinese patients, and no drug related grade 4 or above adverse effects were reported.

- These results support further development of fexagratinib in the ongoing Phase II trial.

ABSK043

- We are conducting a Phase I trial in Australia to assess the safety, tolerability and PK/PD profile of PD-L1 inhibitor ABSK043 in patients with solid tumors.

- In October 2023, the clinical results of first-in-human dose-escalating of ABSK043 with advanced solid tumors were presented at the 2023 ESMO Annual Meeting. The results demonstrated that ABSK043 was well tolerated up to 1,000 mg BID with no Dose-Limiting Toxicity ("**DLT**") reported and had a safety profile consistent with monoclonal antibody immune checkpoint inhibitors. Preliminary anti-tumor activity was observed, and further investigation is warranted to explore the efficacy in a larger number of patients.

ABSK061

- We are conducting Phase I clinical trials for ABSK061 in patients with solid tumors both in China and U.S. ABSK061 is a next-generation highly selective FGFT2/3 in inhibitor.

- In February 2024, the preliminary results of the first human trial of ABSK061 in patients with advanced solid tumors were presented orally during the 2024 European Society for Medical Oncology Targeted Anticancer Therapies Congress ("**ESMO TAT**"). The ABSK061 75mg BID and 150mg QD cohorts demonstrated a promising antitumor activity with an ORR of 37.5% among 8 patients with solid tumors carrying FGFR activating alterations.

ABSK121

- ABSK121 is a highly selective, next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3.

- In June 2023, the dosing of first patient was completed in the treatment of patients with advanced solid tumors in China. We are conducting Phase I clinical trials in both China and U.S. concurrently.

ABSK112

- Next-generation EGFR Exon20ins inhibitor ABSK112 received clinical study approval from the NMPA in October 2023 and U.S. FDA in July 2023, and the Phase I studies were conducted simultaneously in the U.S. and China.

- In February 2024, the first patient dose was completed for the treatment of non-small cells lung cancer ("**NSCLC**").

ABSK051

- We are conducting a Phase I trial in China to assess the safety, tolerability, PK/PD profile and preliminary antitumor activity of small molecule CD73 inhibitor ABSK051 in patients with advanced solid tumors.

- In November 2023, the IND for a Phase I trial of ABSK051 was approved by the NMPA in the treatment of patients with advanced solid tumors in China.

- In January 2024, we completed the dosing of first patient in China. This is the first-in-human, multicenter, open-label, Phase I clinical trial.

ABSK012

- ABSK012 is an orally bioavailable, highly selective, next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4.

- In November 2023, we obtained the IND approval for ABSK012 of the first-in-human Phase I clinical study from the U.S. FDA.

Continued to Move Forward Pre-Clinical Candidates

- **ABK3376 –** a pre-clinical candidate licensed out to Allist. It is a highly potent, selective, and brain-penetrating new-generation EGFR inhibitor, which was discovered by our proprietary drug discovery platform. It can efficiently inhibit the C797S mutation occurring after third-generation EGFR-TKI resistance. We are currently conducting IND-enabling studies.

- **ABSK131** – a potent and selective a next generation MTA-cooperative and brain-penetrable PRMT5 inhibitor. It was discovered by us through leveraging advanced computation-aided structural analysis and medicinal chemistry design. Development of selective PRMT5*MTA inhibitors may improve not only safety but also therapeutic efficacy. The result of ABSK131 was published at the 35th International Molecular Targets and Cancer Treatment Conference ("**EORTC**") in Boston, U.S. The result demonstrated the latest preclinical research progress of the next generation of PRMT5*MTA inhibitors with strong anti-tumor activity and brain-penetrating activity in various preclinical models. We are currently conducting IND-enabling studies.

Elevated Business Development Initiatives

Reached an exclusive out-license agreement with Shanghai Allist Pharmaceuticals Co., Ltd. ("Allist")

- In March 2023, we entered into an exclusive out-license agreement with Allist.

- We granted Allist the research, development, manufacture, use, and sales of ABK3376 (a next-generation EGFR-TKI) in Greater China Region (the Chinese mainland, Hong Kong, Macau, and Taiwan).

- We also granted Allist a time-limited option to expand the licensed territory to worldwide in accordance with the terms and conditions agreed upon by both parties.

- We received the upfront payment in March 2023 and will obtain development and sales milestone payments up to US$187.90 million in total, plus tiered royalty payments based on the net sales.

Reached an exclusive license agreement with Merck KGaA, Darmstadt, Germany ("Merck")

- In December 2023, we entered into an exclusive out-license agreement with Merck. We granted Merck to commercialize products comprising or containing pimicotinib for all indications in the Chinese mainland, Hong Kong, Macau and Taiwan, and an exclusive option for global commercial rights. We also granted Merck the option to co-develop pimicotinib in additional indications under certain conditions.

- In February 2024, pursuant to the terms of the license agreement, we received a one-time, non-refundable upfront payment of US$70 million. It marks the successful completion of the first step in this collaboration. The receipt of this upfront payment will further bolster our cash reserves and facilitate its subsequent pipeline research and development ("**R&D**") internationalization strategy.

- In the event that Merck exercises the global commercialization option, Merck will pay us an additional option exercising fee. The aggregate amounts of upfront payment, option exercising payment, and payment for development and commercialization milestones with total US$605.5 million. We will also receive double-digit percentage (%) royalties on annual net sales.

FINANCIAL HIGHLIGHTS

International Financial Reporting Standards ("IFRS") Measures:

Cash and bank balances. Cash and bank balances as at December 31, 2023, were RMB1,971.5 million, representing a decrease by RMB287.3 million from RMB2,258.8 million for the year ended December 31, 2022, primarily attributable to continuous expansion and rapid progress of various R&D pipelines.

Revenue. Revenue increased from zero for the year ended December 31, 2022, to RMB19.1 million for the year ended December 31, 2023, primarily attributable to the increased license fee income generated from one of our clinical candidates in 2023.

Other income and gains. Other income and gains increased by RMB41.8 million from RMB45.6 million for the year ended December 31, 2022, to RMB87.4 million for the year end December 31, 2023, primarily attributable to the increase in bank interest income resulting from an increase in interest rates of our time deposits and the increase in government grants.

R&D expenses. R&D expenses increased by RMB55.0 million from RMB378.7 million for the year ended December 31, 2022, to RMB433.7 million for the year ended December 31, 2023, primarily attributable to continuous expansion of functions related to research and development and advancement of our pipeline programs.

Administrative expenses. Administrative expenses decreased by RMB22.0 million from RMB118.4 million for the year ended December 31, 2022, to RMB96.4 million for the year ended December 31, 2023, primarily attributable to the decrease in employee cost by RMB27.8 million due to the decrease of equity shared base payment expenses.

Other expenses. Other expenses decreased by RMB35.6 million from RMB41.3 million for the year ended December 31, 2022, to RMB5.7 million for the year ended December 31, 2023, primarily due to the fluctuation of foreign exchange differences.

Finance costs. Finance costs decreased by RMB0.52 million from RMB2.69 million for the year ended December 31, 2022, to RMB2.17 million for the year ended December 31, 2023, mainly due to the decrease of lease interest payment.

Loss for the year. Loss for the year decreased from RMB495.6 million for the year ended December 31, 2022, to RMB431.6 million for the year ended December 31, 2023, primarily attributable to the combination of impacts from increase in R&D expenses, increase in revenue and decrease in administrative expenses.

Non-International Financial Reporting Standards ("Non-IFRS") Measures:

R&D expenses excluding share-based compensation cost increased by RMB92.3 million from RMB313.6 million for the year ended December 31, 2022, to RMB405.9 million for the year ended December 31, 2023, primarily attributable to the continuous expansion of functions related to research and development, as well as advancement of our pipeline programs.

Administrative expenses excluding share-based compensation cost increased by RMB3.4 million from RMB73.4 million for the year ended December 31, 2022, to RMB76.8 million for the year ended December 31, 2023, primarily attributable to the increase in consulting service fee.

Loss for the year excluding the effect of the share-based compensation cost decreased by RMB1.3 million from RMB385.5 million for the year ended December 31, 2022, to RMB384.2 million for the year ended December 31, 2023, primarily attributable to 1) an increase in R&D expenses; 2) an increase in revenue; and 3) an increase in other income and gains resulted from increase in bank interest income.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
Revenue	*4*	**19,060**	–
Cost of sales		**–**	–
Gross profit		**19,060**	–
Other income and gains	*5*	**87,376**	45,563
R&D expenses		**(433,736)**	(378,746)
Administrative expenses		**(96,401)**	(118,443)
Other expenses		**(5,712)**	(41,295)
Finance costs	*7*	**(2,170)**	(2,685)
LOSS BEFORE TAX	*6*	**(431,583)**	(495,606)
Income tax expenses	*8*	**–**	–
LOSS FOR THE YEAR		**(431,583)**	(495,606)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(1,079)**	774
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		**32,885**	199,493
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**31,806**	200,267
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(399,777)**	(295,339)
Loss attributable to:			
Owners of the parent		**(431,583)**	(495,606)
Total comprehensive loss attributable to:			
Owners of the parent		**(399,777)**	(295,339)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
For loss for the year		**RMB (0.67)**	RMB (0.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**34,264**	32,364
Right-of-use assets		**35,082**	44,936
Intangible assets		**4,634**	4,505
Other non-current assets		**–**	27
Total non-current assets		**73,980**	81,832
CURRENT ASSETS			
Prepayments and other receivables	*13*	**68,993**	55,094
Financial assets at fair value through profit or loss	*11*	**918**	93,796
Cash and bank balances	*14*	**1,971,491**	2,258,827
Total current assets		**2,041,402**	2,407,717
CURRENT LIABILITIES			
Other payables and accruals	*15*	**98,119**	97,585
Derivative financial instruments	*12*	**437**	–
Lease liabilities		**10,610**	9,968
Total current liabilities		**109,166**	107,553
NET CURRENT ASSETS		**1,932,236**	2,300,164
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,006,216**	2,381,996
NON-CURRENT LIABILITIES			
Lease liabilities		**25,114**	35,607
Total non-current liabilities		**25,114**	35,607
Net assets		**1,981,102**	2,346,389
EQUITY			
Equity attributable to owners of the parent			
Share capital		**46**	46
Treasury shares		**(4)**	(3)
Other reserves		**1,981,060**	2,346,346
Total equity		**1,981,102**	2,346,389

NOTES

1.1 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) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Estimates*
Amendments to IAS 8	*Definition of Accounting Policies*
Amendments to IAS 12	*Deferred Tax relates to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

1.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

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*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

2. MATERIAL ACCOUNTING POLICIES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

R&D expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the reporting period, all expenses incurred for research and development activities were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

The Group has set up an equity share option plan for the Company's directors and the Group's employees. The fair value of the options is determined by the binomial model at the grant dates.

Estimating the fair value for share-based payment transactions requires the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the fair value measurement of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in note 24.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative medicines. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since nearly all of the Group's non-current assets were located in Chinese Mainland, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**19,060**	–

Disaggregated revenue information

For the year ended 31 December 2023

	License fee income
	RMB'000
Type of goods or services	
License fee income	19,060
Geographical market	
Mainland China	19,060
Timing of revenue recognition	
License fee income at a point in time	19,060

During the year, the Group recorded one-time license fee income of RMB19,060,000, which was generated from an exclusive licensing agreement with Shanghai Allist Pharmaceuticals Co., Ltd.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other income		
Bank interest income	**65,493**	35,018
Other gains		
Government grants*	**21,177**	10,545
Fair value gains on financial assets at fair value through profit or loss	**706**	–
Total gains	**21,883**	10,545
Total other income and gains	**87,376**	45,563

* The government grants mainly represent subsidies received from the local governments for the purpose of supporting on research and clinical trial activities, allowance for new drug development and funds for talents. There were no unfulfilled conditions or contingences relating to these grants received during the year.

6. LOSS BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Depreciation of items of property, plant and equipment	**6,316**	4,569
Depreciation of right-of-use assets	**9,448**	9,555
Amortisation of intangible assets	**2,658**	1,674
R&D expenses excluding depreciation and amortisation	**418,203**	366,714
Lease payments not included in the measurement of lease liabilities	**725**	1,351
Auditor's remuneration	**1,800**	2,150
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**140,884**	103,328
Pension scheme contributions (defined contribution scheme)*	**27,108**	18,992
Equity-settled share option expense	**21,385**	32,469
	189,377	154,789
Share issue expenses		–
Foreign exchange differences, net	**5,605**	41,001
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(1,143)**	219
Fair value loss on derivative financial instruments	**437**	–

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**2,170**	2,685

8. INCOME TAX

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

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income. A subsidiary was accredited as a "High and New Technology Enterprise" ("**HNTE**") in October 2022 and therefore it was entitled to a preferential CIT rate of 15% from 1 January 2022 to 31 December 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Australia

No provision for Australia income tax has been made as the Group had no assessable profits derived from or earned in Australia during the year. The subsidiary incorporated in Australia is subject to income tax at the rate of 25% on the estimated assessable profits arising in Australia during the year.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

9. DIVIDENDS

No dividend was paid or declared by the Company during the year.

10. 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 647,226,272 (2022: 620,675,952, after adjusting for the effect of the Share Subdivision) 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 31 December 2023 and 2022 in respect of a dilution as the impact of the share options and redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(431,583)**	(495,606)

	Numbers of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**647,226,272**	620,675,952

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Wealth management products	**918**	93,796

The above wealth management product was issued by a financial institution in Hong Kong. It was mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2023	
	Assets	**Liabilities**
	RMB'000	*RMB'000*
Forward currency contracts*	–	437

* Changes in the fair value of forward currency contracts are charged to the statement of profit or loss and other comprehensive income during the reporting periods. The forward currency contracts incurred are pledged with one-year deposits of USD1,050,000 of the Group as collateral.

The Group holds the following foreign exchange forward contracts:

	Maturity				
	Less than 3 months	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Total**
As at 31 December 2023					
Forward currency contracts					
Nominal amount (RMB'000)	–	–	105,300	–	105,300
Average forward rate (US$/RMB)	N/A	N/A	7.0600-7.0000	N/A	

13. PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Prepayments to suppliers	**21,292**	11,249
Amounts due from related parties	**–**	7,741
Loans to employees*	**9,381**	10,058
Deposits and other receivables	**38,320**	26,046
Total	**68,993**	55,094

* The loans to employees were given by the Company for the purpose of enabling the employees to exercise share options of the Company.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

14. CASH AND BANK BALANCES

	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**1,971,491**	2,258,827
Less:		
Pledged time deposits (i)	**7,437**	–
Bank deposits with original maturity of more than three months when acquired (ii)	**1,385,973**	1,616,990
Cash and cash equivalents	**578,081**	641,837

(i) They represent one-year time deposits pledged for the Group's forward currency contracts with annual return rates ranging from 5.0% to 5.1%.

(ii) They represent time deposits with initial terms of over three months when acquired in commercial banks with annual return rates ranging from 2.02% to 5.7% (2022: 2.55% to 4.6%). None of these deposits are either past due or impaired. None of these deposits are pledged.

	2023	2022
	RMB'000	*RMB'000*
Denominated in:		
RMB	**594,887**	729,738
USD	**1,364,728**	1,524,612
HKD	**11,644**	3,219
AUD	**232**	1,258
Cash and bank balances	**1,971,491**	2,258,827

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

15. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Payroll payable	**25,740**	23,196
Payables of construction and purchase of equipment	**132**	1,346
Other tax payables	**2,113**	24,051
Share issue expenses payables	**–**	127
Amounts due to related parties	**388**	–
Payables for research and development services	**55,524**	42,847
Other payables	**14,222**	6,018
Total	**98,119**	97,585

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the reporting periods approximated to their fair values due to their short-term maturities.

I. BUSINESS REVIEW

Our vision

Our vision is to discover and develop novel, differentiated therapies in oncology and beyond to address critical unmet medical needs for patients in China and worldwide.

Company overview

We are a clinical-stage biopharmaceutical company primarily dedicated to the discovery and development of innovative and differentiated small molecule oncology therapies. Since our inception in 2016, we have strategically designed and developed a pipeline of 16 candidates primarily focused on oncology, including ten candidates at clinical stage. Our product candidates are primarily small molecules that focus on small molecule precision oncology and small molecule immuno-oncology therapeutic areas.

Product pipeline

We have a pipeline of 16 drug candidates ranging from pre-clinical stage to clinical-stage programs. The following charts summarizes our pipeline and the development status of each candidate as of December 31, 2023.

Our Clinical Pipeline

Programs	Targets	Indication	Mono/Combo therapy	IND	Phase I/Ia	Phase Ib/II	Phase III/NDA	Commercial rights	Partner
Pimicotinib (ABSK021)	CSF-1R	TGCT	Mono					Ex-Greater China	MERCK
		cGvHD	Mono						
		Solid tumors	Mono/Combo						
Irpagratinib (ABSK011)	FGFR4	FGF19+HCC	Mono					Global	
			Combination			Combo with Roche anti-PD-L1 atezolizumab			
Fexagratinib (ABSK091)	pan-FGFR	FGFRalt UC	Mono					Global	AstraZeneca
			Combination			Combo with BeiGene anti-PD-1 tislelizumab			
		Solid tumors	Mono						
ABSK061	FGFR2/3 selective	Solid tumors	Mono					Global	
ABSK121	FGFR resistant mut.	Solid tumors	Mono					Global	
ABSK112	EGFR Exon20	NSCLC	Mono					Global	
ABSK012	FGFR4 mut.	RMS & Solid tumors	Mono					Global	
ABSK043	PD-L1 (Oral)	Multiple tumors	Mono					Global	
ABSK051	CD73	Multiple tumors	Combination					Global	
ABSK081	CXCR4	TNBC	Combination			Combo with Junshi anti-PD-1 toripalimab		Greater China	X4
		WHIM	Mono				Partner		

Our Preclinical Pipeline

Programs	Targets	Indication	Mono/Combo therapy	Lead optimization /PCC	IND-Enabling	IND	Commercial rights	Partner
ABK3376	EGFR-C797S	EGFRm NSCLC	Mono/Combo		Partner		Ex-Greater China	艾力斯
ABSK131	PRMT5*MTA	Multiple tumors	Mono				Global	
ABSK132	PRMT5*MTA	Multiple tumors	Mono				Global	
P011	undisclosed	NSCLC	Mono				Global	
P141	undisclosed	Multiple tumors	Mono				Global	
P151	undisclosed	Non-oncology	Mono/Combo				Shared	Lilly

Abbreviations: ALS = amyotrophic lateral scierosis; cGvHD = chronic graft-versus-host disease; FGFRalt = FGFR altered; HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; RMS = rhabdomyosarcoma; TGCT = tenosynovial giant cell tumor; TNBC = triple-negative breast cancer; UC = urothelial cancer; WHIM = warts, hypogammaglobulinemia, infections and myelokathexis

Clinical candidates

Pimicotinib (ABSK021)

Pimicotinib is an orally bioavailable, selective, potent small molecule CSF-1R inhibitor being developed for the treatment of multiple types of oncology and non-oncology indications. The overexpression of CSF-1 is observed in many tumors and also at sites of inflammation. Indications for CSF-1R inhibitors include, the treatment of adult patients with TGCT, pancreatic cancer, colorectal cancer, cGvHD and amyotrophic lateral scierosis (ALS).

Current status

We are conducting a global Phase III clinical trial of TGCT for pimicotinib in China, the U.S. and Europe concurrently. Pimicotinib was granted the BTD from both the NMPA and U.S. FDA and the PRIME by the EMA for the treatment of TGCT patients who are not amenable to surgery. It was also granted the FTD by the U.S. FDA for the treatment of TGCT patients.

In January 2023, pimicotinib was approved by the NMPA for a Phase II clinical study in patients with cGvHD. Pre-clinical data indicated that pimicotinib is a highly potent and selective small molecule inhibitor of CSF-1R that may play important roles for treating many human diseases including complications associated with transplantation.

In January 2023, pimicotinib was granted the BTD by the U.S. FDA for the treatment of TGCT patients that are not amenable to surgery. This BTD approval was based on results from the Phase Ib clinical trial of TGCT cohort for pimicotinib.

In March 2023, pimicotinib was approved by the U.S. FDA for a randomized, double-blind, placebo-controlled, multicenter Phase III clinical study in patients with TGCT.

In April 2023, we completed the first patient dosing of a Phase III randomized, double-blind, placebo-controlled, multicenter study of pimicotinib to assess the efficacy and safety in patients with TGCT in Beijing Jishuitan Hospital.

In May 2023, the updated results of Phase Ib study of pimicotinib in treating patients with advanced TGCT were announced and presented at the 2023 American Society of Clinical Oncology (ASCO). The data demonstrated the excellent antitumor efficacy and safety profile of pimicotinib in the treatment of patients with advanced TGCT and we presented with the title of "EFFICACY AND SAFETY PROFILE OF PIMICOTINIB (ABSK021) IN TENOSYNOVIAL GIANT CELL TUMOR (TGCT): PHASE 1B UPDATE" in a poster presentation. Pimicotinib demonstrated significant antitumor activity with the ORR of 77.4% in 50 mg QD cohort by IRC based on RECIST 1.1, and a favorable safety profile with no apparent hepatotoxicity. Pimicotinib has a favorable safety profile, 89.8% of patients remained on treatment. Median treatment duration was 9.3 months, and the longest treatment duration was 12.5 months in 50mg QD cohort.

In June 2023, pimicotinib was granted the PRIME by the EMA for the treatment of TGCT patients that are not amenable to surgery. The PRIME designation was granted based on clinical results from the ongoing Phase Ib clinical trial of TGCT cohort for pimicotinib. The PRIME is similar to BTD in the other countries with the goal to expedite the development and review of new medicines indicated for serious or life-threatening conditions.

In June 2023, the first patient was dosed in the Phase II trial evaluating pimicotinib in patients with cGvHD.

In July 2023, we completed the first patient dosing in "A Phase III, Randomized, Double-blind, Placebo – Controlled, Multicenter Study of ABSK021 to Assess the Efficacy and Safety in Patients with TGCT" in the U.S.

In September 2023, the EMA approved pimicotinib for a randomized, double-blind, placebo-controlled, multicenter Phase III clinical study in patients with TGCT. This is another important milestone after pimicotinib was approved for Phase III clinical trial in both China and the U.S. It is the first CSF-1R inhibitor developed in China entering global Phase III clinical trial.

In November 2023, two important clinical updates of pimicotinib were presented at the 2023 CTOS Annual Meeting in Ireland. The two TGCT clinical trial updates included reporting the design of the ongoing pivotal global multi-center Phase III clinical trial and a further update of the Phase Ib clinical trial of pimicotinib. Upon 1-year follow-up, striking improvement in efficacy was observed with pimicotinib treatment in TGCT patients compared to the 6-month data previously reported in CTOS of 2022, with the ORR of 87.5% in the 50 mg QD cohort and 66.7% in the 25 mg QD cohort by IRC based on RECIST 1.1 criteria. With the extension of treatment duration, there was an observed augmentation in the number of patients experiencing sustained tumor shrinkage and favorable safety of pimicotinib with no apparent hepatotoxicity. Extended follow-up indicated that pimicotinib was well-tolerated, with a median treatment duration of 12.2 months and the maximum treatment duration being 17.5 months, 83.9% patients remained on treatment.

In November 2023, the first patient was dosed in the study titled "A Multicenter, Open-Label Phase II Study To Evaluate The Efficacy And Safety Of ABSK021 In Combination With Chemotherapy With Or Without Toripalimab In Patients With Advanced Pancreatic Cancer" at the leading site Renji Hospital Affiliated to Shanghai Jiaotong University School of Medicine. This is another indication for pimicotinib after its approval for the treatment of advanced TGCT and cGvHD.

In December 2023, pimicotinib was granted FTD by the U.S. FDA for the treatment of TGCT patients that are not amenable to surgery. Fast Track is a policy of the U.S. FDA designed to facilitate the development and expedite the review of drugs in order to treat serious conditions and fulfill unmet medical needs. Its purpose is to get important new drugs to patients earlier. Moreover, the FTD enables the Company to maintain more frequent communications and meetings with the U.S. FDA. The drug also becomes eligible for accelerated approval and priority review by the U.S. FDA.

In January 2024, pimicotinib was granted ODD by the EMA for the treatment of inoperable TGCT. Following the successful ODD granted by the EMA, the product will benefit from incentives, including protocol assistance, fee reductions, procedural advantages for market authorization, and market exclusivity and so on. In addition to the above-mentioned benefits within the European Union, member states may also offer specific stimuli for orphan drugs.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK021 SUCCESSFULLY.

Irpagratinib (ABSK011)

Irpagratinib is a potent and highly selective small molecule inhibitor of FGFR4 that we are conducting clinical trials in China. Irpagratinib is being developed for the treatment of advanced HCC with hyper-activation of FGF19/FGFR4 signaling. The FGFR4 signaling pathway is a promising direction for the development of molecularly targeted therapies in HCC. The number of patients with an overexpression of FGF19/FGFR4 accounts for approximately 30% of total HCC patients worldwide, according to Frost & Sullivan. Currently, no FGFR4 inhibitor has been approved to the market yet.

Current status

We are also conducting a Phase II trial of irpagratinib in combination with the anti-PD-L1 antibody atezolizumab from Roche in late stage HCC patients with FGF19 overexpression in the Chinese mainland.

In July 2023, irpagratinib's Phase II clinical trial application in combination with lenvatinib was accepted by CDE. This is a combination therapy clinical trial that is being conducted after the excellent initial results of irpagratinib in monotherapy for second-line treatment of liver cancer.

In September 2023, we obtained approval from the NMPA to conduct clinical study of irpagratinib in combination with lenvatinib in advanced or unresectable HCC patients. This is the second irpagratinib combination study in HCC after atezolizumab combination study.

In September 2023, irpagratinib's IND was approved by the U.S. FDA. The approved study is "A Phase I, Open-Label Study of ABSK-011 to Assess Safety, Tolerability, and Pharmacokinetics in Patients with Advanced Solid Tumors". This is the first clinical trial of irpagratinib conducted by us outside of China.

In October 2023, the updated Phase Ib data of irpagratinib for advanced HCC patients with FGF19 overexpression was presented at the ESMO Annual Meeting. The results demonstrated that irpagratinib was well tolerated in HCC patients. Also, the irpagratinib BID cohorts demonstrated a promising antitumor activity with an ORR of 40.7% in FGF19+HCC patients with prior therapies. The study is still ongoing, and the efficacy of BID cohorts warrants further investigation.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK011 SUCCESSFULLY.

Fexagratinib (ABSK091, AZD4547)

Fexagratinib, previously known as AZD4547, is a highly potent and selective inhibitor of FGFR subtypes 1, 2 and 3. According to Frost & Sullivan, the cancers most commonly affected by FGFR aberration are urothelial cancer (32%), cholangiocarcinoma (25%), breast cancer (18%), endometrial carcinoma (11%) and gastric cancer (7%). Specific FGFR aberrations have been observed in a proportion of certain cancers. For example, FGFR1 amplification in squamous cell lung cancer, FGFR2 mutations in endometrial carcinoma and FGFR3 mutations in urothelial cancer.

Fexagratinib has a chemical structure different from other FGFR inhibitors with similar anti-tumor activities. Prior to the in-licensing of fexagratinib, AstraZeneca AB ("**AstraZeneca**") started conducting clinical trials on fexagratinib (AZD4547) in 2009. From 2009 to 2019, AstraZeneca sponsored and completed a total of four trials, including two Phase I trials and two Phase II trials. In November 2019, we entered into an exclusive license agreement with AstraZeneca and obtained the global rights for the development, manufacturing and commercialization of fexagratinib.

Among the clinical trials conducted by AstraZeneca, the BISCAY trial, a study in patients with advanced urothelial cancer who had progressed on prior treatments, achieved 31.3% response rate in the fexagratinib monotherapy arm, which is on par with the approved pan-FGFR inhibitor Erdafitinib in treatment of locally advanced or metastatic urothelial carcinoma with FGFR2/3 alteration (ORR 32.2%).

In another trial previously conducted by AstraZeneca in patients with previously treated advanced FGFR amplified cancer, 33% of the FGFR2-amplified gastro-oesophageal patients had confirmed responses to fexagratinib. This demonstrated that fexagratinib could potentially bring significant clinical benefits to the treatment of gastric cancer patients with FGFR alterations.

Current status

We are conducting a Phase II trial in the Chinese mainland for fexagratinib in patients with locally advanced or metastatic urothelial carcinoma with FGFR2/3 genetic alterations.

The preliminary Phase II efficacy and safety results of fexagratinib were announced in patients with urothelial carcinoma harboring FGFR2 or FGFR3 alterations in the Chinese mainland in 2022.

The preliminary efficacy results showed an ORR confirmed by IRC of 30.7% (4/13) in mUC patients with FGFR3 alteration (including mutations and/or fusions) and an IRC confirmed ORR of 44% (4/9) in patients with FGFR3 mutations, which is consistent with results from the prior BISCAY trial of fexagratinib in similar patient groups outside of China. The preliminary safety results showed that 80mg BID of fexagratinib was well-tolerated in Chinese patients, and no drug related grade 4 or above adverse effects were reported.

These results support further development of fexagratinib in the ongoing Phase II trial.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK091 SUCCESSFULLY.

ABSK043

ABSK043 is an orally bioavailable, highly selective small molecule PD-L1 inhibitor being developed for the treatment of various cancers and potentially non-oncology indications. While anti-PD-1/anti-PD-L1 antibodies have revolutionized cancer treatment, the antibody-based immunotherapies carry a number of disadvantages such as high cost, lack of oral bioavailability, and immunogenicity, which could likely be improved with small molecule inhibitors. Pre-clinical data have demonstrated strong inhibition of PD-1/PD-L1 interaction by ABSK043, and rescue of PD-L1-mediated inhibition of T-cell activation. ABSK043 has also demonstrated strong anti-tumor efficacy and excellent safety profile in several pre-clinical models.

Current status

We are conducting a Phase I trial in Australia to assess the safety, tolerability and PK/PD profile of ABSK043 in patients with solid tumors.

In September 2022, the dosing of the first patient in China was completed.

In October 2023, the clinical results of first-in-human dose-escalating of ABSK043 with advanced solid tumors were presented at the 2023 ESMO Annual Meeting. The results demonstrated that ABSK043 was well tolerated up to 1000 mg BID with no DLT reported and has a safety profile consistent with monoclonal antibody immune checkpoint inhibitors. Preliminary anti-tumor activity was observed, and further investigation is warranted to explore the efficacy in a larger number of patients.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK043 SUCCESSFULLY.

ABSK061

ABSK061 is a highly selective small molecule FGFR2/3 inhibitor. Pre-clinical research has shown that ABSK061 selectively inhibits FGFR2/3 over FGFR1 across various in vitro and cellular assays, with little activity against other kinases. Its high selectivity against FGFR2/3 and reduced FGFR1 activity could lead to an improved safety profile due to less off-target side effects, and potentially improved therapeutic window and efficacy as well as better opportunities for treating non-oncology indications. We believe that ABSK061 has the potential to be a second generation FGFR inhibitor with its improved selectivity over currently marketed FGFR inhibitors based on our pre-clinical data.

Current status

We are conducting Phase I clinical trials for ABSK061 in patients with solid tumors in both China and U.S.

In February 2024, the preliminary results of the first-in-human trial of the ABSK061 in patients with advanced solid tumors were presented orally during the 2024 ESMO TAT. The ABSK061 75mg BID and 150mg QD cohorts demonstrated a promising antitumor activity with an ORR of 37.5% among 8 patients with solid tumors carrying FGFR-activating alterations.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK061 SUCCESSFULLY.

ABSK121

ABSK121 is a highly selective, next-generation small molecule FGFR inhibitor that targets both wild-type and mutants of FGFR1-3 including those that are resistant to the currently approved or clinical FGFR inhibitors. It could potentially bring clinical benefits to patients who relapsed or progressed after initial treatment with first-generation FGFR inhibitors. In pre-clinical studies, ABSK121 has demonstrated strong potency against wild-type and various mutations of FGFR1-3, and showed excellence in vivo efficacy in FGFR dependent and FGFR-mutant dependent models.

Current status

In June 2023, the dosing of first patient was completed in the treatment of patients with advanced solid tumors in China. We are conducting Phase I clinical trials in China and U.S. concurrently.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK121 SUCCESSFULLY.

ABSK112

ABSK112 is a next-generation EGFR-exon20 inhibitor with improved selectivity over wild-type EGFR and strong brain penetrating ability. EGFR-exon20 mutations occur in 3-5% of NSCLC patients, and are resistant to the currently available first, second and third generation EGFR inhibitors. Current clinical compounds targeting these mutations have limited therapeutic window due to limited selectivity against wild-type EGFR. Increased selectivity will likely lead to better target modulation and efficacy in clinical trials. ABSK112 demonstrated strong activity against EGFR-exon20 mutants and clear selectivity against wild-type EGFR in various cellular assays. It exhibited efficacy and PD effects in mouse xenograft models bearing EGFR Exon20 mutations.

Current status

ABSK112 received clinical study approval from the NMPA in October 2023 and the U.S. FDA in July 2023, and the Phase I studies were conducted simultaneously in the U.S. and China.

In February 2024, the first patient dose was completed for the treatment of NSCLC.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK112 SUCCESSFULLY.

ABSK081

ABSK081 (mavorixafor), also known as X4P-001, is a novel small molecule antagonist to CXCR4 and currently the only orally bioavailable CXCR4 modulator in clinical development globally, according to Frost & Sullivan. ABSK081 is a potential treatment option for various cancers in which CXCR4 and its ligand CXCL12 contribute to the tumor microenvironment (TME) that supports immune evasion, neoangiogenesis, and tumor metastasis. In July 2019, we entered into an exclusive license agreement with X4 and obtained the rights for the development, manufacturing and commercialization of the licensed compound ABSK081 (mavorixafor) in mainland China, Taiwan, Hong Kong and Macau for any oncological indication and WHIM Syndrome in humans, excluding mozobil indications and any use for auto-HSCT treatment and allo-HSCT treatments.

Current status

In mainland China, we are conducting a Phase Ib/II clinical trial of ABSK081 (mavorixafor) in combination with toripalimab from Junshi in TNBC patients in China. We dosed the first patient in July 2021. Patient enrollment has been completed.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK081 SUCCESSFULLY.

ABSK051

ABSK051 is a small molecule CD73 inhibitor being developed for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers. It has demonstrated strong potency in inhibiting the activities of soluble and surface-expressed CD73. It has also shown strong efficacy in vivo in various animal models.

Current status

We are conducting a Phase I trial in China to assess the safety, tolerability and PK/PD profile of and preliminary antitumor activity of ABSK051 in patients with advanced solid tumors.

In November 2023, the IND approval for a Phase I trial of ABSK051 was obtained from the NMPA in the treatment of patients with advanced solid tumors in China.

In January 2024, we completed the dosing of first patient in China. This is the first-in-human, multicenter, open-label Phase I clinical trial.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK051 SUCCESSFULLY.

ABSK012

ABSK012 is an orally bioavailable, highly selective, next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4. In pre-clinical studies, ABSK012 has demonstrated strong activities in vitro and in cells against both wild-type FGFR4 and various FGFR4 mutants that are resistant to current FGFR4 inhibitors in clinical development, and excellent in vivo efficacy in FGF19-driven and FGFR4-mutant models.

Current status

In November 2023, we obtained IND approval for ABSK012 of the first-in-human Phase I clinical study from the U.S. FDA.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK012 SUCCESSFULLY.

IND-enabling candidates

ABK3376 is a pre-clinical candidate licensed out to Allist. It is a highly potent, selective, and brain-penetrating new-generation EGFR inhibitor, was discovered by our proprietary drug discovery platform. It can efficiently inhibit the C797S mutation occurring after third-generation EGFR-TKI resistance. We are currently conducting IND-enabling studies.

ABSK131 is a potent and selective a next generation MTA-cooperative and brain-penetrable PRMT5 inhibitor. It was discovered by us through leveraging advanced computation-aided structural analysis and medicinal chemistry design. Development of selective PRMT5*MTA inhibitors may improve not only safety but also therapeutic efficacy. The result of ABSK131 was published at the 35th EORTC in Boston, U.S. The result demonstrated the latest preclinical research progress of the next generation of PRMT5*MTA inhibitors with strong anti-tumor activity and brain-penetrating activity in various preclinical models. We are currently conducting IND-enabling studies.

Business development activities

At the forefront of our growth strategy lies a specialized team committed to cultivating new avenues for collaboration and expansion. This dedicated business development unit is tasked with identifying and assessing promising opportunities, ranging from licensing agreements to strategic partnerships. By actively engaging in these initiatives, our goal extends beyond mere commercial success; we aspire to unleash the full potential of our innovative drug pipeline while fostering synergistic relationships that drive progress.

In March 2023, we entered into an exclusive out-license agreement with Allist for the research, development, manufacture, use, and sales of ABK3376 (a next-generation EGFR-TKI) in Greater China Region (the Chinese mainland, Hong Kong, Macau, and Taiwan). We also granted Allist a time-limited option to expand the licensed territory worldwide in accordance with the terms and conditions agreed upon by both parties. The total deal size is up to US$187.90 million, including upfront development and sales milestones payments, plus tiered royalties on net sales.

In December 2023, we entered into a license agreement with Merck. Under the terms of the license agreement, we granted Merck an exclusive license to commercialize products comprising or containing pimicotinib for all indications in the Chinese mainland, Hong Kong, Macau and Taiwan, and an exclusive option for global commercial rights. In addition, Merck also has the option to co-develop pimicotinib in additional indications under certain conditions. The aggregate amounts of upfront payment, option exercising payment, and payment for development and commercialization milestones with total US$605.5 million. We will also receive double-digit percentage (%) royalties on annual net sales.

In February 2024, pursuant to the terms of the license agreement with Merck, we received a one-time, non-refundable upfront payment of US$70 million. In the event that Merck exercises the global commercialization option, Merck will pay Abbisko an additional option exercising fee.

Research and development

We believe R&D are critical to our future growth and our ability to remain competitive in the Chinese biopharmaceutical market. We are dedicated to enhancing our pipeline by leveraging our leading in-house R&D capabilities, which spans from early drug discovery to clinical development.

As at 31 December, 2023, our R&D team consisted of approximately 218 employees and has extensive clinical development experience, with a particular focus on oncology. Among our R&D team members, over 71% have obtained at least post-graduate degrees, and approximately 20% hold Ph.D. degrees. Among our pre-clinical R&D team members, approximately 82% have obtained at least postgraduate degrees, and approximately 27% hold Ph.D. degrees.

Drug discovery and pre-clinical development

Our drug discovery effort is led by our co-founders, Dr. Xu Yao-Chang, Dr. Yu Hongping and Dr. Chen Zhui, who collectively have made contributions to dozens of discovery programs, a number of which led to successful commercialization, such as Ameile (almonertinib), Cymbalta (duloxetine), Balversa (erdafitinib), Reyvow (lasmiditan), Fu Laimei (PEG-loxenatide), Kisqali (ribociclib), Xinfu (flumatinib) and Venclexta (venetoclax).

We use various discovery and engineering technologies to discover and select our lead compounds with suitable pharmaceutical properties and market potential. Our drug discovery team collaborates with our Chemistry, Manufacturing and Controls ("**CMC**") team at an early stage to complement each team's needs and to ensure continued knowledge sharing, regulatory compliance and a streamlined transition from discovery to development. Our drug discovery team also includes a translational medicine function that conducts biomarker discovery and bioinformatics data processing and analysis to facilitate our clinical studies. We conduct translational research to assess the effectiveness of treatment, evaluate different ways to customize therapies, and improve personalized medicine guidelines using the new data generated. These insights help further guide us toward new directions in novel drug and biomarker discovery.

Clinical development

Our clinical development team is led by Dr. Ji Jing, who received a M.D. degree from Fudan University and Shanghai Second Medical University, majoring in GI and liver disease. She has over 25 years of experience in early and late-stage clinical development in global pharmaceutical companies, serving as clinical development leader and head of therapy area. She has led and executed a wide range of functions, including medical, clinical operations, quality control, clinical research, clinical pharmacology and patient safety.

Our clinical development team manages all stages of our clinical trials, including clinical trial design, implementation, drug supply, and the collection and analysis of trial data. We have entered into agreements with hospitals and principal investigators located in China, the U.S. and other regions that can support our clinical trials of different indications at different stages. We believe our experience in executing clinical trials helps us accelerate our drug development.

With the vision to address unmet medical needs of global patients, we have always been aiming for the global markets. We believe such going-global approach will maximize the commercial value of our assets, for which we own global rights. We have received around 28 INDs or clinical trial approvals in multiple countries and regions. Trials outside mainland China include three Phase III trials ongoing in the U.S., Canada and Europe for pimicotinib, a Phase I trial ongoing in Australia for ABSK043, three Phase I trials ongoing in the U.S. for ABSK061, ABSK112 and ABSK121 respectively, a completed Phase Ib trials in Taiwan for irpagratinib and a completed Phase Ib trial in Taiwan for fexagratinib Phase II.

Events after the Reporting Period

Subsequent to December 31, 2023, the significant events that took place are listed below:

In January 2024, pimicotinib was granted ODD by the EMA for the treatment of inoperable TGCT. Following the successful ODD granted by the EMA, the product will benefit from incentives, including protocol assistance, fee reductions, procedural advantages for market authorization, and market exclusivity and so on. In addition to the above-mentioned benefits within the European Union, member states may also offer specific stimuli for orphan drugs.

In January 2024, ABSK051 completed the first patient dose and is about to enter the first-in-human Phase I clinical trial for the treatment of advanced solid tumors in China.

In February 2024, the preliminary results of the first human trial of the selective FGFR2/3 inhibitor ABSK061 was presented orally at the 2024 ESMO TAT.

In February 2024, we received the upfront payment of US$70 million upon the entry into a licensing agreement for pimicotinib with Merck in December 2023. It marks the successful completion of the first step in this collaboration. The receipt of this upfront payment will further bolster our cash reserves and facilitate its subsequent pipeline R&D internationalization strategy.

Future and Outlook

In the dynamic landscape of biotechnology, we still believe that the future holds unprecedented promise and potential. Looking ahead, we'll keep exploring and try to seize any opportunity to redefine the realm of possibilities and endeavor to generate sustainable value for all stakeholders.

- ***Keep advancing our pipeline***

  We remain steadfast in our commitment to advancing our robust pipeline of 16 promising candidates. With several candidates progressing through late-stage clinical development and significant regulatory milestones on the horizon, we are poised to address unmet medical needs and deliver transformative therapies to patients worldwide.

- ***Reinforcing strategic partnerships***

  Our dedication to fostering strategic collaborations with leading biopharmaceutical companies, academic institutions, and research organizations continues unabated. By forging alliances that harness complementary expertise and resources, we strive to accelerate innovation and extract maximum value from our partnerships, ultimately benefiting patients and shareholders alike.

- ***Investment in research and development***

  Our unwavering commitment to innovation drives our ongoing investments in research and development. We persist in pushing the boundaries of science to deliver breakthrough solutions that address pressing healthcare challenges and drive sustained long-term growth.

- ***Remunerating shareholders***

  Recognizing the pivotal role our shareholders play in our journey, we are dedicated to implementing initiatives that reward their trust and support. This includes transparent communication and strategic allocation of resources to optimize returns. We are committed to creating long-term value for our shareholders, ensuring their continued confidence in our mission and vision.

II. FINANCIAL REVIEW

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

	2023 ***RMB'000***	2022 *RMB'000*
Revenue	**19,060**	–
Cost of sales	**–**	–
Gross profit	**19,060**	–
Other income and gains	**87,376**	45,563
R&D expenses	**(433,736)**	(378,746)
Administrative expenses	**(96,401)**	(118,443)
Other expenses	**(5,712)**	(41,295)
Finance costs	**(2,170)**	(2,685)
LOSS BEFORE TAX	**(431,583)**	(495,606)
Income tax expenses	**–**	–
LOSS FOR THE YEAR	**(431,583)**	(495,606)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,079)**	774
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**32,885**	199,493
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**31,806**	200,267
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(399,777)**	(295,339)
Loss attributable to:		
Owners of the parent	**(431,583)**	(495,606)
Total comprehensive loss attributable to:		
Owners of the parent	**(399,777)**	(295,339)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted		
For loss for the year	**RMB (0.67)**	RMB (0.80)

	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**34,264**	32,364
Right-of-use assets	**35,082**	44,936
Intangible assets	**4,634**	4,505
Other non-current assets	**–**	27
Total non-current assets	**73,980**	81,832
CURRENT ASSETS		
Prepayments and other receivables	**68,993**	55,094
Financial assets at fair value through profit or loss	**918**	93,796
Cash and bank balances	**1,971,491**	2,258,827
Total current assets	**2,041,402**	2,407,717
CURRENT LIABILITIES		
Other payables and accruals	**98,119**	97,585
Derivative financial instruments	**437**	–
Lease liabilities	**10,610**	9,968
Total current liabilities	**109,166**	107,553
NET CURRENT ASSETS	**1,932,236**	2,300,164
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,006,216**	2,381,996
NON-CURRENT LIABILITIES		
Lease liabilities	**25,114**	35,607
Total non-current liabilities	**25,114**	35,607
Net assets	**1,981,102**	2,346,389
EQUITY		
Equity attributable to owners of the parent		
Share capital	**46**	46
Treasury shares	**(4)**	(3)
Other reserves	**1,981,060**	2,346,346
Total equity	**1,981,102**	2,346,389

Revenue. Revenue increased from zero for the year ended December 31, 2022, to RMB19.1 million for the year ended December 31, 2023, primarily attributable to the increased license fee income generated from one of our clinical candidates in 2023.

Other income and gains. Other income and gains increased by RMB41.8 million from RMB45.6 million for the year ended December 31, 2022 to RMB87.4 million for the year end December 31, 2023, primarily attributable to: 1) an increase in bank interest income by RMB30.5 million, resulting from an increase in interest rates of our time deposits; 2) an increase in government subsidies by RMB10.6 million; and 3) an increase in fair value gains on financial assets at fair value through profit or loss by RMB0.7 million, resulting from a wealth management product and forward currency contracts.

Other income and gains

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**65,493**	35,018
Government grants	**21,177**	10,545
Fair value gains on financial assets at fair value through profit or loss	**706**	–
Total	**87,376**	45,563

R&D expenses. R&D expenses increased by RMB55.0 million from RMB378.7 million for the year ended December 31, 2022, to RMB433.7 million for the year ended December 31, 2023, primarily attributable to the increase in third party contracting cost by RMB47.2 million as we advanced our clinical trials to later stage while expanding early discovery and research activities at the same time.

R&D expenses

	2023	2022
	RMB'000	*RMB'000*
Employee cost	**164,841**	167,917
Third party contracting cost	**230,797**	183,548
Others	**38,098**	27,281
Total	**433,736**	378,746

Administrative expenses. Administrative expenses decreased by RMB22.0 million from RMB118.4 million for the year ended December 31, 2022, to RMB96.4 million for the year ended December 31, 2023, primarily attributable to the decrease in employee cost by RMB27.8 million due to the decrease of equity shared base payment expenses charged to administrative expenses.

Administrative expenses

	2023	2022
	RMB'000	*RMB'000*
Employee cost	**60,788**	88,621
Third party advisory service cost	**26,582**	20,798
Others	**9,031**	9,024
Total	**96,401**	118,443

Finance costs. Finance costs decreased by RMB0.52 million from RMB2.69 million for the year ended December 31, 2022, to RMB2.17 million for the year ended December 31, 2023. The nature of the finance cost is the interest expense incurred on lease liabilities. Decrease in finance cost for the year ended December 31, 2023, is mainly due to the decrease of the interest on lease liabilities.

Other expenses. Other expenses decreased by RMB35.6 million from RMB41.3 million for the year ended December 31, 2022, to RMB5.7 million for the year ended December 31, 2023, primarily due to the fluctuation of foreign exchange differences.

NON-IFRS MEASURE

To supplement the Group's Consolidated Financial Statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss for the year and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items and onetime events, namely the loss on fair value changes of the convertible redeemable preferred shares and share-based compensation cost. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

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

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(431,583)**	(495,606)
Added:		
Share-based compensation cost	**47,398**	110,121
Adjusted loss for the year	**(384,185)**	(385,485)

The table below sets forth a reconciliation of the R&D expenses to adjusted R&D expenses during the periods indicated:

	2023	2022
	RMB'000	*RMB'000*
R&D expenses for the year	**(433,736)**	(378,746)
Added:		
Share-based compensation cost	**27,807**	65,110
Adjusted R&D expenses for the year	**(405,929)**	(313,636)

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

	2023	2022
	RMB'000	*RMB'000*
Administrative expenses for the year	**(96,401)**	(118,443)
Added:		
Share-based compensation cost	**19,591**	45,011
Adjusted administrative expenses for the year	**(76,810)**	(73,432)

Liquidity and Financial Resources

The Group's cash and bank balances as at December 31, 2023, were RMB1,971.5 million, representing a decrease of 13% compared to RMB2,258.8 million for the year ended December 31, 2022. The decrease was primarily attributable to primarily attributable to continuous expansion and rapid progress of various R&D pipelines.

Gearing ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2023, our gearing ratio was 6% (as at December 31, 2022: 6%).

Other Financial Information

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, we do not have any future plans for material investments or capital assets as at the date of this announcement.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our financial assets measured at fair value through profit or loss 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.

Bank Loans and Other Borrowings

As at December 31, 2023, we did not have any bank loans or other forms of borrowings.

Contingent Liabilities

The Group had no material contingent liability as at December 31, 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). During the Reporting Period, the Board is of the opinion that the Company has complied with all the applicable code provisions apart from the deviations below.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board (the "**Chairman**") and chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual. As at the date of this announcement, the roles of the Chairman and the CEO of the Company are held by Dr. Xu Yao-chang ("**Dr. Xu**").

The Board believes that, in view of Dr. Xu's experience, personal profile and his roles in our Company as mentioned above, Dr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. The Board also believes that the combined role of chairperson and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Further, the decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises one non-executive Director and three independent non-executive Directors, which the Company believes that there are sufficient checks and balances in the Board. Dr. Xu and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and will make decisions for the Group accordingly.

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2023, which will be dispatched to the shareholders and published on the websites of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company in due course. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules.

Compliance with Model Code

The Company has adopted a code on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors, and the Group's employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company's securities. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period. No incident of non-compliance with the Model Code by the employees was noted by the Company during the Reporting Period.

Use of Proceeds from the Global Offering

The shares of the Company were listed on the Stock Exchange on October 13, 2021 and the Company obtained net proceeds of approximately HK$1,674 million (after deducting the underwriting commissions and other estimated expenses in connection with the global offering and the exercise of the over-allotment option).

The net proceeds have been and will be utilized in accordance with the purposes set out in the prospectus of the Company dated September 30, 2021 under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned allocations of the net proceeds and actual usage up to December 31, 2023:

Planned usage	% of use of proceeds (Approximately)	Net proceeds from the IPO *(HK$ million)*	Amount of unutilized net proceeds as at January 1, 2023 *(HK$ million)*	Actual usage during the Reporting Period *(HK$ million)*	Unutilized net proceeds as of December 31, 2023 *(HK$ million)*	Expected timeline for application of the unutilized net proceeds
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings, and future commercialization of our Core Product Candidate irpagratinib (ABSK011)	19.7%	329.78	308.90	45.31	263.59	Expected to be fully utilized by December 31, 2024
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings and future commercialization of our Core Product candidate fexagratinib (ABSK091, AZD4547)	32.6%	545.72	517.38	54.58	462.80	Expected to be fully utilized by December 31, 2024
Fund our other clinical stage products and product candidates in our pipeline	28.0%	468.72	402.45	231.67	170.78	Expected to be fully utilized by December 31, 2024
Fund our pre-clinical research and studies, including continued development of our R&D platform and R&D of new pre-clinical candidates	8.4%	140.62	77.60	77.60	0	Expected to be fully utilized by December 31, 2024

Planned usage	% of use of proceeds (Approximately)	Net proceeds from the IPO *(HK$ million)*	Amount of unutilized net proceeds as at January 1, 2023 *(HK$ million)*	Actual usage during the Reporting Period *(HK$ million)*	Unutilized net proceeds as of December 31, 2023 *(HK$ million)*	Expected timeline for application of the unutilized net proceeds
Fund the construction of manufacturing facility in Shanghai	6.3%	105.46	85.21	24.28	60.93	Expected to be fully utilized by December 31, 2024
Working capital and general corporate purposes	5.0%	83.70	62.76	62.76	0	Expected to be fully utilized by December 31, 2024
Total	100%	1,674.00	1,454.30	496.20	958.10	

Note:

(1) Net IPO proceeds were received in Hong Kong dollars and translated to Renminbi for application planning.

Significant Investment Held

During the Reporting Period, the Group did not hold any significant investments.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from June 13, 2024 to June 18, 2024 (both days inclusive), in order to determine the eligibility of the holders of shares to attend and vote at the annual general meeting (the "**AGM**") to be held on Tuesday, June 18, 2024. The holder of shares whose names appear on the share register of members of the Company on June 18, 2024 (Tuesday) will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, June 12, 2024.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended December 31, 2023 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, 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 this announcement.

AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has considered and reviewed the consolidated annual results of the Group for the year ended December 31, 2023 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the consolidated annual results of the Group for the year ended December 31, 2023 are in compliance with the relevant accounting standards, laws and regulations.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.abbisko.com) and the website of the Stock Exchange.

The 2023 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and dispatched to the shareholders of the Company in due course.

PROPOSED AMENDMENTS TO THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board announces that it proposed to amend the Memorandum and Articles of Association and to adopt the amended and restated Memorandum and Articles of Association incorporating the amendments (the "**Proposed Amendments**") for the purpose of, among others, (i) bringing the Memorandum and Articles of Association in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers (effective from December 31, 2023); and (ii) make other consequential and housekeeping amendments.

The Proposed Amendments and the adoption of the amended and restated Memorandum and Articles of Association are subject to Shareholders' approval by way of a special resolution at the AGM. A circular containing, among other things, particulars relating to the Proposed Amendments and the adoption of the amended and restated Memorandum and Articles of Association together with a notice convening the AGM will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Abbisko Cayman Limited
Dr. Xu Yao-Chang
Chairman

Shanghai, March 12, 2024

As at the date of this announcement, the board of directors of the Company comprises Dr. Xu Yao-Chang, Dr. Yu Hongping and Dr. Chen Zhui as executive directors; Ms. Tang Yanmin as a non-executive director; and Dr. Sun Piaoyang, Mr. Sun Hongbin and Mr. Wang Lei as independent non-executive directors.